

BILL SUMMARY
2nd Session of the 57th Legislature

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| Bill No.: | HB 3220 |
| Version: | Proposed Committee Substitute 2 |
| Request Number: | 10858 |
| Author: | Rep. Dustin Roberts |
| Date: | 2/25/2020 |
| Impact: | FY-21 Revenue Impact: see below |

Research Analysis

The proposed committee substitute 2 to HB 3220 creates the Motor Vehicle Tax Equity Act of 2020. The measure provides that beginning on July 1, 2020 and each fiscal year thereafter, the sales tax of 4.5% of the gross receipts on sales of public highway electric vehicles be apportioned with 60% going to the State Highway Construction and Maintenance Fund and 40% divided among the county treasurers offices according to the percentage of county area and miles to be credited to the county highway fund of each county. The measure provides that public highway electric vehicles are not to be exempted from taxation under the Oklahoma Sales Tax Code, excise tax or other use tax.

Prepared By: Brad Wolgamott

Fiscal Analysis

Sales/Use Tax Modifications

HB 3220 in its current form eliminates a partial use/sales tax exemption for public highway electrical vehicles. The elimination will make the purchase of public highway electrical vehicles subject to the full state portion of sales/use tax, (4.5%). Such vehicles are currently subject to a 1.25% use/sales tax. Officials for the Tax Commission, estimate 2,683 sales of such vehicles occurring in FY-21 at an average price of \$55,600 per vehicle. Based on these estimates it is estimated that the modification in sales/use tax treatment implemented by HB 3220 will generate \$4,848,181 in increased sales/use tax collections.

Apportionment Modifications

HB 3220 in its current form modifies the apportionment of sales/use tax collections related to public highway electric vehicles. The measure provides that all such related tax collections shall be apportioned to the State Highway Construction and Maintenance Fund and to county highway funds. Currently the rate of 1.25% is apportioned to various sources under a different apportionment schedule. Officials for the Tax Commission, estimate the FY-21 impact on specific funds as a result of HB 3220 in amounts as follows:

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| General Revenue Fund | Decrease | \$1,559,063 |
| Education Reform Rev. Fund | Decrease | 195,046 |
| Teacher's Retirement System | Decrease | 93,234 |
| OK Tourism Promotion Rev. Fund | Decrease | 5,840 |
| OK Tourism Capital Improvmt. Rev. Fund | Decrease | 10,383 |
| OK Historical Society Capitol Improvmt. Ops. Rev. Fund | Decrease | 1,119 |
| State Highway Construction and Maintenance Fund | Increase | 2,908,909 |
| County Highway Funds | Increase | 1,939,272 |

Prepared By: John McPhetridge

Other Considerations

None.

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