

# OKLAHOMA TAX COMMISSION

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

**DATE OF IMPACT STATEMENT:** February 5, 2022

**BILL NUMBER:** SB 1487 **STATUS AND DATE OF BILL:** Introduced 01/20/2022

**AUTHORS:** House n/a Senate Montgomery

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

**PROPOSAL:** Amendatory 68 O.S. §§ 1354 & 1355

The measure proposes amendment to Section 1355 of Title 68 of the Oklahoma Statutes to allow the state sales tax of 1.25% that is levied against the gross receipts associated with transfer of motor vehicles to be paid in no more than two (2) installment with the first installment<sup>1</sup> paid at the time of initial registration and second installment to be made during the first period for registration renewal pursuant to the Oklahoma Vehicle License and Registration Act.

**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: Unknown decrease of motor vehicle sales tax revenues

FY 24: Unknown decrease of motor vehicle sales tax revenues

### ADMINISTRATIVE IMPACT:

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

FY 23: \$93,750 in additional OTC administrative costs

Feb. 5, 2022

DATE

Rick Miller

DIVISION DIRECTOR

msm

2/7/2022

DATE

Huan Gong

HUAN GONG, ECONOMIST

2/7/2022

DATE

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.*

<sup>1</sup> The first payment being a quarter, one half, or the full amount of the tax.

## **ATTACHMENT TO REVENUE IMPACT – SB 1487 [Introduced] Prepared 02/05/2022**

The measure proposes amendment to Section 1355 of Title 68 of the Oklahoma Statutes to allow the state sales tax of 1.25% that is levied against the gross receipts associated with transfer of motor vehicles to be paid in no more than two (2) installment with the first installment<sup>2</sup> paid at the time of initial registration and second installment to be made during the first period for registration renewal pursuant to the Oklahoma Vehicle License and Registration Act.

The state motor vehicle sales tax rate of 1.25% is levied upon the gross receipts associated with the retail sale of motor vehicles. Based upon Oklahoma Tax Commission vehicle licensing and registration information, the average amount of sales tax remitted for motor vehicles (both new and used cars) in FY 21 was \$211.65 per vehicle. Since this measure would allow a taxpayer to remit a quarter to one half of the state sales tax upon the initial registration of the vehicle and remit the remaining tax due the following year upon renewal, it is estimated that an unknown decrease of state sales tax revenues will result for FY 23 along with an unknown decrease in state sales tax revenues for FY 24.

### **Administrative costs:**

OTC administration costs related to the initiation and maintenance of a payment plan component within the current motor vehicle system in addition to establishing mechanism in which to track outstanding amounts and payments will require two to three months of development time at an estimated amount of \$93,750.

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<sup>2</sup> The first payment being a quarter, one half, or the full amount of the tax.