OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: March 11, 2022

BILL NUMBER: HB 3850 **STATUS AND DATE OF BILL:** Engrossed 03/09/2022

AUTHORS: House Boatman & McDugle Senate Montgomery

TAX TYPE (S): Motor Vehicle Excise Tax **SUBJECT:** Exemption

PROPOSAL: Amendatory 68 O.S. § 2105 and 47 O.S. § 1105

Section One of the measure amends 68 O.S. § 2105 by exempting from the vehicle excise tax levy any vehicle which is purchased by an individual or entity doing business in Oklahoma if the vehicle is contracted to be shipped to a destination outside the United States or its territories within 120 days of purchase. It requires the Oklahoma Tax Commission to prescribe a form to be completed and submitted under oath together with the purchase contract for the vehicle and proof of commitment to ship the vehicle by common carrier vessel, air, rail, or any other common carrier for hire. Upon approval the Tax Commission is to issue a foreign export certificate of title.

Section two of the measure also proposes amendment to Section 1105 of Title 47 to add as a type of title – foreign export title - for any motor vehicle which is purchased by an individual or entity doing business in Oklahoma for the sole purpose of exporting the vehicle outside of the United States or its territories. It also establishes the fee for a foreign export title at $100 with a $1 of the fee to be deposited to the Oklahoma Tax Commission Reimbursement Fund. The fee is in addition to any other fees or taxes imposed by law for these vehicles.

EFFECTIVE DATE: Emergency – July 1, 2022

REVENUE IMPACT:

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

FY 23: A decrease of $1,170,000 in motor vehicle tax revenues

ADMINISTRATIVE IMPACT:

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

FY 23: An increase of $43,000 in administrative costs

Mar. 14, 2022
DATE

Rick Miller
DIVISION DIRECTOR

msm

3/14/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

3/18/2022
DATE

Joseph P. Gappa
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.

ATTACHMENT TO REVENUE IMPACT - HB 3850 [Engrossed] Prepared 03/11/2022

The measure amends 68 O.S. § 2105 by exempting from the vehicle excise tax levy any vehicle which is purchased by an individual or entity doing business in Oklahoma if the vehicle is contracted to be shipped to a destination outside the United States or its territories within 120 days of purchase. It requires the Oklahoma Tax Commission to prescribe a form to be completed and submitted under oath together with the purchase contract for the vehicle and proof of commitment to ship the vehicle by common carrier vessel, air, rail, or any other common carrier for hire. Upon approval the Tax Commission is to issue a foreign export certificate of title. The measure also proposes amendment to Section 1105 of Title 47 to add as a type of title – foreign export title - for any motor vehicle which is purchased by an individual or entity doing business in Oklahoma for the sole purpose of exporting the vehicle outside of the United States or its territories. It also establishes the fee for a foreign export title at $100 with a $1 of the fee to be deposited to the Oklahoma Tax Commission Reimbursement Fund. The fee is in addition to any other fees or taxes imposed by law for these vehicles.

Based upon information from the only known company operating in Oklahoma, a total of $36,000,000 in vehicle transactions are projected to occur in FY 22 whereby a vehicle was exported in such manner. Assuming similar sales projections and multiplying $36,000,000 by the state excise tax rate of 3.25% results in an estimated decrease of $1,170,000 in motor vehicle excise tax revenues for FY 23.

Administrative Costs:

The measure will require a minimum of 4-6 weeks to develop and the effective date of July 1, 2022 may be problematic. In addition, the measure will result in an increase of $43,270 in administrative costs for FY 23.