

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                               STATE OF OKLAHOMA

3                               1st Session of the 56th Legislature (2017)

4 COMMITTEE SUBSTITUTE  
5 FOR  
6 HOUSE BILL NO. 2363

By: Osborn (Leslie) and Wallace  
of the House

and

David and Fields of the  
Senate

11                               PROPOSED COMMITTEE SUBSTITUTE

12                   An Act relating to revenue and taxation; amending 68  
13 O.S. 2011, Section 2105, as last amended by Section  
14 1, Chapter 312, O.S.L. 2016 (68 O.S. Supp. 2016,  
15 Section 2105), which relates to motor vehicle excise  
16 tax exemptions; eliminating exemption for certain  
17 rental vehicles; providing an effective date; and  
18 declaring an emergency.

19 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

20           SECTION 1.           AMENDATORY           68 O.S. 2011, Section 2105, as  
21 last amended by Section 1, Chapter 312, O.S.L. 2016 (68 O.S. Supp.  
22 2016, Section 2105), is amended to read as follows:  
23  
24

1       Section 2105. An original or a transfer certificate of title  
2 shall be issued without the payment of the excise tax levied by  
3 Section 2101 et seq. of this title for:

4       1. Any vehicle owned by a nonresident person who operates  
5 principally in some other state but who is in Oklahoma only  
6 occasionally;

7       2. Any vehicle brought into this state by a person formerly  
8 living in another state, who has owned and registered the vehicle in  
9 such other state of residence at least sixty (60) days prior to the  
10 time it is required to be registered in this state; provided,  
11 however, this paragraph shall not apply to businesses engaged in  
12 renting cars without a driver;

13       3. Any vehicle registered by the State of Oklahoma, by any of  
14 the political subdivisions thereof, or by a fire department  
15 organized pursuant to Section 592 of Title 18 of the Oklahoma  
16 Statutes to be used for the purposes of the fire department, or a  
17 vehicle which is the subject of a lease or lease-purchase agreement  
18 executed between the person seeking an original or transfer  
19 certificate of title for the vehicle and a municipality, county,  
20 school district, or fire protection district. The person seeking an  
21 original or transfer certificate of title shall provide adequate  
22 proof that the vehicle is subject to a lease or lease-purchase  
23 agreement with a municipality, county, school district, or fire  
24 protection district at the time the excise tax levied would

1 otherwise be payable. The Oklahoma Tax Commission shall have the  
2 authority to determine what constitutes adequate proof as required  
3 by this section;

4 4. Any vehicle, the legal ownership of which is obtained by the  
5 applicant for a certificate of title by inheritance;

6 5. Any used motor vehicle, travel trailer, or commercial  
7 trailer which is owned and being offered for sale by a person  
8 licensed as a dealer to sell the same, under the provisions of the  
9 Oklahoma Vehicle License and Registration Act:

10 a. if such vehicle, travel trailer, or commercial trailer  
11 has been registered in Oklahoma and the excise tax  
12 paid thereon, or

13 b. when such vehicle, travel trailer, or commercial  
14 trailer has been registered in some other state but is  
15 not the latest manufactured model.

16 Provided, the provisions of this paragraph shall not be  
17 construed as allowing an exemption to any person not licensed as a  
18 dealer of used motor vehicles, travel trailers, or commercial  
19 trailers, or as an automotive dismantler and parts recycler in this  
20 state;

21 6. Any vehicle which was purchased by a person licensed to sell  
22 new or used motor vehicles in another state:

23 a. if such vehicle is not purchased for operation or  
24 resale in this state, and

1           b.    the state from which the dealer is licensed offers  
2                reciprocal privileges to a dealer licensed in this  
3                state, pursuant to a reciprocal agreement between the  
4                duly authorized agent of the Tax Commission and the  
5                licensing state;

6           7.   Any vehicle, the ownership of which was obtained by the  
7                lienholder or mortgagee under or by foreclosure of a lien or  
8                mortgage in the manner provided by law or to the insurer under  
9                subrogated rights arising by reason of loss under an insurance  
10              contract;

11          8.   Any vehicle which is taxed on an ad valorem basis;

12          9.   Any vehicle or motor vehicle, the legal ownership of which  
13              is obtained by transfers:

14           a.   from one corporation to another corporation pursuant  
15                to a reorganization. As used in this subsection the  
16                term "reorganization" means:

17               (1) a statutory merger or consolidation, or

18               (2) the acquisition by a corporation of substantially  
19                   all of the properties of another corporation when  
20                   the consideration is solely all or a part of the  
21                   voting stock of the acquiring corporation, or of  
22                   its parent or subsidiary corporation,

23          b.   in connection with the winding up, dissolution, or  
24              liquidation of a corporation only when there is a

1 distribution in kind to the shareholders of the  
2 property of such corporation,

3 c. to a corporation where the former owners of the  
4 vehicle or motor vehicle transferred are, immediately  
5 after the transfer, in control of the corporation, and  
6 the stock or securities received by each is  
7 substantially in proportion to the interest in the  
8 vehicle or motor vehicle prior to the transfer,

9 d. to a partnership if the former owners of the vehicle  
10 or motor vehicle transferred are, immediately after  
11 the transfer, members of such partnership and the  
12 interest in the partnership received by each is  
13 substantially in proportion to the interest in the  
14 vehicle or motor vehicle prior to the transfer,

15 e. from a partnership to the members thereof when made in  
16 the dissolution of such partnership,

17 f. to a limited liability company if the former owners of  
18 the vehicle or motor vehicle transferred are,  
19 immediately after the transfer, members of the limited  
20 liability company and the interest in the limited  
21 liability company received by each is substantially in  
22 proportion to the interest in the vehicle or motor  
23 vehicle prior to the transfer, or  
24

1           g.     from a limited liability company to the members  
2                 thereof when made in the dissolution of such  
3                 partnership;

4       10. ~~Any vehicle which is purchased by a person to be used by a~~  
5 ~~business engaged in renting motor vehicles without a driver,~~  
6 ~~provided:~~

7           a. ~~the vehicle shall not be rented to the same person for~~  
8                 ~~a period exceeding ninety (90) days,~~

9           b. ~~any such vehicle exempted from the excise tax by these~~  
10                 ~~provisions shall not be placed under any type of lease~~  
11                 ~~agreement,~~

12           c. ~~on any such vehicle exempted from the excise tax by~~  
13                 ~~this subsection that is reregistered in this state,~~  
14                 ~~without a prior sale or transfer to the persons~~  
15                 ~~specified in divisions (1) and (2) of this~~  
16                 ~~subparagraph, at any time prior to the expiration of~~  
17                 ~~twelve (12) months from the date of issuance of the~~  
18                 ~~original title, the seller shall pay immediately the~~  
19                 ~~amount of excise tax which would have been due had~~  
20                 ~~this exemption not been granted plus a penalty of~~  
21                 ~~twenty percent (20%). No such excise tax or penalty~~  
22                 ~~shall become due and payable if the vehicle is sold or~~  
23                 ~~transferred in a condition either physical or~~  
24                 ~~mechanical which would render it eligible for a~~

~~salvage title pursuant to law or if the vehicle is  
sold and transferred in this state at any time prior  
to the expiration of twelve (12) months:~~

~~(1) to the manufacturer of the vehicle or its  
controlled financing arm, or~~

~~(2) to a factory authorized franchised new motor  
vehicle dealer which holds a franchise of the  
same line make of the vehicle being purchased, or~~

~~d. when this exemption is claimed, the Tax Commission  
shall issue a special title which shall restrict the  
transfer of the title only within this state prior to  
the expiration of twelve (12) months unless:~~

~~(1) payment of the excise tax plus penalty as  
provided in this section is made,~~

~~(2) the sale is made to a person specified in  
division (1) or (2) of subparagraph c of this  
paragraph, or~~

~~(3) the vehicle is eligible for a salvage title.~~

~~For all other tax purposes vehicles herein exempted shall be  
treated as though the excise tax has been paid;~~

~~11.~~ Any vehicle of the latest manufactured model, registered  
from a title in the name of the original manufacturer or assigned to  
the original manufacturer and issued by any state and transferred to  
a licensed, franchised Oklahoma motor vehicle dealer, as defined by

1 Section 1102 of Title 47 of the Oklahoma Statutes, which holds a  
2 franchise of the same line-make as the vehicle being registered;

3 ~~12.~~ 11. Any new motor vehicle, registered in the name of a  
4 manufacturer or dealer of new motor vehicles, for which a license  
5 plate has been issued pursuant to Section 1116.1 of Title 47 of the  
6 Oklahoma Statutes, if such vehicle is authorized by the manufacturer  
7 or dealer for personal use by an individual. The authorization for  
8 such use shall not exceed four (4) months which shall not be renewed  
9 or the exemption provided by this subsection shall not be  
10 applicable. The exemption provided by this subsection shall not be  
11 applicable to a transfer of ownership or registration subsequent to  
12 the first registration of the vehicle by a manufacturer or dealer;

13 ~~13.~~ 12. Any vehicle, travel trailer, or commercial trailer of  
14 the latest manufacturer model purchased by a franchised Oklahoma  
15 dealer licensed to sell the same which holds a franchise of the same  
16 line-make as the vehicle, travel trailer, or commercial trailer  
17 being registered;

18 ~~14.~~ 13. Any vehicle which is the subject of a lease or lease-  
19 purchase agreement and which the ownership of such vehicle is being  
20 obtained by the lessee, if the vehicle excise tax was paid at the  
21 time of the initial lease or lease-purchase agreement;

22 ~~15.~~ 14. Any vehicle which:

- 23 a. is purchased by a private, nonprofit organization  
24 which is exempt from taxation pursuant to the



1 provisions of Section 501(c)(3) of the Internal  
2 Revenue Code, 26 U.S.C., Section 501(c)(3), and which  
3 is primarily funded by a fraternal or civic service  
4 organization with at least one hundred local chapters  
5 or clubs, and

6 b. is designed and used to provide mobile health  
7 screening services to the general public at no cost to  
8 the recipient, and for which no reimbursement of any  
9 kind is received from any health insurance provider,  
10 health maintenance organization, or governmental  
11 program;

12 ~~16.~~ 15. Any vehicle which is purchased by an individual who has  
13 been honorably discharged from active service in any branch of the  
14 Armed Forces of the United States or Oklahoma National Guard and who  
15 has been certified by the United States Department of Veterans  
16 Affairs, its successor, or the Armed Forces of the United States to  
17 be a disabled veteran in receipt of compensation at the one-hundred-  
18 percent rate for a permanent disability sustained through military  
19 action or accident resulting from disease contracted while in such  
20 active service. This exemption may not be claimed by an individual  
21 for more than one vehicle in a consecutive three-year period, unless  
22 the vehicle is a replacement for a vehicle which was destroyed and  
23 declared by the insurer to be a total loss claim; or

1       ~~17.~~ 16. Any vehicle on which ownership is transferred by a  
2       repossessor directly back to the owner or owners from whom the  
3       vehicle was repossessed; provided, ownership shall be assigned by  
4       the reposessor within thirty (30) days of issuance of the  
5       repossession title and shall be identical to that reflected in the  
6       vehicle title record immediately prior to the repossession.

7       SECTION 2. This act shall become effective July 1, 2017.

8       SECTION 3. It being immediately necessary for the preservation  
9       of the public peace, health or safety, an emergency is hereby  
10      declared to exist, by reason whereof this act shall take effect and  
11      be in full force from and after its passage and approval.

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13      COMMITTEE REPORT BY: COMMITTEE ON JOINT COMMITTEE ON APPROPRIATIONS  
14      AND BUDGET, dated 04/27/2017 - DO PASS, As Amended.  
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