

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: May 18, 2011

BILL NUMBER: SB 261

STATUS AND DATE OF BILL: Conference Committee Substitute 05/17/2011

AUTHORS: House Dank Senate Mazzei

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

PROPOSAL: Amendatory

This bill proposes to amend 47 O.S. §§ 1105, 1111 by clarifying and modifying language relating to motor vehicle certificates of titles. The bill also proposes to streamline the process allowing an insurer to go directly to a salvage or junk title in the insurance companies' name, following payment of a loss without having to first obtain a duplicate title in the insured's name.

EFFECTIVE DATE: July 1, 2011

REVENUE IMPACT:

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

FY 12: None

FY 13: None

ADMINISTRATIVE IMPACT:

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

FY 12: None

May 18, 2011
DATE

Rick Miller
DIVISION DIRECTOR

rgm

5-18-2011
DATE

Reece Womack
REECE WOMACK, ECONOMIST

5/18/11
DATE

[Signature]
FOR THE COMMISSION

Attachment to Fiscal/Administrative Impact for SB 261 (CCS) – prepared 05/18/11

Tax Commission requested amendments to Sections 1105 and 1111 of Title 47 of the Oklahoma Statutes seek to clarify an apparent inconsistency in the description of salvage vehicles and to remove unnecessary requirements relating to the title application process.

Section 1105(A)(1) of Title 47 provides a definition for salvage vehicles and states that “Salvage vehicle” means any vehicle which is within the last ten (10) model years and which has been damaged by collision or other occurrence to the extent that the cost of repairing the vehicle for safe operation on the highway exceeds sixty percent (60%) of its fair market value as defined by Section 1111 of this title, immediately prior to the damage. “Rebuilt vehicle” is defined in that section as any salvage vehicle which has been rebuilt and inspected for the purpose of registration and title. Section 1105(C)(2) of the same Title, requires owners of vehicles which are within the last seven (7) model years, entering from out of state and applying for an Oklahoma certificate of title, to make a declaration of previous damage that may result in issuance of a salvage title.

Additionally, Section 1111(A)(5) of Title 47 relates to vehicle loss claims paid by an insurance company to be applicable to vehicles manufactured within the last seven (7) years. That same section also provides an inspection process for reclassification of a salvage vehicle to rebuilt vehicle and issuance of a rebuilt title certificate. The above referenced ten (10) year salvage definition creates potential conflict with this seven (7) year salvage to rebuilt process.

These proposed amendments making all such statutory references applicable to the seven (7) year standard would provide for clear and uniform statutory treatment of such vehicles.

The proposed amendment to Section 1105(C)(1) of Title 47 would result in the removal of required information that is either no longer relevant to the vehicle record, or when necessary, is obtained from a source other than the title application form. The information is not presently captured from this application. The items that would be removed by the proposed amendment are as follows:

- The motor number and the date on which first sold by the manufacturer or dealer to the owner
- any distinguishing marks
- a statement of the applicant’s source of title

The proposed amendment to Section 1105(H) of Title 47 will allow an insurer to go directly to a salvage or junk title in the insurance companies’ name, following payment of a loss, without having to first obtain a duplicate title in the insured’s name. The total fee structure remains the same. The proposal would authorize omitting the step of having the insured obtain a duplicate title. This is a request from the insurance industry designed to streamline the process. Tag agent fee retention amounts are adjusted accordingly, resulting in no loss of compensation.

There is no estimated revenue or administrative impact associated with the proposed amendments in SB 261.