

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 27, 2017

BILL NUMBER: SB 499 **STATUS AND DATE OF BILL:** Introduced 01/29/2017

AUTHORS: House n/a Senate Fields

TAX TYPE (S): Motor Fuel **SUBJECT:** Tax Rates

PROPOSAL: Amendatory

The measure proposes amendment to Section 500.4 of Title 68 to adjust current tax rates for gasoline, diesel, CNG and LNG¹ based on a year to year comparison of the fuel efficiency of new vehicles² registered in the state coinciding with an adjustment for inflation.

EFFECTIVE DATE: Upon passage and approval - Emergency

REVENUE IMPACT:

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

FY 18: Minimal

ADMINISTRATIVE IMPACT:

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

FY 18: Unknown increase in costs incurred by the OTC

<u>Feb. 27, 2017</u>	<u>Rick Miller</u>	<u>msm & cjc</u>
DATE	DIVISION DIRECTOR	
<u>2-27-17</u>	<u>Reece Womack</u>	
DATE	REECE WOMACK, ECONOMIST	
<u>2/27/17</u>	<u>Dan Cas</u>	
DATE	FOR THE COMMISSION	

1 The current motor fuel tax rates are \$0.16 per gallon for gas, \$0.13 per gallon for diesel, \$0.05 per gasoline gallon equivalent for Compressed Natural Gas and \$0.05 per diesel gallon equivalent for Liquefied Natural Gas.

2 New vehicle is to have the same meaning as in Section 1102 of Title 47 of the Oklahoma States which defines "New vehicle" or "unused vehicle" to mean a vehicle which has been in the possession of the manufacturer, distributor or wholesaler or has been sold only by the manufacturer, distributor or wholesaler to a dealer.

ATTACHMENT TO FISCAL IMPACT–SB 499–[Introduced]–Prepared February 27, 2017

The measure proposes amendment to Section 500.4 of Title 68 to adjust current tax rates for gasoline, diesel, CNG and LNG³ based on a year to year comparison of the fuel efficiency of new vehicles⁴ registered in the state coinciding with an adjustment for inflation.

Under the proposal the current motor fuel tax rates are to be adjusted based on a comparison of the average miles per gallon of all new vehicles registered in the state during 2015 to those registered in 2016. The current motor fuel tax rates are then to be multiplied by the percentage increase or decrease in fuel efficiency determined pursuant to the yearly comparisons. Those results are then adjusted for inflation utilizing the Consumer Price Index-All Urban Consumers.

The new rate is effective September 1, 2017.

The impact to motor fuel collections is estimated to be minimal.

The additional duties and ancillary functions including data/software acquisition, programming creation, and motor vehicle registration system modification⁵ associated with the measure will result in significant additional costs to be incurred by the OTC.

Further, the immediacy of the date that the new adjusted motor fuel tax rates are to be effective does not allow the Commission sufficient time to make the necessary system modifications, perform the required computations and provide notice to motor fuel distributors in such a manner to allow them to make any necessary system changes to account for the rate changes.

In 2015, the State of Georgia enacted a similar process to adjust its motor fuel tax rates based on a year-to-year comparison of the fuel efficiency of new vehicles registered. Presently, the OTC is in discussions with Georgia to obtain program implementation information.

3 The current motor fuel tax rates are \$0.16 per gallon for gas, \$0.13 per gallon for diesel, \$0.05 per gasoline gallon equivalent for Compressed Natural Gas and \$0.05 per diesel gallon equivalent for Liquefied Natural Gas.

4 New vehicle is to have the same meaning as in Section 1102 of Title 47 of the Oklahoma States which defines "New vehicle" or "unused vehicle" to mean a vehicle which has been in the possession of the manufacturer, distributor or wholesaler or has been sold only by the manufacturer, distributor or wholesaler to a dealer.

5 The miles per gallon (mpg) or fuel efficiency of new vehicles is not currently contained in the vehicle registration records of the OTC; therefore procurement of this data would have to be acquired from an outside source and adapted for use in conjunction with the OTC motor vehicle registration system