

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-THIRD OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: April 6, 2011

BILL NUMBER: SB 201 STATUS AND DATE OF BILL: Engrossed Bill 03/15/11

AUTHORS: House Nelson Senate Aldridge

TAX TYPE (S): Motor Vehicle SUBJECT: Administrative

PROPOSAL: Amendatory

Senate Bill 201 proposes to authorize motor license agents to serve as collection agents for traffic violations and parking tickets issued by municipalities and counties by placing a "hold" on the registration renewal for the vehicle associated with the violation. Placement of such a "hold" will prevent a taxpayer from renewing the vehicle registration, or completing most other types of registration or titling transactions and paying the appropriate fees until all monies due have been paid to the municipality or county. Motor license agents are authorized to charge and receive a fee of \$25 for serving as the collection agent. The bill also appears to allow the Department of Public Safety to utilize motor license agents in the same manner

EFFECTIVE DATE: January 1, 2012

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 12: Unknown decrease in motor vehicle collections

FY 13: Unknown decrease in motor vehicle collections

ADMINISTRATIVE IMPACT:

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

FY 12: \$161,000 increase in administrative costs

April 6, 2011
DATE

Rick Miller
DIVISION DIRECTOR

rgm

4-6-11
DATE

Reece Womack
REECE WOMACK, ECONOMIST

4/6/11
DATE

[Signature]
FOR THE COMMISSION

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Presently, the Tax Commission utilizes a “Stop Flag” system – or “hold” – to prevent the processing of any vehicle related transaction only for taxes/fees due, title error, law enforcement request or court order. For any flag initiated by the Commission, a notification letter is sent to that taxpayer’s address of record. Currently, the Oklahoma Turnpike Authority (OTA) is the only outside entity authorized to place and remove a “hold” and all communication with the taxpayer relating to that hold is handled by the OTA.

With 77 counties and well over 500 municipalities in this state, the potential for the placement of a very large number of “holds” on taxpayer motor vehicle transactions is quite possible. This would assuredly prevent the state from collecting an unknown amount of motor vehicle related fees and taxes in a timely manner until municipality and county parking tickets and traffic violations are paid and motor license agents receive their \$25 collection fee.

The development of a web service to pass information to the Motor Vehicle system and modification of the current Motor Vehicle system to accept records and to disallow registration of the vehicle based on the holds would be necessary to implement the provisions of SB 201. The development of a web-based user interface to allow cities, counties and DPS the necessary access is possible (without extra cost for hardware or software) due to the infrastructure implemented with the CARS system. The interface would allow these entities to identify, or flag, vehicles for registration holds and subsequent release of the holds. The Motor Vehicle system would need to be able to maintain multiple holds for a single vehicle.

Because the collection of the fee and payment of the outstanding tickets would be between the tag agents and the cities and counties, there would be no need for any changes to revenue or MV accounting for the collection of fees.

The IT Division of the Tax Commission estimates that it will take at least six months for development. However, the Division is also estimating that it will need two additional FTE (1 mainframe programmer and 1 Web Services developer) to accomplish this task. The total annual cost for the two required additional IT personnel is \$160,800. Testing and implementation would take additional time.

The Tax Commission will need the above-referenced funding for additional FTE and an effective date no earlier than July 1, 2012, to implement the provisions of SB 201.