

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 31, 2022

BILL NUMBER: HB 3423 STATUS AND DATE OF BILL: Committee Substitute 03/29/2022

AUTHORS: House Kerbs Senate Hall

TAX TYPE (S): Motor Vehicle SUBJECT: Other

PROPOSAL: Amendatory

The measure proposes amendment to 47 O.S. § 1132A which relates to the OkCARS online vehicle registration system by replacing references to motor license agent ("MLA") and the Oklahoma Tax Commission ("OTC") with licensed operators and Service Oklahoma, respectively. It strikes current language which provides that any motor license agent fees collected by a state agency shall be deposited into the General Revenue Fund. Further, it provides that licensed operators selected through OkCARS shall receive all fees provided by the Oklahoma Vehicle License and Registration Act striking the current \$1.56 MLA retention fee reduction for online transactions.¹

EFFECTIVE DATE: Emergency - Upon passage and approval

REVENUE IMPACT:

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

FY 23: \$774,000 decrease in motor vehicle collections in addition to a potential unknown reduction in deposits to the General Revenue Fund

ADMINISTRATIVE IMPACT:

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

FY 23: \$22,000 increase in OTC administrative costs

Mar. 31, 2022
DATE

Rick Miller
DIVISION DIRECTOR

bjs

3/31/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

4/1/2022
DATE

Joseph P. Gaypa
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.

¹ The provisions of this Act are made contingent upon the enactment of the provisions of House Bill 3419 or Senate Bill 1605 of the 2nd Session of the 58th Oklahoma Legislature and shall not become operative as law otherwise.

The measure proposes amendment to 47 O.S. § 1132A which relates to the OkCARS online vehicle registration system by replacing references to motor license agent (“MLA”) and the Oklahoma Tax Commission (“OTC”) with licensed operators and Service Oklahoma, respectively. It strikes current language which provides that any motor license agent fees collected by a state agency shall be deposited into the General Revenue Fund. Further, it provides that licensed operators selected through OkCARS shall receive all fees provided by the Oklahoma Vehicle License and Registration Act striking the current \$1.56 MLA retention fee reduction for online transactions.²

REVENUE IMPACT

Currently, MLAs processing online registration transactions receive \$2.00 of the \$3.56 registration fee collected. The \$1.56 is presently apportioned as motor vehicle collections pursuant to Section 1104 of Title 47. The motor vehicle database indicates that a total of 496,000 online transactions were processed in FY 21. Multiplying the \$1.56 by the number of online transactions equals \$774,000. Assuming an effective date of July 1, 2022 in addition to similar online transactions for FY 23 as those experienced in FY 21 yields an estimated decrease in motor vehicle collections for FY 23 of \$774,000.

Further, a potential reduction in deposits to the General Revenue Fund could occur in FY 23 attributable to the proposed amendment to no longer deposit any MLA fees collected by a state agency into that Fund.

ADMINISTRATIVE IMPACT

Additional development costs to update MLA fee amounts on the OkCARS online system are anticipated in the amount of \$22,000.

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