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February 8, 2022

By: Howard

An Act relating to excise tax; amending 68 O.S. 2021, Section 2105, which relates to excise tax on vehicles; defining term; updating statutory language; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2105, is amended to read as follows:

Section 2105. An original or a transfer certificate of title shall be issued without the payment of the excise tax levied by Section 2101 et seq. of this title for:

1. Any vehicle owned by a nonresident person who operates principally in some other state but who is in Oklahoma only occasionally;

2. Any vehicle brought into this state by a person formerly living in another state, who has owned and registered the vehicle in such other state of residence at least sixty (60) days prior to the time it is required to be registered in this state; provided, however, this paragraph shall not apply to businesses engaged in renting cars without a driver;

1 3. Any vehicle registered by ~~the State of Oklahoma~~ this state,
2 by any of the political subdivisions thereof, or by a fire
3 department organized pursuant to Section 592 of Title 18 of the
4 Oklahoma Statutes to be used for the purposes of the fire
5 department, or a vehicle which is the subject of a lease or lease-
6 purchase agreement executed between the person seeking an original
7 or transfer certificate of title for the vehicle and a municipality,
8 county, school district, or fire protection district. The person
9 seeking an original or transfer certificate of title shall provide
10 adequate proof that the vehicle is subject to a lease or lease-
11 purchase agreement with a municipality, county, school district, or
12 fire protection district at the time the excise tax levied would
13 otherwise be payable. The Oklahoma Tax Commission shall have the
14 authority to determine what constitutes adequate proof as required
15 by this section;

16 4. Any vehicle, the legal ownership of which is obtained by the
17 applicant for a certificate of title by inheritance. For the
18 purposes of this section, "inheritance" means any transfer from a
19 deceased individual to the direct successor-in-interest of the
20 decedent without consideration, whether through probate,
21 administration, inter vivos trust, transfer on death designation, or
22 joint ownership;

23 5. Any used motor vehicle, travel trailer, or commercial
24 trailer which is owned and being offered for sale by a person

1 licensed as a dealer to sell the same, under the provisions of the
2 Oklahoma Vehicle License and Registration Act:

- 3 a. if such vehicle, travel trailer, or commercial trailer
4 has been registered in Oklahoma and the excise tax
5 paid thereon, or
- 6 b. when such vehicle, travel trailer, or commercial
7 trailer has been registered in some other state but is
8 not the latest manufactured model.

9 Provided, the provisions of this paragraph shall not be
10 construed as allowing an exemption to any person not licensed as a
11 dealer of used motor vehicles, travel trailers, or commercial
12 trailers, or as an automotive dismantler and parts recycler in this
13 state;

14 6. Any vehicle which was purchased by a person licensed to sell
15 new or used motor vehicles in another state if:

- 16 a. ~~if~~ such vehicle is not purchased for operation or
17 resale in this state, and
- 18 b. the state from which the dealer is licensed offers
19 reciprocal privileges to a dealer licensed in this
20 state, pursuant to a reciprocal agreement between the
21 duly authorized agent of the Tax Commission and the
22 licensing state;

23 7. Any vehicle, the ownership of which was obtained by the
24 lienholder or mortgagee under or by foreclosure of a lien or

1 mortgage in the manner provided by law or to the insurer under
2 subrogated rights arising by reason of loss under an insurance
3 contract;

4 8. Any vehicle which is taxed on an ad valorem basis;

5 9. Any vehicle or motor vehicle, the legal ownership of which
6 is obtained by transfers:

7 a. from one corporation to another corporation pursuant
8 to a reorganization. As used in this subsection the
9 term "reorganization" means:

10 (1) a statutory merger or consolidation, or

11 (2) the acquisition by a corporation of substantially
12 all of the properties of another corporation when
13 the consideration is solely all or a part of the
14 voting stock of the acquiring corporation, or of
15 its parent or subsidiary corporation,

16 b. in connection with the winding up, dissolution, or
17 liquidation of a corporation only when there is a
18 distribution in kind to the shareholders of the
19 property of such corporation,

20 c. to a corporation where the former owners of the
21 vehicle or motor vehicle transferred are, immediately
22 after the transfer, in control of the corporation, and
23 the stock or securities received by each is
24

- 1 substantially in proportion to the interest in the
2 vehicle or motor vehicle prior to the transfer,
- 3 d. to a partnership if the former owners of the vehicle
4 or motor vehicle transferred are, immediately after
5 the transfer, members of such partnership and the
6 interest in the partnership received by each is
7 substantially in proportion to the interest in the
8 vehicle or motor vehicle prior to the transfer,
- 9 e. from a partnership to the members thereof when made in
10 the dissolution of such partnership,
- 11 f. to a limited liability company if the former owners of
12 the vehicle or motor vehicle transferred are,
13 immediately after the transfer, members of the limited
14 liability company and the interest in the limited
15 liability company received by each is substantially in
16 proportion to the interest in the vehicle or motor
17 vehicle prior to the transfer, or
- 18 g. from a limited liability company to the members
19 thereof when made in the dissolution of such
20 partnership;

21 10. Any vehicle which is purchased by a person to be used by a
22 business engaged in renting motor vehicles without a driver,
23 provided:
24

- 1 a. the vehicle shall not be rented to the same person for
2 a period exceeding ninety (90) days,
- 3 b. any such vehicle exempted from the excise tax by these
4 provisions shall not be placed under any type of lease
5 agreement,
- 6 c. on any such vehicle exempted from the excise tax by
7 this subsection that is reregistered in this state,
8 without a prior sale or transfer to the persons
9 specified in divisions (1) and (2) of this
10 subparagraph, at any time prior to the expiration of
11 twelve (12) months from the date of issuance of the
12 original title, the seller shall pay immediately the
13 amount of excise tax which would have been due had
14 this exemption not been granted plus a penalty of
15 twenty percent (20%). No such excise tax or penalty
16 shall become due and payable if the vehicle is sold or
17 transferred in a condition either physical or
18 mechanical which would render it eligible for a
19 salvage title pursuant to law or if the vehicle is
20 sold and transferred in this state at any time prior
21 to the expiration of twelve (12) months:
- 22 (1) to the manufacturer of the vehicle or its
23 controlled financing arm, or
- 24

- 1 (2) to a factory authorized franchised new motor
2 vehicle dealer which holds a franchise of the
3 same line-make of the vehicle being purchased, or
4 d. when this exemption is claimed, the Tax Commission
5 shall issue a special title which shall restrict the
6 transfer of the title only within this state prior to
7 the expiration of twelve (12) months unless:
8 (1) payment of the excise tax plus penalty as
9 provided in this section is made,
10 (2) the sale is made to a person specified in
11 division (1) or (2) of subparagraph c of this
12 paragraph, or
13 (3) the vehicle is eligible for a salvage title.

14 For all other tax purposes vehicles herein exempted shall be
15 treated as though the excise tax has been paid;

16 11. Any vehicle of the latest manufactured model, registered
17 from a title in the name of the original manufacturer or assigned to
18 the original manufacturer and issued by any state and transferred to
19 a licensed, franchised Oklahoma motor vehicle dealer, as defined by
20 Section 1102 of Title 47 of the Oklahoma Statutes, which holds a
21 franchise of the same line-make as the vehicle being registered;

22 12. Any new motor vehicle, registered in the name of a
23 manufacturer or dealer of new motor vehicles, for which a license
24 plate has been issued pursuant to Section 1116.1 of Title 47 of the

Oklahoma Statutes, if such vehicle is authorized by the manufacturer or dealer for personal use by an individual. The authorization for such use shall not exceed four (4) months which shall not be renewed or the exemption provided by this subsection shall not be applicable. The exemption provided by this subsection shall not be applicable to a transfer of ownership or registration subsequent to the first registration of the vehicle by a manufacturer or dealer;

13. Any vehicle, travel trailer, or commercial trailer of the latest manufacturer model purchased by a franchised Oklahoma dealer licensed to sell the same which holds a franchise of the same line-make as the vehicle, travel trailer, or commercial trailer being registered;

14. Any vehicle which is the subject of a lease or lease-purchase agreement and which the ownership of such vehicle is being obtained by the lessee, if the vehicle excise tax was paid at the time of the initial lease or lease-purchase agreement;

15. Any vehicle which:

- a. is purchased by a private, nonprofit organization which is exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), and which is primarily funded by a fraternal or civic service organization with at least one hundred local chapters or clubs, and

1 b. is designed and used to provide mobile health
2 screening services to the general public at no cost to
3 the recipient, and for which no reimbursement of any
4 kind is received from any health insurance provider,
5 health maintenance organization, or governmental
6 program;

7 16. Any vehicle which is purchased by an individual who has
8 been honorably discharged from active service in any branch of the
9 Armed Forces of the United States or Oklahoma National Guard and who
10 has been certified by the United States Department of Veterans
11 Affairs, its successor, or the Armed Forces of the United States to
12 be a disabled veteran in receipt of compensation at the one-hundred-
13 percent rate for a permanent disability sustained through military
14 action or accident resulting from disease contracted while in such
15 active service and registered with the veterans registry created by
16 the Oklahoma Department of Veterans Affairs; provided, that if the
17 veteran has previously received exemption pursuant to this
18 paragraph, no registration with the veterans registry shall be
19 required. This exemption may not be claimed by an individual for
20 more than one vehicle in a consecutive three-year period, unless the
21 vehicle is a replacement for a vehicle which was destroyed and
22 declared by the insurer to be a total loss claim. The Tax
23 Commission shall promulgate any rules necessary to implement the
24 provisions of this section; or

1 17. Any vehicle on which ownership is transferred by a
2 reposessor directly back to the owner or owners from whom the
3 vehicle was repossessed; provided, ownership shall be assigned by
4 the reposessor within thirty (30) days of issuance of the
5 repossession title and shall be identical to that reflected in the
6 vehicle title record immediately prior to the repossession.

7 SECTION 2. This act shall become effective November 1, 2022.

8 COMMITTEE REPORT BY: COMMITTEE ON FINANCE
9 February 8, 2022 - DO PASS
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