

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 18, 2021

BILL NUMBER: HB 1065 **STATUS AND DATE OF BILL:** Engrossed 03/09/2021

AUTHORS: House Hardin (Tommy) Senate Simpson

TAX TYPE (S): Motor Vehicle **SUBJECT:** Other

PROPOSAL: Amendatory

Section 1 of the measure proposes to amend 47 O.S. § 1115 by authorizing the Oklahoma Tax Commission ("OTC") to waive delinquent vehicle registration penalty related to a stolen vehicle as certified by a police report or other documentation as required by OTC. It further proposes amendment to Section 1115 by setting the maximum cumulative penalty related to delinquent registration at \$100.

Section 2 proposes to amend 47 O.S. §1132 to authorize the OTC to waive delinquent registration penalty when it can be shown that the vehicle was stolen as certified by a police report or other documentation as required by the OTC. It further sets the maximum cumulative penalty related to delinquent registration at \$100.

EFFECTIVE DATE: November 1, 2021

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 22: }
FY 23: } See Attached Analysis

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 22: \$35,000 increase in OTC administrative costs.

Mar. 22, 2021

DATE

Rick Miller

DIVISION DIRECTOR

bjs

3/22/2021

DATE

Huan Gong

HUAN GONG, ECONOMIST

3/22/21

DATE

[Signature]

FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO FISCAL IMPACT–HB 1065 [Engrossed] Prepared 03/18/21

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Revenue Impact

Penalty Waivers for Stolen Vehicles

OTC records do not contain information relating to stolen vehicles that are subsequently recovered and then returned to the owner on which the vehicle registration expired while stolen. However, based on the narrow application of the proposed language relating to the waiver of delinquent registration penalty imposed under Sections 1115 and 1132, it is estimated that the revenue impact occurring as a result of these proposals relating to stolen vehicles would be minimal for FY 22 and FY 23.

Maximum Cumulative Penalty

The revenue impact provided assumes that the intent of the measure is to cap both registration and transfer penalties imposed on Oklahoma title transfers to the cumulative amount of \$100. Tax Commission registration records for FY 20 indicate 37,764 transactions where registration and transfer penalty were assessed in an amount greater than \$100 for a combined total of \$6,614,606. Penalties average \$175 per transaction ($\$6,614,606 / 37,764 = \175). Therefore, under the measure \$75 in penalty per transaction would not be imposed. Therefore, based on the foregoing, the revenue impact for this proposal is projected as a \$2,237,517 decrease in motor vehicle collections. ($\$75 \times 37,764 = 2,832,300 - \$594,783 [21\% \text{ MLA retention}] = \$2,237,517$).

The measure proposes an effective date of November 1, 2021. For FY 22, the estimated decrease in motor vehicle collections is \$1,491,678 [$\$2,237,517 / 12 \text{ months} = \$186,460 \times 8 \text{ months} = \$1,491,678$]. For FY 23, the estimated decrease in motor vehicle collections is \$2,237,517.

Administrative Impact

Additional administrative costs of \$35,000 are estimated for one to three weeks of developer costs incurred to modify the motor vehicle system to update registration and renewal processes by allowing for an additional penalty override.