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March 3, 2021

By: Thompson

An Act relating to excise tax; amending 68 O.S. 2011, Section 2103, as amended by Section 4, Chapter 316, O.S.L. 2012 (68 O.S. Supp. 2020, Section 2103), which relates to taxation on the sale of motor vehicles; adding types of vehicles for which excise tax payment is in lieu of all sales and use taxes; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2011, Section 2103, as amended by Section 4, Chapter 316, O.S.L. 2012 (68 O.S. Supp. 2020, Section 2103), is amended to read as follows:

Section 2103. A. 1. Except as otherwise provided in Sections 2101 through 2108 of this title, there shall be levied an excise tax upon the transfer of legal ownership of any vehicle registered in this state and upon the use of any vehicle registered in this state and upon the use of any vehicle registered for the first time in this state. Except for persons that possess an agricultural exemption pursuant to Section 1358.1 of this title, the excise tax shall be levied upon transfers of legal ownership of all-terrain vehicles and motorcycles used exclusively off roads and highways

1 which occur on or after July 1, 2005, and upon transfers of legal
2 ownership of utility vehicles used exclusively off roads and
3 highways which occur on or after July 1, 2008. The excise tax for
4 new and used all-terrain vehicles, utility vehicles and motorcycles
5 used exclusively off roads and highways shall be levied at four and
6 one-half percent (4 1/2%) of the actual sales price of each new and
7 used all-terrain vehicle and motorcycle used exclusively off roads
8 and highways before any discounts or credits are given for a trade-
9 in. Provided, the minimum excise tax assessment for such all-
10 terrain vehicles, utility vehicles and motorcycles used exclusively
11 off roads and highways shall be Five Dollars (\$5.00). The excise
12 tax for new vehicles shall be levied at three and one-fourth percent
13 (3 1/4%) of the value of each new vehicle. The excise tax for used
14 vehicles shall be as follows:

- 15 a. from October 1, 2000, until June 30, 2001, Twenty
16 Dollars (\$20.00) on the first One Thousand Dollars
17 (\$1,000.00) or less of value of such vehicle, and
18 three and one-fourth percent (3 1/4%) of the remaining
19 value of such vehicle,
- 20 b. for the year beginning July 1, 2001, and ending June
21 30, 2002, Twenty Dollars (\$20.00) on the first One
22 Thousand Two Hundred Fifty Dollars (\$1,250.00) or less
23 of value of such vehicle, and three and one-fourth
24

1 percent (3 1/4%) of the remaining value of such
2 vehicle, and

- 3 c. for the year beginning July 1, 2002, and all
4 subsequent years, Twenty Dollars (\$20.00) on the first
5 One Thousand Five Hundred Dollars (\$1,500.00) or less
6 of value of such vehicle, and three and one-fourth
7 percent (3 1/4%) of the remaining value of such
8 vehicle.

9 2. There shall be levied an excise tax of Ten Dollars (\$10.00)
10 for any:

- 11 a. truck or truck-tractor registered under the provisions
12 of subsection A of Section 1133 of Title 47 of the
13 Oklahoma Statutes, for a laden weight or combined
14 laden weight of fifty-five thousand (55,000) pounds or
15 more,
16 b. trailer or semitrailer registered under subsection C
17 of Section 1133 of Title 47 of the Oklahoma Statutes,
18 which is primarily designed to transport cargo over
19 the highways of this state and generally recognized as
20 such, and
21 c. frac tank, as defined by Section 54 of Title 17 of the
22 Oklahoma Statutes, and registered under subsection C
23 of Section 1133 of Title 47 of the Oklahoma Statutes.

1 Except for frac tanks, the excise tax levied pursuant to this
2 paragraph shall not apply to special mobilized machinery, trailers,
3 or semitrailers manufactured, modified or remanufactured for the
4 purpose of providing services other than transporting cargo over the
5 highways of this state. The excise tax levied pursuant to this
6 paragraph shall also not apply to pickup trucks, vans, or sport
7 utility vehicles.

8 3. The tax levied pursuant to this section shall be due at the
9 time of the transfer of legal ownership or first registration in
10 this state of such vehicle; provided, the tax shall not be due at
11 the time of the issuance of a certificate of title for an all-
12 terrain vehicle, utility vehicle or motorcycle used exclusively off
13 roads and highways which is not required to be registered but which
14 the owner chooses to register pursuant to the provisions of
15 subsection B of Section 1115.3 of Title 47 of the Oklahoma Statutes,
16 and shall be collected by the Oklahoma Tax Commission or Corporation
17 Commission, as applicable, or an appointed motor license agent, at
18 the time of the issuance of a certificate of title for any such
19 vehicle. In the event an excise tax is collected on the transfer of
20 legal ownership or use of the vehicle during any calendar year, then
21 an additional excise tax must be collected upon all subsequent
22 transfers of legal ownership. In computing the motor vehicle excise
23 tax, the amount collected shall be rounded to the nearest dollar.
24 The excise tax levied by this section shall be delinquent from and

1 after the thirtieth day after the legal ownership or possession of
2 any vehicle is obtained. Any person failing or refusing to pay the
3 tax as herein provided on or before date of delinquency shall pay in
4 addition to the tax a penalty of One Dollar (\$1.00) per day for each
5 day of delinquency, but such penalty shall in no event exceed the
6 amount of the tax. Of each dollar penalty collected pursuant to
7 this subsection:

8 a. twenty-five cents (\$0.25) shall be apportioned as
9 provided in Section 1104 of this title;

10 b. twenty-five cents (\$0.25) shall be retained by the
11 motor license agent; and

12 c. fifty cents (\$0.50) shall be deposited in the General
13 Revenue Fund for the fiscal year beginning on July 1,
14 2011, and for all subsequent fiscal years, shall be
15 deposited in the State Highway Construction and
16 Maintenance Fund.

17 B. The excise tax levied in subsection A of this section and
18 assessed on all commercial vehicles registered pursuant to Section
19 1120 of Title 47 of the Oklahoma Statutes and trailers and
20 semitrailers registered under subsection C of Section 1133 of Title
21 47 of the Oklahoma Statutes to transport cargo over the highways of
22 this state shall be in lieu of all sales and use taxes levied
23 pursuant to the Sales Tax Code or the Use Tax Code. The transfer of
24 legal ownership of any motor vehicle as used in this section and the

1 Sales Tax Code and the Use Tax Code shall include the lease, lease
2 purchase or lease finance agreement involving any truck in excess of
3 eight thousand (8,000) pounds combined laden weight or any truck-
4 tractor provided the vehicle is registered in Oklahoma pursuant to
5 Section 1120 of Title 47 of the Oklahoma Statutes or any frac tank,
6 trailer, semitrailer or open commercial vehicle registered pursuant
7 to Section 1133 of Title 47 of the Oklahoma Statutes. The excise
8 tax levied pursuant to this section shall not be subsequently
9 collected at the end of the lease period if the lessee acquires
10 complete legal title of the vehicle.

11 C. The provisions of this section shall not apply to transfers
12 made without consideration between:

- 13 1. Husband and wife;
14 2. Parent and child; or
15 3. An individual and an express trust which that individual or
16 the spouse, child or parent of that individual has a right to
17 revoke.

18 D. 1. There shall be a credit allowed with respect to the
19 excise tax paid for a new vehicle which is a replacement for:

- 20 a. a new original vehicle which is stolen from the
21 purchaser/registrant within ninety (90) days of the
22 date of purchase of the original vehicle as certified
23 by a police report or other documentation as required
24 by the Tax Commission, or

1 b. a defective new original vehicle returned by the
2 purchaser/registrant to the seller within six (6)
3 months of the date of purchase of the defective new
4 original vehicle as certified by the manufacturer.

5 2. The credit allowed pursuant to paragraph 1 of this
6 subsection shall be in the amount of the excise tax which was paid
7 for the new original vehicle and shall be applied to the excise tax
8 due on the replacement vehicle. In no event shall the credit be
9 refunded.

10 E. Despite any other definitions of the terms "new vehicle" and
11 "used vehicle", to the contrary, contained in any other law, the
12 term "new vehicle" as used in this section shall also include any
13 vehicle of the latest manufactured model which is owned or acquired
14 by a licensed used motor vehicle dealer which has not previously
15 been registered in this state and upon which the motor vehicle
16 excise tax as set forth in this section has not been paid. However,
17 upon the sale or transfer by a licensed used motor vehicle dealer
18 located in this state of any such vehicle which is the latest
19 manufactured model, the vehicle shall be considered a used vehicle
20 for purposes of determining excise tax.

21 F. The provisions of this section shall not apply to state
22 government entities.

SECTION 2. This act shall become effective November 1, 2021.

COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
March 3, 2021 - DO PASS