OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: May 16, 2022

BILL NUMBER: HB 3419 **STATUS AND DATE OF BILL:** Enrolled 05/10/2022

AUTHORS: House Kerbs et al. Senate Hall

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

PROPOSAL: NEW LAW & AMENDATORY

The measure creates Service Oklahoma as a division of the Oklahoma Office of Management and Enterprise Services. It also transfers applicable powers, duties, and responsibilities exercised by the Motor Services Division of the Oklahoma Tax Commission to Service Oklahoma on January 1, 2023. OTC employees currently performing duties of the Motor Services Division will also be transferred to Service Oklahoma. Consistent with the proposed transfer, provisions contained in the Oklahoma Statutes i.e., Used Tire Recycling Act[1], Vehicle License and Registration Act[2], Vehicle Excise Tax Code[3], Vessel and Motor Registration Act[4] and Vessel and Motor Excise Tax Act[5] have been amended to reflect new terminology and/or denote Service Oklahoma as the party responsible to undertake and fulfill the transferred authority, duties and responsibilities. Further, under the measure fee amounts retained by the OTC when acting in the capacity as a tag agent along with other statutory amounts allocated to OTC Funds are scheduled to cease December 31, 2022. The distribution of motor vehicle collections related to registration fees, transfer taxes and penalties apportioned pursuant to 47 O.S. § 1104, remain the responsibility of the OTC. [6]

EFFECTIVE DATE: Emergency – Upon Passage and Approval

REVENUE IMPACT:

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

FY 23: None
FY 24: Unknown

ADMINISTRATIVE IMPACT:

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

FY 23: See Attached

May 20, 2022
DATE

Rick Miller
DIVISION DIRECTOR

msm & cjc

5/20/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

5/20/2022
DATE

Joseph P. Haynes
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.

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[1] 27A O.S. §§ 2-11-401 et seq.
[2] 47 O.S. 1101 et seq.
[3] 68 O.S. §§ 2101 et seq.
[4] 63 O.S. §§ 4001 et seq.
[5] 63 O.S. §§ 4101 et seq.
[6] Also, in addition to other revenue sources, the OTC will continue to apportion certain special license plate fees to designated colleges and universities and the Environmental Education Revolving Fund. 47 O.S. §§ 1104.1 & 1104.2.

ATTACHMENT TO REVENUE IMPACT – HB 3419 - [Enrolled] Prepared 05/16/2022

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The Motor Vehicle Division[13] of the Oklahoma Tax Commission is responsible for the collection, apportionment, and reporting of more than $900,000,000.00 in taxes and fees. Most of these taxes and fees are associated with vehicle registrations and renewals. In addition to the more than 60 employees within the division, the division oversees more than 260 Motor License Agents ("MLAs"), more commonly known as tag agents. The Motor Vehicle Division is currently divided into sections (Administration and Support, Motor License Agent Audit, Processing, Research/NMVTIS/Corrections, Title Consultants, Title 42, and Taxpayer Resource Center.)

During 2021, these sections of the Motor Vehicle Division accomplished the following tasks:

- MV Audit completed 286 audits, resulting in each MLA being audited at least once in addition to finalizing numerous basic audits (review of semi-monthly reports to determine if a higher level audit is needed).
- MV Processing Team renewed more than 23,000 dealer plates; issued more than 15,000 special plates; processed more than 2,500 mailed-in boat and motor renewals; and renewed more than 60,000 mailed-in vehicle renewals.
- MV Research and Corrections Team cleared a backlog of lien releases and is currently processing lien releases within 2 weeks; processed more than 20,000 lien releases per month; cancelled more than 800 titles per month; fielded more than 150 inquiries from law enforcement (FBI, SS, OSBI); and corrected more than 2,500 records per month.
- MV Title Consultants Team processed and provided instructions for more than 4,500 court orders; processed more than 27,000 lien releases; manually processed more than 9,000 NCIC checks; processed more than 11,000 titles and corrected and cancelled more than 1,400 titles.
- MV Title 42 team of 3-5 people processed more than 20,000 annually in addition to a large number of applications that are submitted multiple times due to error.
- Taxpayer Resource Center Team assisted more than 4,500 walk-in customers and assisted with Title Consultant work outlined above.

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[7] 27A O.S. §§ 2-11-401 et seq.
[8] 47 O.S. 1101 et seq.
[9] 68 O.S. §§ 2101 et seq.
[10] 63 O.S. §§ 4001 et seq.
[11] 63 O.S. §§ 4101 et seq.
[12] Also, in addition to other revenue sources, the OTC will continue to apportion certain special license plate fees to designated colleges and universities and the Environmental Education Revolving Fund. 47 O.S. §§ 1104.1 & 1104.2.
[13] Referred to in the measure as the Motor Services Division.

ADMINISTRATIVE IMPACT

The FY 22 budget for the Motor Vehicle Division, including 72 full time employees, totals $8,715,758. For CY 2021, tag agent fees retained by the OTC in addition to other statutory allocations totaled $4,385,346. Assuming a similar budget amount and OTC fees collections for the applicable period result in a net saving to the OTC of $4,330,412.