

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 HOUSE BILL 1998

By: Boatman

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5
6 AS INTRODUCED

7 An Act relating to revenue and taxation; amending 68
8 O.S. 2011, Section 2105, as last amended by Section
9 1, Chapter 312, O.S.L. 2016 (68 O.S. Supp. 2018,
10 Section 2105), which relates to vehicle excise tax
11 exemptions; modifying eligibility for certain
12 exemption; amending 68 O.S. 2011, Section 2105, as
13 last amended by Section 11, Chapter 229, O.S.L. 2017
14 (68 O.S. Supp. 2018, Section 2105), which relates to
15 vehicle excise tax exemptions; modifying eligibility
16 requirement for certain exemption; providing an
17 effective date; and declaring an emergency.

18 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

19 SECTION 1. AMENDATORY 68 O.S. 2011, Section 2105, as
20 last amended by Section 1, Chapter 312, O.S.L. 2016 (68 O.S. Supp.
21 2018, Section 2105), is amended to read as follows:

22 Section 2105. An original or a transfer certificate of title
23 shall be issued without the payment of the excise tax levied by
24 Section 2101 et seq. of this title for:

1 1. Any vehicle owned by a nonresident person who operates
2 principally in some other state but who is in Oklahoma only
3 occasionally;

4 2. Any vehicle brought into this state by a person formerly
5 living in another state, who has owned and registered the vehicle in
6 such other state of residence at least sixty (60) days prior to the
7 time it is required to be registered in this state; provided,
8 however, this paragraph shall not apply to businesses engaged in
9 renting cars without a driver;

10 3. Any vehicle registered by the State of Oklahoma, by any of
11 the political subdivisions thereof, or by a fire department
12 organized pursuant to Section 592 of Title 18 of the Oklahoma
13 Statutes to be used for the purposes of the fire department, or a
14 vehicle which is the subject of a lease or lease-purchase agreement
15 executed between the person seeking an original or transfer
16 certificate of title for the vehicle and a municipality, county,
17 school district, or fire protection district. The person seeking an
18 original or transfer certificate of title shall provide adequate
19 proof that the vehicle is subject to a lease or lease-purchase
20 agreement with a municipality, county, school district, or fire
21 protection district at the time the excise tax levied would
22 otherwise be payable. The Oklahoma Tax Commission shall have the
23 authority to determine what constitutes adequate proof as required
24 by this section;

1 4. Any vehicle, the legal ownership of which is obtained by the
2 applicant for a certificate of title by inheritance;

3 5. Any used motor vehicle, travel trailer, or commercial
4 trailer which is owned and being offered for sale by a person
5 licensed as a dealer to sell the same, under the provisions of the
6 Oklahoma Vehicle License and Registration Act:

7 a. if such vehicle, travel trailer, or commercial trailer
8 has been registered in Oklahoma and the excise tax
9 paid thereon, or

10 b. when such vehicle, travel trailer, or commercial
11 trailer has been registered in some other state but is
12 not the latest manufactured model.

13 Provided, the provisions of this paragraph shall not be
14 construed as allowing an exemption to any person not licensed as a
15 dealer of used motor vehicles, travel trailers, or commercial
16 trailers, or as an automotive dismantler and parts recycler in this
17 state;

18 6. Any vehicle which was purchased by a person licensed to sell
19 new or used motor vehicles in another state:

20 a. if such vehicle is not purchased for operation or
21 resale in this state, and

22 b. the state from which the dealer is licensed offers
23 reciprocal privileges to a dealer licensed in this
24 state, pursuant to a reciprocal agreement between the

1 duly authorized agent of the Tax Commission and the
2 licensing state;

3 7. Any vehicle, the ownership of which was obtained by the
4 lienholder or mortgagee under or by foreclosure of a lien or
5 mortgage in the manner provided by law or to the insurer under
6 subrogated rights arising by reason of loss under an insurance
7 contract;

8 8. Any vehicle which is taxed on an ad valorem basis;

9 9. Any vehicle or motor vehicle, the legal ownership of which
10 is obtained by transfers:

11 a. from one corporation to another corporation pursuant
12 to a reorganization. As used in this subsection the
13 term "reorganization" means:

14 (1) a statutory merger or consolidation, or

15 (2) the acquisition by a corporation of substantially
16 all of the properties of another corporation when
17 the consideration is solely all or a part of the
18 voting stock of the acquiring corporation, or of
19 its parent or subsidiary corporation,

20 b. in connection with the winding up, dissolution, or
21 liquidation of a corporation only when there is a
22 distribution in kind to the shareholders of the
23 property of such corporation,
24

- 1 c. to a corporation where the former owners of the
2 vehicle or motor vehicle transferred are, immediately
3 after the transfer, in control of the corporation, and
4 the stock or securities received by each is
5 substantially in proportion to the interest in the
6 vehicle or motor vehicle prior to the transfer,
- 7 d. to a partnership if the former owners of the vehicle
8 or motor vehicle transferred are, immediately after
9 the transfer, members of such partnership and the
10 interest in the partnership received by each is
11 substantially in proportion to the interest in the
12 vehicle or motor vehicle prior to the transfer,
- 13 e. from a partnership to the members thereof when made in
14 the dissolution of such partnership,
- 15 f. to a limited liability company if the former owners of
16 the vehicle or motor vehicle transferred are,
17 immediately after the transfer, members of the limited
18 liability company and the interest in the limited
19 liability company received by each is substantially in
20 proportion to the interest in the vehicle or motor
21 vehicle prior to the transfer, or
- 22 g. from a limited liability company to the members
23 thereof when made in the dissolution of such
24 partnership;

1 10. Any vehicle which is purchased by a person to be used by a
2 business engaged in renting motor vehicles without a driver,
3 provided:

4 a. the vehicle shall not be rented to the same person for
5 a period exceeding ninety (90) days,

6 b. any such vehicle exempted from the excise tax by these
7 provisions shall not be placed under any type of lease
8 agreement,

9 c. on any such vehicle exempted from the excise tax by
10 this subsection that is reregistered in this state,
11 without a prior sale or transfer to the persons
12 specified in divisions (1) and (2) of this
13 subparagraph, at any time prior to the expiration of
14 twelve (12) months from the date of issuance of the
15 original title, the seller shall pay immediately the
16 amount of excise tax which would have been due had
17 this exemption not been granted plus a penalty of
18 twenty percent (20%). No such excise tax or penalty
19 shall become due and payable if the vehicle is sold or
20 transferred in a condition either physical or
21 mechanical which would render it eligible for a
22 salvage title pursuant to law or if the vehicle is
23 sold and transferred in this state at any time prior
24 to the expiration of twelve (12) months:

- 1 (1) to the manufacturer of the vehicle or its
- 2 controlled financing arm, or
- 3 (2) to a factory authorized franchised new motor
- 4 vehicle dealer which holds a franchise of the
- 5 same line-make of the vehicle being purchased, or

6 d. when this exemption is claimed, the Tax Commission
7 shall issue a special title which shall restrict the
8 transfer of the title only within this state prior to
9 the expiration of twelve (12) months unless:

- 10 (1) payment of the excise tax plus penalty as
- 11 provided in this section is made,
- 12 (2) the sale is made to a person specified in
- 13 division (1) or (2) of subparagraph c of this
- 14 paragraph, or
- 15 (3) the vehicle is eligible for a salvage title.

16 For all other tax purposes vehicles herein exempted shall be
17 treated as though the excise tax has been paid;

18 11. Any vehicle of the latest manufactured model, registered
19 from a title in the name of the original manufacturer or assigned to
20 the original manufacturer and issued by any state and transferred to
21 a licensed, franchised Oklahoma motor vehicle dealer, as defined by
22 Section 1102 of Title 47 of the Oklahoma Statutes, which holds a
23 franchise of the same line-make as the vehicle being registered;

1 12. Any new motor vehicle, registered in the name of a
2 manufacturer or dealer of new motor vehicles, for which a license
3 plate has been issued pursuant to Section 1116.1 of Title 47 of the
4 Oklahoma Statutes, if such vehicle is authorized by the manufacturer
5 or dealer for personal use by an individual. The authorization for
6 such use shall not exceed four (4) months which shall not be renewed
7 or the exemption provided by this subsection shall not be
8 applicable. The exemption provided by this subsection shall not be
9 applicable to a transfer of ownership or registration subsequent to
10 the first registration of the vehicle by a manufacturer or dealer;

11 13. Any vehicle, travel trailer, or commercial trailer of the
12 latest manufacturer model purchased by a franchised Oklahoma dealer
13 licensed to sell the same which holds a franchise of the same line-
14 make as the vehicle, travel trailer, or commercial trailer being
15 registered;

16 14. Any vehicle which is the subject of a lease or lease-
17 purchase agreement and which the ownership of such vehicle is being
18 obtained by the lessee, if the vehicle excise tax was paid at the
19 time of the initial lease or lease-purchase agreement;

20 15. Any vehicle which:

21 a. is purchased by a private, nonprofit organization
22 which is exempt from taxation pursuant to the
23 provisions of Section 501(c)(3) of the Internal
24 Revenue Code, 26 U.S.C., Section 501(c)(3), and which

1 is primarily funded by a fraternal or civic service
2 organization with at least one hundred local chapters
3 or clubs, and

4 b. is designed and used to provide mobile health
5 screening services to the general public at no cost to
6 the recipient, and for which no reimbursement of any
7 kind is received from any health insurance provider,
8 health maintenance organization, or governmental
9 program;

10 16. Any vehicle which is purchased by an individual who has
11 been honorably discharged from active service in any branch of the
12 Armed Forces of the United States or Oklahoma National Guard and who
13 has been certified by the United States Department of Veterans
14 Affairs, its successor, or the Armed Forces of the United States to
15 be a disabled veteran in receipt of compensation at or above the
16 ~~one hundred percent~~ thirty-percent rate for a permanent or temporary
17 disability sustained through military action or accident resulting
18 from disease contracted while in such active service. This
19 exemption may not be claimed by an individual for more than one
20 vehicle in a consecutive three-year period, unless the vehicle is a
21 replacement for a vehicle which was destroyed and declared by the
22 insurer to be a total loss claim; or

23 17. Any vehicle on which ownership is transferred by a
24 reposessor directly back to the owner or owners from whom the

1 vehicle was repossessed; provided, ownership shall be assigned by
2 the reposessor within thirty (30) days of issuance of the
3 repossession title and shall be identical to that reflected in the
4 vehicle title record immediately prior to the repossession.

5 SECTION 2. AMENDATORY 68 O.S. 2011, Section 2105, as
6 last amended by Section 11, Chapter 229, O.S.L. 2017 (68 O.S. Supp.
7 2018, Section 2105), is amended to read as follows:

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14 2. Any vehicle brought into this state by a person formerly
15 living in another state, who has owned and registered the vehicle in
16 such other state of residence at least sixty (60) days prior to the
17 time it is required to be registered in this state; provided,
18 however, this paragraph shall not apply to businesses engaged in
19 renting cars without a driver;

20 3. Any vehicle registered by the State of Oklahoma, by any of
21 the political subdivisions thereof, or by a fire department
22 organized pursuant to Section 592 of Title 18 of the Oklahoma
23 Statutes to be used for the purposes of the fire department, or a
24 vehicle which is the subject of a lease or lease-purchase agreement

1 executed between the person seeking an original or transfer
2 certificate of title for the vehicle and a municipality, county,
3 school district, or fire protection district. The person seeking an
4 original or transfer certificate of title shall provide adequate
5 proof that the vehicle is subject to a lease or lease-purchase
6 agreement with a municipality, county, school district, or fire
7 protection district at the time the excise tax levied would
8 otherwise be payable. The Oklahoma Tax Commission shall have the
9 authority to determine what constitutes adequate proof as required
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11 4. Any vehicle, the legal ownership of which is obtained by the
12 applicant for a certificate of title by inheritance;

13 5. Any used motor vehicle, travel trailer, or commercial
14 trailer which is owned and being offered for sale by a person
15 licensed as a dealer to sell the same, under the provisions of the
16 Oklahoma Vehicle License and Registration Act:

17 a. if such vehicle, travel trailer, or commercial trailer
18 has been registered in Oklahoma and the excise tax
19 paid thereon, or

20 b. when such vehicle, travel trailer, or commercial
21 trailer has been registered in some other state but is
22 not the latest manufactured model.

23 Provided, the provisions of this paragraph shall not be
24 construed as allowing an exemption to any person not licensed as a

1 dealer of used motor vehicles, travel trailers, or commercial
2 trailers, or as an automotive dismantler and parts recycler in this
3 state;

4 6. Any vehicle which was purchased by a person licensed to sell
5 new or used motor vehicles in another state:

6 a. if such vehicle is not purchased for operation or
7 resale in this state, and

8 b. the state from which the dealer is licensed offers
9 reciprocal privileges to a dealer licensed in this
10 state, pursuant to a reciprocal agreement between the
11 duly authorized agent of the Tax Commission and the
12 licensing state;

13 7. Any vehicle, the ownership of which was obtained by the
14 lienholder or mortgagee under or by foreclosure of a lien or
15 mortgage in the manner provided by law or to the insurer under
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17 contract;

18 8. Any vehicle which is taxed on an ad valorem basis;

19 9. Any vehicle or motor vehicle, the legal ownership of which
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21 a. from one corporation to another corporation pursuant
22 to a reorganization. As used in this subsection the
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1 (2) the acquisition by a corporation of substantially
2 all of the properties of another corporation when
3 the consideration is solely all or a part of the
4 voting stock of the acquiring corporation, or of
5 its parent or subsidiary corporation,

6 b. in connection with the winding up, dissolution, or
7 liquidation of a corporation only when there is a
8 distribution in kind to the shareholders of the
9 property of such corporation,

10 c. to a corporation where the former owners of the
11 vehicle or motor vehicle transferred are, immediately
12 after the transfer, in control of the corporation, and
13 the stock or securities received by each is
14 substantially in proportion to the interest in the
15 vehicle or motor vehicle prior to the transfer,

16 d. to a partnership if the former owners of the vehicle
17 or motor vehicle transferred are, immediately after
18 the transfer, members of such partnership and the
19 interest in the partnership received by each is
20 substantially in proportion to the interest in the
21 vehicle or motor vehicle prior to the transfer,

22 e. from a partnership to the members thereof when made in
23 the dissolution of such partnership,
24

- 1 f. to a limited liability company if the former owners of
2 the vehicle or motor vehicle transferred are,
3 immediately after the transfer, members of the limited
4 liability company and the interest in the limited
5 liability company received by each is substantially in
6 proportion to the interest in the vehicle or motor
7 vehicle prior to the transfer, or
8 g. from a limited liability company to the members
9 thereof when made in the dissolution of such
10 partnership;

11 10. Any vehicle which is purchased by a person to be used by a
12 business engaged in renting motor vehicles without a driver,
13 provided:

- 14 a. the vehicle shall not be rented to the same person for
15 a period exceeding ninety (90) days,
16 b. any such vehicle exempted from the excise tax by these
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18 agreement,
19 c. on any such vehicle exempted from the excise tax by
20 this subsection that is reregistered in this state,
21 without a prior sale or transfer to the persons
22 specified in divisions (1) and (2) of this
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2 amount of excise tax which would have been due had
3 this exemption not been granted plus a penalty of
4 twenty percent (20%). No such excise tax or penalty
5 shall become due and payable if the vehicle is sold or
6 transferred in a condition either physical or
7 mechanical which would render it eligible for a
8 salvage title pursuant to law or if the vehicle is
9 sold and transferred in this state at any time prior
10 to the expiration of twelve (12) months:

11 (1) to the manufacturer of the vehicle or its
12 controlled financing arm, or

13 (2) to a factory authorized franchised new motor
14 vehicle dealer which holds a franchise of the
15 same line-make of the vehicle being purchased, or

16 d. when this exemption is claimed, the Tax Commission
17 shall issue a special title which shall restrict the
18 transfer of the title only within this state prior to
19 the expiration of twelve (12) months unless:

20 (1) payment of the excise tax plus penalty as
21 provided in this section is made,

22 (2) the sale is made to a person specified in
23 division (1) or (2) of subparagraph c of this
24 paragraph, or

1 (3) the vehicle is eligible for a salvage title.

2 For all other tax purposes vehicles herein exempted shall be
3 treated as though the excise tax has been paid;

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5 from a title in the name of the original manufacturer or assigned to
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13 Oklahoma Statutes, if such vehicle is authorized by the manufacturer
14 or dealer for personal use by an individual. The authorization for
15 such use shall not exceed four (4) months which shall not be renewed
16 or the exemption provided by this subsection shall not be
17 applicable. The exemption provided by this subsection shall not be
18 applicable to a transfer of ownership or registration subsequent to
19 the first registration of the vehicle by a manufacturer or dealer;

20 13. Any vehicle, travel trailer, or commercial trailer of the
21 latest manufacturer model purchased by a franchised Oklahoma dealer
22 licensed to sell the same which holds a franchise of the same line-
23 make as the vehicle, travel trailer, or commercial trailer being
24 registered;

1 14. Any vehicle which is the subject of a lease or lease-
2 purchase agreement and which the ownership of such vehicle is being
3 obtained by the lessee, if the vehicle excise tax was paid at the
4 time of the initial lease or lease-purchase agreement;

5 15. Any vehicle which:

6 a. is purchased by a private, nonprofit organization
7 which is exempt from taxation pursuant to the
8 provisions of Section 501(c)(3) of the Internal
9 Revenue Code, 26 U.S.C., Section 501(c)(3), and which
10 is primarily funded by a fraternal or civic service
11 organization with at least one hundred local chapters
12 or clubs, and

13 b. is designed and used to provide mobile health
14 screening services to the general public at no cost to
15 the recipient, and for which no reimbursement of any
16 kind is received from any health insurance provider,
17 health maintenance organization, or governmental
18 program;

19 16. Any vehicle which is purchased by an individual who has
20 been honorably discharged from active service in any branch of the
21 Armed Forces of the United States or Oklahoma National Guard and who
22 has been certified by the United States Department of Veterans
23 Affairs, its successor, or the Armed Forces of the United States to
24 be a disabled veteran in receipt of compensation at or above the

1 ~~one hundred percent~~ thirty-percent rate for a permanent or temporary
2 disability sustained through military action or accident resulting
3 from disease contracted while in such active service and registered
4 with the veterans registry created by the Oklahoma Department of
5 Veterans Affairs; provided, that if the veteran has previously
6 received exemption pursuant to this paragraph, no registration with
7 the veterans registry shall be required. This exemption may not be
8 claimed by an individual for more than one vehicle in a consecutive
9 three-year period, unless the vehicle is a replacement for a vehicle
10 which was destroyed and declared by the insurer to be a total loss
11 claim. The Tax Commission shall promulgate any rules necessary to
12 implement the provisions of this section; or

13 17. Any vehicle on which ownership is transferred by a
14 reposessor directly back to the owner or owners from whom the
15 vehicle was repossessed; provided, ownership shall be assigned by
16 the reposessor within thirty (30) days of issuance of the
17 repossession title and shall be identical to that reflected in the
18 vehicle title record immediately prior to the repossession.

19 SECTION 3. This act shall become effective July 1, 2019.

20 SECTION 4. It being immediately necessary for the preservation
21 of the public peace, health or safety, an emergency is hereby
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1 declared to exist, by reason whereof this act shall take effect and
2 be in full force from and after its passage and approval.

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