

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 7, 2022

BILL NUMBER: SB 629 **STATUS AND DATE OF BILL:** Committee Substitute 03/03/2022

AUTHORS: House Humphrey Senate Bullard

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

PROPOSAL: New and Amendatory

Sections 1 creates the Reservoir Capital Investment Fund.

Section 4 proposes amendment to 63 O.S. § 4021 to impose for each year a vessel or motor is registered an additional \$2 fee for each vessel or motor for which a registration or license fee is required. The proposed fee is to be paid at the time of registration of the vessel/motor and is in addition to any other fees levied by the Oklahoma Vessel and Motor Registration Act. Resulting revenues are to be deposited by the Tax Commission to the Reservoir Capital Investment Fund. It further stipulates that upon notice of the State Treasurer stating that the combined assets of the fund have reached a total value of \$1,600,000,000, the imposition of the fee shall cease.

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: \$311,000 increase in motor vehicle collections

FY 24: \$466,000 increase in motor vehicle collections

ADMINISTRATIVE IMPACT:

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

FY 23: \$43,275 increase in OTC administrative costs

Mar. 7, 2022
DATE

Rick Miller
DIVISION DIRECTOR

bjs

3/7/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

3/9/2022
DATE

Joseph P. Harper
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.

Sections 1 creates the Reservoir Capital Investment Fund.

Section 4 proposes amendment to 63 O.S. § 4021 to impose for each year a vessel or motor is registered an additional \$2 fee for each vessel or motor for which a registration or license fee is paid. The proposed fee is to be paid at the time of registration of the vessel/motor and is in addition to any other fees levied by the Oklahoma Vessel and Motor Registration Act. Resulting revenues are to be deposited by the Tax Commission to the Reservoir Capital Investment Fund. It further stipulates that upon notice of the State Treasurer stating that the combined assets of the fund have reached a total value of \$1,600,000,000, the imposition of the fee shall cease.

REVENUE IMPACT

Assuming similar one and three year boat and motor registrations as those reported in the Annual Vehicle Registration Report by the Motor Vehicle Division of the Oklahoma Tax Commission for FY 21, additional revenues occurring as a result of this measure are estimated as follows:

Registration Type	Registration Period	FY 21 Registration Total	Fee Imposed	Total
Boat	One Year	95,455	\$2	190,910
Boat	Three Year	19,611	\$6	117,666
Motor	One Year	49,699	\$2	99,398
Motor	Three Year	9,632	\$6	57,792

The estimated annualized increase in boat and motor registration fee revenues is \$465,766. The measure provides for an effective date of November 1, 2022. An increase in fees revenues of \$310,511¹ and \$465,766 are estimated for FY 23 and FY 24, respectively.

ADMINISTRATIVE IMPACT

OTC administrative costs related to the necessary programming to modify the boat and motor registration system to establish the additional registration fee, update for the new Fund and include the fee stop at cap of 1.6 billion will require an additional three to six weeks in development time at an estimated amount of \$43,275.

¹ [\$465,766 / 12 x 8 = \$310,511]