

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 18, 2022

BILL NUMBER: SB 1264 **STATUS AND DATE OF BILL:** Introduced 01/12/2022

AUTHORS: House n/a Senate Bergstrom

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

PROPOSAL:

The measure amends 47 O.S. § 1134 by expanding the documentation that may be presented by a vehicle owner to obtain a farm vehicle license plate to include proof of ownership or lease of land classified as agricultural land for the purpose of ad valorem assessment pursuant to the Ad Valorem Tax Code, Section 2801 et seq. of Title 68 of the Oklahoma Statutes.

EFFECTIVE DATE: November 1, 2022

REVENUE IMPACT:

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

FY 23: \$7,361,000 decrease in motor vehicle revenues

FY 24: \$11,041,000 decrease in motor vehicle revenues

Jan. 19, 2022
DATE

Rick Miller
DIVISION DIRECTOR

1/19/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/1/2022
DATE

[Signature]
FOR THE COMMISSION

msm

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 REVENUE IMPACT - SB 1264 [Introduced] Prepared 01/18/2022

The measure amends 47 O.S. § 1134 by expanding the documentation that may be presented by a vehicle owner to obtain a farm vehicle license plate (“farm tag”) to include proof of ownership or lease of land classified as agricultural land for the purpose of ad valorem assessment pursuant to the Ad Valorem Tax Code, Section 2801 et seq. of Title 68 of the Oklahoma Statutes.

Based on 2021 property information obtain from the counties and compiled and maintained by the Ad Valorem Division, 429,000 parcels of land are classified as agricultural land for purposes of ad valorem taxation. Additionally, Tax Commission account data indicates 94,835 active agricultural production sales tax exemptions, resulting in an estimated 334,165 qualifying parcels of agricultural land.

Motor vehicle registration data demonstrates that the average registration fee for none commercial trucks and tractors is \$46.52. The difference between the average registration fee of \$46.52 and the \$30 farm tag fee is \$16.52. Assuming 2 vehicles eligible for a \$30 farm tag per parcel of land, results in an estimated decrease of \$11,040,812 in motor vehicle revenues. [334,165 agricultural parcels x 2 vehicles x \$16.52 = \$11,040,812]

The measure provides for an effective date of November 1, 2022 results in an estimated decrease of \$7,360,541 in motor vehicle revenues for FY 23, and an estimated decrease in motor vehicle revenues of \$11,040,812 for FY 24.

The impact does not include an estimate for parcels or portions thereof leased to one or more persons.