

BILL SUMMARY
2nd Session of the 58th Legislature

Bill No.:	HB 3850
Version:	SUBPCS1
Request Number:	10677
Author:	Rep. Boatman
Date:	2/21/2022
Impact:	Tax Commission:

Estimated Decrease in Motor Vehicle Excise:
(\$1,170,000)

Estimated Administrative Cost:
\$43,270

Research Analysis

The subcommittee substitute for HB3850 establishes procedures for the Oklahoma Tax Commission to issue a foreign export title for motor vehicles purchases by an individual or business in the state if the vehicle is contracted to be shipped to a destination outside of the United States within 120 days of purchase. To issue the foreign export title, the purchaser must pay a \$100 fee in lieu of motor vehicle excise tax. \$1 of the \$100 fee will be deposited into the Oklahoma Tax Commission Reimbursement Fund.

Prepared By: Quyen Do

Fiscal Analysis

Analysis provided by the Tax Commission:

This is in response to your request for a revenue impact for the Proposed Committee Substitute for HB 3850 which amends 68 O.S. § 2105 to exempt from the vehicle excise tax levy any vehicle which is purchased by an individual or entity doing business in Oklahoma if the vehicle is contracted to be shipped to a destination outside the United States or its territories within 120 days of purchase. It requires the Oklahoma Tax Commission to prescribe a form to be completed and submitted under oath together with the purchase contract for the vehicle and proof of commitment to ship the vehicle by common carrier vessel, air, rail, or any other common carrier for hire. Upon approval the Tax Commission is to issue a foreign export certificate of title. The measure also proposes amendment to Section 1105 of Title 47 to add as a type of title – foreign export title - for any motor vehicle which is purchased by an individual or entity doing business in Oklahoma for the sole purpose of exporting the vehicle outside of the United States or its territories. It also establishes the fee for a foreign export title at \$100 with a \$1 of the fee to be deposited to the Oklahoma Tax Commission Reimbursement Fund. The fee is in addition to any other fees or taxes imposed by law for these vehicles.

Based on industry data, vehicle transfers totaling \$36,000,000 which are intended for export within the parameters of the proposed exemption are projected to occur in FY 22. Assuming similar qualifying sales in FY 23 as those projected for FY 22 and applying the state excise tax rate of 3.25% results in an estimated decrease of \$1,170,000 in motor vehicle excise tax revenues for FY 23. Administrative Costs

Prepared By: Mark Tygret

Other Considerations

The measure will require a minimum of four to six weeks to develop. Consequently, the effective date of July 1, 2022 may not afford the OTC sufficient time in which to complete required modification of the motor vehicle system. In addition, the measure will result in an increase of \$43,270 in administrative costs for FY 23.

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