

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                               STATE OF OKLAHOMA

3                               1st Session of the 59th Legislature (2023)

4 COMMITTEE SUBSTITUTE  
5 FOR  
6 HOUSE BILL NO. 1759

By: Manger of the House

and

**Stanley** of the Senate

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10                               COMMITTEE SUBSTITUTE

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

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

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

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

1       4. Any vehicle, the legal ownership of which is obtained by the  
2 applicant for a certificate of title by inheritance. For the  
3 purposes of this section, "inheritance" means any transfer from a  
4 deceased individual to the direct successor in interest of the  
5 decedent without consideration, whether through probate,  
6 administration, inter vivos trust, transfer-on-death designation, or  
7 joint ownership;

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

12           a. if such vehicle, travel trailer, or commercial trailer  
13 has been registered in Oklahoma and the excise tax  
14 paid thereon, or

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

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

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

- 1           a. ~~if~~ such vehicle is not purchased for operation or  
2                 resale in this state, and  
3           b. the state from which the dealer is licensed offers  
4                 reciprocal privileges to a dealer licensed in this  
5                 state, pursuant to a reciprocal agreement between the  
6                 duly authorized agent of ~~the Tax Commission~~ Service  
7                 Oklahoma and the licensing state;

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

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

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

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

- 19                 (1) a statutory merger or consolidation, or  
20                 (2) the acquisition by a corporation of substantially  
21                         all of the properties of another corporation when  
22                         the consideration is solely all or a part of the  
23                         voting stock of the acquiring corporation, or of  
24                         its parent or subsidiary corporation,

- 1           b.    in connection with the winding up, dissolution, or  
2                liquidation of a corporation only when there is a  
3                distribution in kind to the shareholders of the  
4                property of such corporation,
- 5           c.    to a corporation where the former owners of the  
6                vehicle or motor vehicle transferred are, immediately  
7                after the transfer, in control of the corporation, and  
8                the stock or securities received by each is  
9                substantially in proportion to the interest in the  
10              vehicle or motor vehicle prior to the transfer,
- 11          d.    to a partnership if the former owners of the vehicle  
12                or motor vehicle transferred are, immediately after  
13                the transfer, members of such partnership and the  
14                interest in the partnership received by each is  
15                substantially in proportion to the interest in the  
16                vehicle or motor vehicle prior to the transfer,
- 17          e.    from a partnership to the members thereof when made in  
18                the dissolution of such partnership,
- 19          f.    to a limited liability company if the former owners of  
20                the vehicle or motor vehicle transferred are,  
21                immediately after the transfer, members of the limited  
22                liability company and the interest in the limited  
23                liability company received by each is substantially in  
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1 proportion to the interest in the vehicle or motor  
2 vehicle prior to the transfer, or

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

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

- 9 a. the vehicle shall not be rented to the same person for  
10 a period exceeding ninety (90) days,  
11 b. any such vehicle exempted from the excise tax by these  
12 provisions shall not be placed under any type of lease  
13 agreement,  
14 c. on any such vehicle exempted from the excise tax by  
15 this ~~subsection~~ paragraph that is reregistered in this  
16 state, without a prior sale or transfer to the persons  
17 specified in divisions (1) and (2) of this  
18 subparagraph, at any time prior to the expiration of  
19 twelve (12) months from the date of issuance of the  
20 original title, the seller shall pay immediately the  
21 amount of excise tax which would have been due had  
22 this exemption not been granted plus a penalty of  
23 twenty percent (20%). No such excise tax or penalty  
24 shall become due and payable if the vehicle is sold or

1 transferred in a condition either physical or  
2 mechanical which would render it eligible for a  
3 salvage title pursuant to law or if the vehicle is  
4 sold and transferred in this state at any time prior  
5 to the expiration of twelve (12) months:

6 (1) to the manufacturer of the vehicle or its  
7 controlled financing arm, or

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

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

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

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

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

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

1        11. Any vehicle of the latest manufactured model, registered  
2 from a title in the name of the original manufacturer or assigned to  
3 the original manufacturer and issued by any state and transferred to  
4 a licensed, franchised Oklahoma motor vehicle dealer, as defined by  
5 Section 1102 of Title 47 of the Oklahoma Statutes, which holds a  
6 franchise of the same line-make as the vehicle being registered;

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

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

23        14. Any vehicle which is the subject of a lease or lease-  
24 purchase agreement and which the ownership of such vehicle is being



1 obtained by the lessee, if the vehicle excise tax was paid at the  
2 time of the initial lease or lease-purchase agreement;

3 15. Any vehicle which:

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

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

1 active service and registered with the veterans registry created by  
2 the Oklahoma Department of Veterans Affairs; provided, that if the  
3 veteran has previously received exemption pursuant to this  
4 paragraph, no registration with the veterans registry shall be  
5 required. This exemption may not be claimed by an individual for  
6 more than one vehicle in a consecutive three-year period, unless the  
7 vehicle is a replacement for a vehicle which was destroyed and  
8 declared by the insurer to be a total loss claim. ~~The Tax~~  
9 ~~Commission~~ Service Oklahoma shall promulgate any rules necessary to  
10 implement the provisions of this section; or

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

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

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

1 transferee upon the death of the transferor. The notice shall  
2 include:

- 3 1. The identification number of the vessel or motor;
- 4 2. The full name and address of the transferor;
- 5 3. The full name and address of the transferee; and
- 6 4. The signature of the transferor. The signature or consent  
7 of or notice to the transferee shall not be required for any purpose  
8 during the lifetime of the transferor.

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

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

19 SECTION 3. This act shall become effective November 1, 2023.  
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21 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated  
22 02/20/2023 - DO PASS, As Amended and Coauthored.  
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