

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 4114
Version:	INT
Request Number:	10542
Author:	Rep. Sean Roberts
Date:	2/16/2020
Impact:	Tax Commission:
	Revenue Decrease
	FY-21: (\$20,449,000)
	FY-22: (\$40,898,000)

Administrative Costs: \$156,000

Research Analysis

HB4114, as introduced, provides a motor vehicle excise tax exemption to military veterans stationed or living full time in Oklahoma effective January 1, 2021.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

According to the U.S. Department of Veterans Affairs, there are approximately 288,699 potential qualifying veterans in Oklahoma between the ages of 18- 85 years of age. Research by R.L. Polk indicates that 6 years is the average length of time drivers keep a new vehicle.¹ Application of this ratio to the 288,699 veterans results in an estimated 48,117 veterans who could be purchasing a vehicle annually. Oklahoma Tax Commission (“OTC”) records indicate that the average excise tax remitted for a used car is \$671 and \$1,029 for a new vehicle. For purposes of this impact, purchases of newer vehicles are assumed with an average excise tax amount per vehicle of \$850. Multiplying the \$850 by 48,117 veterans, results in \$40,898,488 in motor vehicle excise tax. The measure provides for an effective date of January 1, 2021. A decrease in motor vehicle excise tax revenues of \$20,449,244 for FY 21 and \$40,898,488 for FY 22 is estimated.

Administrative cost:

Currently, the OTC has 2 full time employees [FTEs] that process motor vehicle claims for refund. Six new FTEs will be required to process the increased number of refund claims resulting in \$155,736 in additional OTC administrative costs for FY 21.

¹ *Buying a Car: How Long Can You Expect a Car to Last?*, Autotrader.

Prepared By: Mark Tygret

Other Considerations

None.

