

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: May 6, 2021

BILL NUMBER: SB 273 **STATUS AND DATE OF BILL:** Enrolled 05/05/2021

AUTHORS: House Miller Senate Quinn

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

PROPOSAL: New Law

SB 273 creates a new section of law in 42 O.S. § 90 which requires a person or persons charging a fee for the preparation or assistance in preparation of lien notices on personal property pursuant to Chapter 2 of 42 O.S., other than a person licensed under Title 5 of the Oklahoma Statutes, to register with and submit a \$50 annual fee to the OTC. It further provides that such requirements shall not apply to a lawful possessor or employee of a lawful possessor of the property for which Title 42 notices are issued. It stipulates that all documentation related to such notices must include the name of the person required to register pursuant to this section. Additionally, it imposes a \$100 penalty upon a person who prepares or assists in the preparation of Title 42 notices in violation of the requirements of this section. It also provides that the OTC shall promulgate rules to effectuate the requirements of this section.

EFFECTIVE DATE: January 1, 2022

REVENUE IMPACT:

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

FY 22: Minimal increase in motor vehicle collections¹

FY 23: Minimal increase in motor vehicle collections

ADMINISTRATIVE IMPACT:

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

FY 22: \$120,000 increase in OTC administrative costs

May 6, 2021
DATE

Rick Miller
DIVISION DIRECTOR

bjs

5/6/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

5/7/21
DATE

[Signature]
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

¹ It is unclear if OTC retains the \$50 annual registration fee and/or \$100 violation penalty.

ATTACHMENT TO REVENUE IMPACT – SB 273 – [Enrolled] – Prepared 05/06/2021

SB 273 creates a new section of law in 42 O.S. § 90 which requires a person or persons charging a fee for the preparation or assistance in preparation of lien notices on personal property pursuant to Chapter 2 of 42 O.S., other than a person licensed under Title 5 of the Oklahoma Statutes, to register with and submit a \$50 annual fee to the OTC. It further provides that such requirements shall not apply to a lawful possessor or employee of a lawful possessor of the property for which Title 42 notices are issued. It stipulates that all documentation related to such notices must include the name of the person required to register pursuant to this section. Additionally, it imposes a \$100 penalty upon a person who prepares or assists in the preparation of Title 42 notices in violation of the requirements of this section. It also provides that the OTC shall promulgate rules to effectuate the requirements of this section.

REVENUE IMPACT

OTC Motor Vehicle Division indicates that there are 31 individuals providing Title 42 lien notice preparer services who would fall within the criteria of the proposal. An increase in motor vehicle collections of \$1550 (\$50 annual registration fee x 31 Title 42 preparers) is estimated.

ADMINISTRATIVE COSTS AND CONCERNS

Additional administrative costs of \$120,000 related to programming and motor vehicle system modifications are anticipated. The OTC will require a minimum of three months to change and test the system for implementation.

It is unclear from the amendatory language if OTC retains the \$50 annual Title 42 preparer registration fee as well as the \$100 penalty for violation of the new requirements pursuant to the creation of 42 O.S. § 90. Also, it is uncertain if a potential violation occurs when a Title 42 preparer fails to register or include their name on the notice documentation. Further, the extent to which registration violations and/or outstanding penalties affect the filing/submission of the subject lien notices to and the potential denial thereof by the Tax Commission is not addressed in the proposed amendatory language.