

# OKLAHOMA TAX COMMISSION

## FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT SECOND REGULAR SESSION, FIFTY-SIXTH OKLAHOMA LEGISLATURE

**DATE OF IMPACT STATEMENT:** February 16, 2018

**BILL NUMBER:** SB 1000 **STATUS AND DATE OF BILL:** Introduced 1/12/2018

**AUTHORS:** House n/a Senate Standridge

**TAX TYPE (S):** Motor Vehicle **SUBJECT:** Other

**PROPOSAL:** Amendatory

The measure requires noncommercial trailers<sup>1</sup> to be registered thirty days after purchase and directs the Oklahoma Tax Commission to assign a distinctive number and issue the owner a certificate of registration and a yearly decal to be attached to the rear of the trailer. The initial and recurring registration fee of Twenty Five Dollars (\$25.00) shall be assessed at the time of registration by the owner, and the fee shall be deposited in the General Revenue Fund. In addition, the measure exempts noncommercial trailers from standard registration fees pursuant to 47 O.S. § 1132(3)(A) and removes the optional one dollar (\$1.00) registration fee for noncommercial boat, utility, and farm trailers.[47 O.S. § 1133.3 and 1134(C)].

**EFFECTIVE DATE:** Emergency - July 1, 2018

### REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 19: \$4,394,000 estimated increase in motor vehicle collections

### ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 19: See attached analysis

Feb. 16, 2018  
DATE

Rick Miller  
DIVISION DIRECTOR

msm

2-16-18  
DATE

Reece Womack  
REECE WOMACK, ECONOMIST

2-16-18  
DATE

Jim Mott  
FOR THE COMMISSION

<sup>1</sup> New Section 1-136.4 of Title 47 provides that noncommercial trailer means a trailer as defined in Section 1-180 of Title 47, except that its meaning:

1. Shall include implements of husbandry as defined in Section 1-125 of Title 47 that would otherwise meet the definition of trailer; but
2. Shall not include frac tanks, construction machinery, rental trailers, commercial trailers or semitrailers subject to registration under Section 1133 of Title 47.

## **ATTACHMENT TO FISCAL IMPACT—SB 1000—[Introduced]—Prepared February 16, 2018**

The measure requires noncommercial trailers<sup>2</sup> to be registered thirty days after purchase and directs the Oklahoma Tax Commission to assign a distinctive number and issue the owner a certificate of registration and a yearly decal to be attached to the rear of the trailer. The initial and recurring registration fee of Twenty Five Dollars (\$25.00) shall be assessed at the time of registration by the owner, and the fee shall be deposited in the General Revenue Fund. In addition, the measure exempts noncommercial trailers from standard registration fees pursuant to 47 O.S. § 1132(3)(A) and removes the optional one dollar (\$1.00) registration fee for noncommercial boat, utility, and farm trailers.[47 O.S. §§ 1133.3 and 1134(C)].

Based on previous projections, there are an estimated 175,770 unregistered noncommercial trailers in Oklahoma. For purposes of this impact it is assumed that all existing nonregistered trailers will be subject to the described registration requirements, resulting in an increase of vehicle registration fees of \$4,394,250 for FY 19 (175,770 x \$25.00).

Certain issues have arisen which are not addressed by the amendatory language in this measure:

- Are vehicle excise and the 1.25% sales tax to be imposed on the transfer of noncommercial vehicles?
- While certificates of title are required for newly transferred noncommercial trailers, are existing noncommercial trailers required to obtain certificates of title? Does the \$11 title fee imposed in Section 1105 of Title 47 apply?
- Are existing noncommercial trailers subject to excise tax under Section 2103 of Title 68 which provides that an excise tax is levied upon the “use of any vehicle registered for the first time in this state”?

It is not known how many noncommercial trailers owners will have paid the current \$1.00 optional registration prior to the effective date of this measure.

### **Administrative Cost Analysis**

Pursuant to the provisions of the measure, the Tax Commission will issue an estimated 175,770 decals for existing trailers in Oklahoma at a cost for twelve cents (\$0.12) per decal, resulting in an increase in administrative costs of \$21,092 incurred in FY 19.

Administrative costs associated with the modification to the Oklahoma Tax Commissions data base to accommodate a registration and renewal system for noncommercial trailers are currently unknown.

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2. Shall not include frac tanks, construction machinery, rental trailers, commercial trailers or semitrailers subject to registration under Section 1133 of Title 47.