

# OKLAHOMA TAX COMMISSION

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

**DATE OF IMPACT STATEMENT:** February 5, 2018

**BILL NUMBER:** SB 1560 **STATUS AND DATE OF BILL:** Introduced 01/19/2018

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

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

**PROPOSAL:** Amendatory

The measure defines a direct-sale manufacturer and categories same as a motor vehicle dealer in addition to requiring the direct sale manufacturer to collect sales and excise tax from the purchaser of a vehicle and remit the tax revenues to the Oklahoma Tax Commission.

**EFFECTIVE DATE:** November 1, 2018

### REVENUE IMPACT:

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

FY 19: \$14,054,000 estimated increase in excise tax revenues  
\$ 5,405,000 estimated increase in state sales tax revenues  
FY 20: \$28,886,000 estimated increase in excise tax revenues  
\$11,100,000 estimated increase in state sales tax revenues

### ADMINISTRATIVE IMPACT:

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

FY 19: None

Feb. 5, 2018  
DATE

Rick Miller  
DIVISION DIRECTOR

msm

2-5-18  
DATE

Reece Womack  
REECE WOMACK/ECONOMIST

2-13-18  
DATE

Jim Miller  
FOR THE COMMISSION

## **ATTACHMENT TO FISCAL IMPACT–SB 1560–[Introduced]–Prepared February 5, 2018**

The measure defines a direct-sale manufacturer and categories same as a motor vehicle dealer in addition to requiring the direct sale manufacturer to collect sales and excise tax from the purchaser of a vehicle and remit the tax revenues to the Oklahoma Tax Commission.

Section 1 proposes amendment to 47 O.S. § 562 by providing a definition of direct sale manufacturer<sup>1</sup> and categorizing a direct-sale manufacturer as a new motor vehicle dealer.

Section 2 relates to the conditions upon which the Oklahoma Motor Vehicle Commission may deny, revoke or suspend a license or impose a fine against a vehicle manufacturer or distributor. Excludes direct sale manufacturers from these disqualifying conditions as applicable.

Sections 3, 4, 5 propose amendments to Sections 1361, 1402 and 2103 of Title 68 of the Oklahoma Statutes requiring the direct-sale manufacturer to collect sales and excise tax from the purchaser of the vehicle and remit same to the Oklahoma Tax Commission.

Section 6 proposes amendment to 68 O.S. § 2105 by striking the excise exemption for any vehicle owned by a nonresident person who operates principally in some other state but who is in Oklahoma only occasionally.

Industry information indicates estimated vehicles sales in Oklahoma by direct-sale manufacturers of \$741,290,230 for FY 19. Vehicle sales by direct-sale manufacturers in this state for FY 20 are estimated at \$888,785,530. Application of the applicable sales and excise tax rates and adjustment for the November 1, 2018 effective date results in the following estimated increases in sales and excise tax.

### **FY 19**

Estimated increase in Vehicle Excise and Sales tax of \$14,053,627 and \$5,405,241 respectively.

### **FY 20**

Estimated increase in Vehicle Excise and Sales tax of \$28,885,530 and \$11,109,819 respectively.

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<sup>1</sup> “Direct-Sale Manufacturer” means a manufacturer that does not have and has never had any independent franchise new motor vehicle dealers in the State of Oklahoma.