

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 2, 2018

BILL NUMBER: SB 1339 **STATUS AND DATE OF BILL:** Introduced 1/18/2018

AUTHORS: House David Senate n/a

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

PROPOSAL: Amendatory

The measure proposes amendment to the Oklahoma Vehicle License and Registration Act to provide for a system where upon change in vehicle ownership the license plate previously issued for said vehicle stays with the owner and not the vehicle. The measure also requires the Oklahoma Tax Commission to promulgate rules to implement the proposed system.

EFFECTIVE DATE: January 1, 2019

REVENUE IMPACT:

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

FY 19: Unknown

FY 20: Unknown

ADMINISTRATIVE IMPACT:

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

FY 19: \$500,000 estimate increase in administrative costs

Feb. 5, 2018

DATE

Rick Miller

DIVISION DIRECTOR

msm

2-5-18

DATE

Reece Womack

REECE WOMACK, ECONOMIST

2.5-18

DATE

Jimmy Miller

FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT – HB 1339 - [Introduced] Prepared February 2, 2018.

The measure proposes amendment to the Oklahoma Vehicle License and Registration Act to provide for a system where upon change in vehicle ownership the license plate previously issued for said vehicle stays with the owner and not the vehicle. The measure also requires the Oklahoma Tax Commission to promulgate rules to implement the proposed system.

Section 1 of the measure provides that a person such as an Insurance Company or junk dealer for a salvage vehicle is to return the license plate and certificate of title to the current holder of the certificate of title within 30 days from receipt of the certificate. All license plates not returned to the party considered the current holder of the certificate of title and which are surrendered to the Tax Commission shall be destroyed.

Section 2 proposes amendment to Section 1113 of Title 68 to provide that upon original registration of a vehicle a license plate is to be issued if one has not been previously provided to the owner.

Section 3 proposes amendment to Section 1113A to provide that a person must retain the license plate of any vehicle registered to such person if such vehicle is sold, if ownership of the vehicle otherwise changes or for purpose of transferring such license plate to a subsequent vehicle registered to such person. It further provides that a license plate removed from the first vehicle shall be transferred to a new or used subsequent vehicle¹ or if the license plate is not needed for use on a subsequent vehicle it should be surrendered to the OTC.

Tax Commission has conducted extensive research contacting numerous states which currently employ the proposed system but those states were unable to determine to what extent, if any, their motor vehicle collections were affected by the imposition of a tag stays with owner process. Therefore, the fiscal impact of this proposed measure is unknown.

Our current vehicle titling and registration system and procedures have been developed and maintained around the “plate stays with vehicle” concept. A significant amount of time, along with comprehensive programming and recordkeeping modifications, would be required to totally restructure the current system. Additionally, numerous procedural changes would have to be established and then communicated, not only within the Commission and to motor license agents, but also to taxpayers, dealers, and lenders. A very significant procedural impact on Oklahoma taxpayers is anticipated due to the significance of the change to long-established practices. Administrative costs of \$500,000 are projected to be incurred to establish, program and communicate the process changes.

Outlined below are issues with the current bill draft of HB 1339.

- Under the circumstances outlined in Section 1, the certificate of title should continue to be returned to the Tax Commission.
- Because a temporary plate is issued when a vehicle is sold by a dealer, operation of vehicles on public street and highways without a tag should not occur on a dealer sale. The issue is more problematic for private sales. The measure does not outline a mechanism to address this issue.
- The proposed tag stays with owner system should apply overall not just to tags issued after November 1, 2018.

¹ “Subsequent vehicle” means the vehicle to which a license plate is transferred after removal from a first vehicle.