

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

SUBCOMMITTEE RECOMMENDATION  
FOR

HOUSE BILL NO. 1759

By: Manger

SUBCOMMITTEE RECOMMENDATION

An Act relating to excise tax; amending 68 O.S. 2021, Section 2105, which relates to excise tax on vehicles; modifying name of responsible entity; defining term; updating statutory language; providing for transfer-on-death procedures for vessels or motors; requiring notice; prescribing content of notice; authorizing revocation; providing for affidavit by transferee; providing for codification; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2105, is amended to read as follows:

Section 2105. An original or a transfer certificate of title shall be issued without the payment of the excise tax levied by Section 2101 et seq. of this title for:

1. Any vehicle owned by a nonresident person who operates principally in some other state but who is in Oklahoma only occasionally;

1        2. Any vehicle brought into this state by a person formerly  
2 living in another state, who has owned and registered the vehicle in  
3 such other state of residence at least sixty (60) days prior to the  
4 time it is required to be registered in this state; provided,  
5 however, this paragraph shall not apply to businesses engaged in  
6 renting cars without a driver;

7        3. Any vehicle registered by ~~the State of Oklahoma~~ this state,  
8 by any of the political subdivisions thereof, or by a fire  
9 department organized pursuant to Section 592 of Title 18 of the  
10 Oklahoma Statutes to be used for the purposes of the fire  
11 department, or a vehicle which is the subject of a lease or lease-  
12 purchase agreement executed between the person seeking an original  
13 or transfer certificate of title for the vehicle and a municipality,  
14 county, school district, or fire protection district. The person  
15 seeking an original or transfer certificate of title shall provide  
16 adequate proof that the vehicle is subject to a lease or lease-  
17 purchase agreement with a municipality, county, school district, or  
18 fire protection district at the time the excise tax levied would  
19 otherwise be payable. ~~The Oklahoma Tax Commission~~ Service Oklahoma  
20 shall have the authority to determine what constitutes adequate  
21 proof as required by this section;

22        4. Any vehicle, the legal ownership of which is obtained by the  
23 applicant for a certificate of title by inheritance. For the  
24 purposes of this section, "inheritance" means any transfer from a

1 deceased individual to the direct successor in interest of the  
2 decedent without consideration, whether through probate,  
3 administration, inter vivos trust, transfer-on-death designation, or  
4 joint ownership;

5       5. Any used motor vehicle, travel trailer, or commercial  
6 trailer which is owned and being offered for sale by a person  
7 licensed as a dealer to sell the same, under the provisions of the  
8 Oklahoma Vehicle License and Registration Act:

9           a. if such vehicle, travel trailer, or commercial trailer  
10           has been registered in Oklahoma and the excise tax  
11           paid thereon, or

12           b. when such vehicle, travel trailer, or commercial  
13           trailer has been registered in some other state but is  
14           not the latest manufactured model.

15       Provided, the provisions of this paragraph shall not be  
16 construed as allowing an exemption to any person not licensed as a  
17 dealer of used motor vehicles, travel trailers, or commercial  
18 trailers, or as an automotive dismantler and parts recycler in this  
19 state;

20       6. Any vehicle which was purchased by a person licensed to sell  
21 new or used motor vehicles in another state if:

22           a. ~~if~~ such vehicle is not purchased for operation or  
23           resale in this state, and  
24

1           b.    the state from which the dealer is licensed offers  
2                reciprocal privileges to a dealer licensed in this  
3                state, pursuant to a reciprocal agreement between the  
4                duly authorized agent of ~~the Tax Commission~~ Service  
5                Oklahoma and the licensing state;

6           7.   Any vehicle, the ownership of which was obtained by the  
7                lienholder or mortgagee under or by foreclosure of a lien or  
8                mortgage in the manner provided by law or to the insurer under  
9                subrogated rights arising by reason of loss under an insurance  
10              contract;

11          8.   Any vehicle which is taxed on an ad valorem basis;

12          9.   Any vehicle or motor vehicle, the legal ownership of which  
13              is obtained by transfers:

14           a.   from one corporation to another corporation pursuant  
15                to a reorganization. As used in this ~~subsection~~  
16                subparagraph the term "reorganization" means:

17               (1) a statutory merger or consolidation, or

18               (2) the acquisition by a corporation of substantially  
19                   all of the properties of another corporation when  
20                   the consideration is solely all or a part of the  
21                   voting stock of the acquiring corporation, or of  
22                   its parent or subsidiary corporation,

23          b.   in connection with the winding up, dissolution, or  
24              liquidation of a corporation only when there is a

1 distribution in kind to the shareholders of the  
2 property of such corporation,

3 c. to a corporation where the former owners of the  
4 vehicle or motor vehicle transferred are, immediately  
5 after the transfer, in control of the corporation, and  
6 the stock or securities received by each is  
7 substantially in proportion to the interest in the  
8 vehicle or motor vehicle prior to the transfer,

9 d. to a partnership if the former owners of the vehicle  
10 or motor vehicle transferred are, immediately after  
11 the transfer, members of such partnership and the  
12 interest in the partnership received by each is  
13 substantially in proportion to the interest in the  
14 vehicle or motor vehicle prior to the transfer,

15 e. from a partnership to the members thereof when made in  
16 the dissolution of such partnership,

17 f. to a limited liability company if the former owners of  
18 the vehicle or motor vehicle transferred are,  
19 immediately after the transfer, members of the limited  
20 liability company and the interest in the limited  
21 liability company received by each is substantially in  
22 proportion to the interest in the vehicle or motor  
23 vehicle prior to the transfer, or  
24

1           g.     from a limited liability company to the members  
2                 thereof when made in the dissolution of such  
3                 partnership;

4         10. Any vehicle which is purchased by a person to be used by a  
5 business engaged in renting motor vehicles without a driver,  
6 provided:

7           a.     the vehicle shall not be rented to the same person for  
8                 a period exceeding ninety (90) days,

9           b.     any such vehicle exempted from the excise tax by these  
10                provisions shall not be placed under any type of lease  
11                agreement,

12          c.     on any such vehicle exempted from the excise tax by  
13                this ~~subsection~~ paragraph that is reregistered in this  
14                state, without a prior sale or transfer to the persons  
15                specified in divisions (1) and (2) of this  
16                subparagraph, at any time prior to the expiration of  
17                twelve (12) months from the date of issuance of the  
18                original title, the seller shall pay immediately the  
19                amount of excise tax which would have been due had  
20                this exemption not been granted plus a penalty of  
21                twenty percent (20%). No such excise tax or penalty  
22                shall become due and payable if the vehicle is sold or  
23                transferred in a condition either physical or  
24                mechanical which would render it eligible for a

1 salvage title pursuant to law or if the vehicle is  
2 sold and transferred in this state at any time prior  
3 to the expiration of twelve (12) months:

4 (1) to the manufacturer of the vehicle or its  
5 controlled financing arm, or

6 (2) to a factory authorized franchised new motor  
7 vehicle dealer which holds a franchise of the  
8 same line-make of the vehicle being purchased, or

9 d. when this exemption is claimed, ~~the Tax Commission~~  
10 Service Oklahoma shall issue a special title which  
11 shall restrict the transfer of the title only within  
12 this state prior to the expiration of twelve (12)  
13 months unless:

14 (1) payment of the excise tax plus penalty as  
15 provided in this section is made,

16 (2) the sale is made to a person specified in  
17 division (1) or (2) of subparagraph c of this  
18 paragraph, or

19 (3) the vehicle is eligible for a salvage title.

20 For all other tax purposes vehicles herein exempted shall be  
21 treated as though the excise tax has been paid;

22 11. Any vehicle of the latest manufactured model, registered  
23 from a title in the name of the original manufacturer or assigned to  
24 the original manufacturer and issued by any state and transferred to

1 a licensed, franchised Oklahoma motor vehicle dealer, as defined by  
2 Section 1102 of Title 47 of the Oklahoma Statutes, which holds a  
3 franchise of the same line-make as the vehicle being registered;

4 12. Any new motor vehicle, registered in the name of a  
5 manufacturer or dealer of new motor vehicles, for which a license  
6 plate has been issued pursuant to Section 1116.1 of Title 47 of the  
7 Oklahoma Statutes, if such vehicle is authorized by the manufacturer  
8 or dealer for personal use by an individual. The authorization for  
9 such use shall not exceed four (4) months which shall not be renewed  
10 or the exemption provided by this ~~subsection~~ paragraph shall not be  
11 applicable. The exemption provided by this ~~subsection~~ paragraph  
12 shall not be applicable to a transfer of ownership or registration  
13 subsequent to the first registration of the vehicle by a  
14 manufacturer or dealer;

15 13. Any vehicle, travel trailer, or commercial trailer of the  
16 latest manufacturer model purchased by a franchised Oklahoma dealer  
17 licensed to sell the same which holds a franchise of the same line-  
18 make as the vehicle, travel trailer, or commercial trailer being  
19 registered;

20 14. Any vehicle which is the subject of a lease or lease-  
21 purchase agreement and which the ownership of such vehicle is being  
22 obtained by the lessee, if the vehicle excise tax was paid at the  
23 time of the initial lease or lease-purchase agreement;

24 15. Any vehicle which:



- 1           a.    is purchased by a private, nonprofit organization  
2                which is exempt from taxation pursuant to the  
3                provisions of Section 501(c)(3) of the Internal  
4                Revenue Code, 26 U.S.C., Section 501(c)(3), and which  
5                is primarily funded by a fraternal or civic service  
6                organization with at least one hundred local chapters  
7                or clubs, and
- 8           b.    is designed and used to provide mobile health  
9                screening services to the general public at no cost to  
10               the recipient, and for which no reimbursement of any  
11               kind is received from any health insurance provider,  
12               health maintenance organization, or governmental  
13               program;

14       16. Any vehicle which is purchased by an individual who has  
15       been honorably discharged from active service in any branch of the  
16       Armed Forces of the United States or Oklahoma National Guard and who  
17       has been certified by the United States Department of Veterans  
18       Affairs, its successor, or the Armed Forces of the United States to  
19       be a disabled veteran in receipt of compensation at the one-hundred-  
20       percent rate for a permanent disability sustained through military  
21       action or accident resulting from disease contracted while in such  
22       active service and registered with the veterans registry created by  
23       the Oklahoma Department of Veterans Affairs; provided, that if the  
24       veteran has previously received exemption pursuant to this

paragraph, no registration with the veterans registry shall be required. This exemption may not be claimed by an individual for more than one vehicle in a consecutive three-year period, unless the vehicle is a replacement for a vehicle which was destroyed and declared by the insurer to be a total loss claim. ~~The Tax Commission~~ Service Oklahoma shall promulgate any rules necessary to implement the provisions of this section; or

17. Any vehicle on which ownership is transferred by a reposessor directly back to the owner or owners from whom the vehicle was repossessed; provided, ownership shall be assigned by the reposessor within thirty (30) days of issuance of the repossession title and shall be identical to that reflected in the vehicle title record immediately prior to the repossession.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4012.1 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The title of a vessel or motor that is not subject to any lien or other encumbrance may be transferred in transfer-on-death form by filing with Service Oklahoma a written notice of transfer signed by the transferor and designating the transferee. Such notice shall transfer ownership of the vessel or motor to the transferee upon the death of the transferor. The notice shall include:

1. The identification number of the vessel or motor;

1        2. The full name and address of the transferor;

2        3. The full name and address of the transferee; and

3        4. The signature of the transferor. The signature or consent  
4 of or notice to the transferee shall not be required for any purpose  
5 during the lifetime of the transferor.

6        B. A designation of the transferee may be revoked or changed at  
7 any time prior to the death of the transferor by filing an amended  
8 notice with Service Oklahoma.

9        C. To accept a certificate of title of a vessel or motor  
10 pursuant to notice filed under subsection A of this section, the  
11 designated transferee shall execute an affidavit verifying the death  
12 of the transferor owner and submit it to Service Oklahoma. After  
13 the date of the transfer of the vessel or motor as evidenced by the  
14 submitted affidavit and the records of Service Oklahoma, Service  
15 Oklahoma shall issue a title reflecting the transfer of ownership.

16        SECTION 3. This act shall become effective November 1, 2023.

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