An Act

ENROLLED HOUSE
BILL NO. 1759

By: Manger of the House

and

Stanley of the Senate

An Act relating to excise tax; amending 68 O.S. 2021, Section 2105, which relates to excise tax on vehicles; modifying name of responsible entity; defining term; updating statutory language; providing for transfer-on-death procedures for vessels or motors; requiring notice; prescribing content of notice; authorizing revocation; providing for affidavit by transferee; providing for codification; and providing an effective date.

SUBJECT: Excise tax

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 2105, is amended to read as follows:

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

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

2. Any vehicle brought into this state by a person formerly living in another state, who has owned and registered the vehicle in such other state of residence at least sixty (60) days prior to the time it is required to be registered in this state; provided,

however, this paragraph shall not apply to businesses engaged in renting cars without a driver;

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

4. Any vehicle, the legal ownership of which is obtained by the applicant for a certificate of title by inheritance. For the purposes of this section, "inheritance" means any transfer from a deceased individual to the direct successor in interest of the decedent without consideration, whether through probate, administration, inter vivos trust, transfer-on-death designation, or joint ownership;

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

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

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

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

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

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

b. the state from which the dealer is licensed offers reciprocal privileges to a dealer licensed in this state, pursuant to a reciprocal agreement between the duly authorized agent of ~~the Tax Commission~~ Service Oklahoma and the licensing state;

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

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

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

a. from one corporation to another corporation pursuant to a reorganization. As used in this ~~subsection~~ subparagraph, the term "reorganization" means:

(1) a statutory merger or consolidation, or

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

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

c. to a corporation where the former owners of the vehicle or motor vehicle transferred are, immediately after the transfer, in control of the corporation, and the stock or securities received by each is

substantially in proportion to the interest in the vehicle or motor vehicle prior to the transfer,

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

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

f. to a limited liability company if the former owners of the vehicle or motor vehicle transferred are, immediately after the transfer, members of the limited liability company and the interest in the limited liability company received by each is substantially in proportion to the interest in the vehicle or motor vehicle prior to the transfer, or

g. from a limited liability company to the members thereof when made in the dissolution of such partnership;

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

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

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

c. on any such vehicle exempted from the excise tax by this ~~subsection~~ paragraph that is reregistered in this state, without a prior sale or transfer to the persons specified in divisions (1) and (2) of this subparagraph, at any time prior to the expiration of twelve (12) months from the date of issuance of the original title, the seller shall pay immediately the amount of excise tax which would have been due had this exemption not been granted plus a penalty of

twenty percent (20%). No such excise tax or penalty shall become due and payable if the vehicle is sold or transferred in a condition either physical or mechanical which would render it eligible for a salvage title pursuant to law or if the vehicle is sold and transferred in this state at any time prior to the expiration of twelve (12) months:

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

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

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

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

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

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

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

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

12. Any new motor vehicle, registered in the name of a manufacturer or dealer of new motor vehicles, for which a license plate has been issued pursuant to Section 1116.1 of Title 47 of the Oklahoma Statutes, if such vehicle is authorized by the manufacturer or dealer for personal use by an individual. The authorization for

such use shall not exceed four (4) months which shall not be renewed or the exemption provided by this ~~subsection~~ paragraph shall not be applicable. The exemption provided by this ~~subsection~~ paragraph shall not be applicable to a transfer of ownership or registration subsequent to the first registration of the vehicle by a manufacturer or dealer;

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

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

15. Any vehicle which:

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

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

16. Any vehicle which is purchased by an individual who has been honorably discharged from active service in any branch of the Armed Forces of the United States or Oklahoma National Guard and who has been certified by the United States Department of Veterans Affairs, its successor, or the Armed Forces of the United States to be a disabled veteran in receipt of compensation at the one-hundred-percent rate for a permanent disability sustained through military action or accident resulting from disease contracted while in such active service and registered with the veterans registry created by the Oklahoma Department of Veterans Affairs; provided, that if the

veteran has previously received exemption pursuant to this paragraph, no registration with the veterans registry shall be required. This exemption may not be claimed by an individual for more than one vehicle in a consecutive three-year period, unless the vehicle is a replacement for a vehicle which was destroyed and declared by the insurer to be a total loss claim. ~~The Tax Commission~~ Service Oklahoma shall promulgate any rules necessary to implement the provisions of this section; or

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

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 4012.1 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The title of a vessel or motor that is not subject to any lien or other encumbrance may be transferred in transfer-on-death form by filing with Service Oklahoma a written notice of transfer signed by the transferor and designating the transferee. Such notice shall transfer ownership of the vessel or motor to the transferee upon the death of the transferor. The notice shall include:

1. The identification number of the vessel or motor;

2. The full name and address of the transferor;

3. The full name and address of the transferee; and

4. The signature of the transferor. The signature or consent of or notice to the transferee shall not be required for any purpose during the lifetime of the transferor.

B. A designation of the transferee may be revoked or changed at any time prior to the death of the transferor by filing an amended notice with Service Oklahoma.

C. To accept a certificate of title of a vessel or motor pursuant to notice filed under subsection A of this section, the designated transferee shall execute an affidavit verifying the death

of the transferor owner and submit it to Service Oklahoma. After the date of the transfer of the vessel or motor as evidenced by the submitted affidavit and the records of Service Oklahoma, Service Oklahoma shall issue a title reflecting the transfer of ownership.

SECTION 3. This act shall become effective November 1, 2023.

Passed the House of Representatives the 27th day of February, 2023.

Presiding Officer of the House of Representatives

Passed the Senate the 19th day of April, 2023.

Brent Howard
Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 20th day of April, 2023, at 3:15 o'clock p. M.

By: Summer Curry

Approved by the Governor of the State of Oklahoma this 26th day of April, 2023, at 1:09 o'clock p. M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 26th day of April, 2023, at 2:41 o'clock P. M.

By: Brian Bingman