

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: February 22, 2021 [REVISED]

BILL NUMBER: SB 313 **STATUS AND DATE OF BILL:** Introduced 01/07/2021

AUTHORS: House n/a Senate Jech

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

PROPOSAL: Amendatory

The measure proposes that on or after January 1, 2022, in the event a special or personalized license plate is issued pursuant to Sections 1135.1 through 1135.7, any registration fee required for the special/personalized plate and the fee for the standard issue vehicle registration shall be remitted at the same time and be subject to a single registration period. Upon receipt of a special/personalized plate, the standard issue plate must be surrendered to the Tax Commission or motor license agent. The special/personalized plate issued will be the sole plate issued to the vehicle and must be displayed in the same manner as a standard issue plate. It also provides that the OTC shall determine by rule, a method for making required fee adjustments when a special or personalized license plate is obtained during a twelve-month period for which a standard issue registration fee has already been remitted. It further specifies that the combining of fees into a single remittance shall not alter the apportionment otherwise provided in law.

Sections 10 of the measure proposes amendment to 47 O.S. § 1141.1 by providing that on or after January 1, 2022, a motor license agent is entitled to retain \$7.12 when a special or personalized license plate is issued pursuant to 47 O.S. §§ 1135.1 through 1135.7 in combination with the standard issue registration required pursuant by 47 O.S. § 1132.

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 23: Minimal decrease in motor vehicle collections

ADMINISTRATIVE IMPACT:

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

FY 22: \$650,000 increase in OTC administrative costs

Feb. 21, 2021
DATE

Rick Miller
DIVISION DIRECTOR

bjs

2/22/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/22/21
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.

ATTACHMENT TO REVENUE IMPACT – SB 313 - [Introduced] Prepared 02/21/2021 [REVISED]

The measure proposes that on or after January 1, 2022, in the event a special or personalized license plate is issued pursuant to Sections 1135.1 through 1135.7, any registration fee required for the special/personalized plate and the fee for the standard issue vehicle registration shall be remitted at the same time and be subject to a single registration period. Upon receipt of a special/ personalized plate, the standard issue plate must be surrendered to the Tax Commission or motor license agent. The special/personalized plate issued will be the sole plate issued to the vehicle and must be displayed in the same manner as a standard issue plate. It also provides that the OTC shall determine by rule, a method for making required fee adjustments when a special or personalized license plate is obtained during a twelve-month period for which a standard issue registration fee has already been remitted. It further specifies that the combining of fees into a single remittance shall not alter the apportionment otherwise provided in law.

Additionally, it proposes an amendment to Section 1135.5 of Title 47 regarding the Oklahoma Scenic Rivers special license plate by changing the consultation entity for purposes of the plate design and recipient of the \$25 portion of the fee charged for the plate from the Oklahoma Scenic Rivers Commission to the Oklahoma Scenic Rivers operation of the Grand River Dam Authority.

Sections 10 of the measure proposes amendment to 47 O.S. § 1141.1 by providing that on or after January 1, 2022, a motor license agent is entitled to retain \$7.12 when a special or personalized license plate is issued pursuant to 47 O.S. §§ 1135.1 through 1135.7 in combination with the standard issue registration required pursuant by 47 O.S. § 1132.

REVENUE IMPACT

A minimal decrease in motor vehicle collections is estimated due to standard issue registration fee adjustments outlined in the measure.

ADMINISTRATIVE IMPACT

Outlined below is a detailed description of system/services modification and development to implement SB 313 along with the additional administrative costs associated therewith.

- Allowing for multiple active registrations on a single vehicle is the foundation of our current registration model. Almost all registration functions are built to account for this possibility. Consequently each one would need to be reviewed and potentially updated or replaced to fit into the single plate registration model.
- New development and system modification will be required for the following functions and processes:
 - Owners that have multiple plates for one vehicle to determine which plate would become the primary, and a systematic application would need to be developed to transition those accounts to a single plate. When a vehicle is titled/registered the system currently forces a standard issue plate. With the change, the system would be updated to issue a plate of the customer's choosing. Due to inventory sizes, build a process from title/registration transactions for purposes of issuing a temporary registration and for a plate to be mailed at a later date.
 - Review and update OKCARS. Current logic ensures standard issue plates exist and are active before specialty plates are allowed to be requested or renewed. A mix of front end, removing now obsolete transactions and backend changes will be required. Most likely updates to construct a new request to allow a user to consolidate to a single plate will also be needed.

- Correction of common transaction types i.e, Title/Reg, Change Reg, Renewal, Lost/Stolen/Mutilated are common transaction types within OneLink that align with registration functions weren't specifically mentioned but would also be affected by the proposed changes. The system logic behind these processes will all need to be reviewed and updated to not account for the multiple plate scenarios.
- Further clarification on fees and apportionment for partial year scenarios could also impact development. The bill states that combination of fees in a single period shouldn't alter apportionment. However, the language contemplates proration of fees in the certain circumstances and if prorating is required, updates will be necessitated. The largest impact in this area is attributable to combining/accounting for additional fees that would not have previously existed together. Examples would be Registration, State Public Safety, Insurance, and Specialty Plate fees on a Renewal on a single posting.

Completion and institution of the above-described functions, development and system updates would require several months and multiple developers due to the necessary changes to several areas within the motor vehicle system and web services resulting in administrative costs of \$650,000.