

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

HOUSE BILL 1759

By: Manger

AS INTRODUCED

An Act relating to excise tax; amending 68 O.S. 2021, Section 2105, which relates to excise tax on vehicles; 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;

2. Any vehicle brought into this state by a person formerly living in another state, who has owned and registered the vehicle in such other state of residence at least sixty (60) days prior to the

1 time it is required to be registered in this state; provided,
2 however, this paragraph shall not apply to businesses engaged in
3 renting cars without a driver;

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

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

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

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

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

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

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

20 a. ~~if~~ such vehicle is not purchased for operation or
21 resale in this state, and

22 b. the state from which the dealer is licensed offers
23 reciprocal privileges to a dealer licensed in this
24 state, pursuant to a reciprocal agreement between the

1 duly authorized agent of the Tax Commission and the
2 licensing state;

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

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

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

11 a. from one corporation to another corporation pursuant
12 to a reorganization. As used in this ~~subsection~~
13 subparagraph the term "reorganization" means:

14 (1) a statutory merger or consolidation, or

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

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

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

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

6 b. any such vehicle exempted from the excise tax by these
7 provisions shall not be placed under any type of lease
8 agreement,

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

- (1) to the manufacturer of the vehicle or its controlled financing arm, or
- (2) to a factory authorized franchised new motor vehicle dealer which holds a franchise of the same line-make of the vehicle being purchased, or

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

- (1) payment of the excise tax plus penalty as provided in this section is made,
- (2) the sale is made to a person specified in division (1) or (2) of subparagraph c of this paragraph, or
- (3) the vehicle is eligible for a salvage title.

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

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

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

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

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

21 15. Any vehicle which:

- 22 a. is purchased by a private, nonprofit organization
23 which is exempt from taxation pursuant to the
24 provisions of Section 501(c) (3) of the Internal

1 Revenue Code, 26 U.S.C., Section 501(c)(3), and which
2 is primarily funded by a fraternal or civic service
3 organization with at least one hundred local chapters
4 or clubs, and

5 b. is designed and used to provide mobile health
6 screening services to the general public at no cost to
7 the recipient, and for which no reimbursement of any
8 kind is received from any health insurance provider,
9 health maintenance organization, or governmental
10 program;

11 16. Any vehicle which is purchased by an individual who has
12 been honorably discharged from active service in any branch of the
13 Armed Forces of the United States or Oklahoma National Guard and who
14 has been certified by the United States Department of Veterans
15 Affairs, its successor, or the Armed Forces of the United States to
16 be a disabled veteran in receipt of compensation at the one-hundred-
17 percent rate for a permanent disability sustained through military
18 action or accident resulting from disease contracted while in such
19 active service and registered with the veterans registry created by
20 the Oklahoma Department of Veterans Affairs; provided, that if the
21 veteran has previously received exemption pursuant to this
22 paragraph, no registration with the veterans registry shall be
23 required. This exemption may not be claimed by an individual for
24 more than one vehicle in a consecutive three-year period, unless the

1 vehicle is a replacement for a vehicle which was destroyed and
2 declared by the insurer to be a total loss claim. The Tax
3 Commission shall promulgate any rules necessary to implement the
4 provisions of this section; or

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

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

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

- 21 1. The identification number of the vessel or motor;
- 22 2. The full name and address of the transferor;
- 23 3. The full name and address of the transferee; and

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

4 B. A designation of the transferee may be revoked or changed at
5 any time prior to the death of the transferor by filing an amended
6 notice with the Tax Commission.

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

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

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