

**TITLE 710. OKLAHOMA TAX COMMISSION
CHAPTER 22. BOATS AND MOTORS**

RULEMAKING ACTION:

Notice of proposed **PERMANENT** rulemaking.

PROPOSED RULES:

Chapter 22. Boats and Motors [AMENDED]

SUMMARY:

As part of the Commission's ongoing review of its rules, proposed amendments to the existing rules have been made.

New Section 710:22-1-23 has been added and Section 710:22-9-1 has been amended to outline Commission policy relating to the excise tax treatment of and registration requirements for amphibious vehicles. [63:4003 & 4102]

Section 710:22-5-11 has been amended consistent with the Commission's anticipated change from a postcard to a letter for purposes of boat and motor registration renewal notification. [63:4020]

In addition, other rule changes may be made to clarify policy, improve readability, correct scrivener's errors, remove obsolete language, update statutory citation, and ensure accurate internal cross-references.

AUTHORITY:

68 O.S. § 203; Oklahoma Tax Commission

COMMENT PERIOD:

Persons wishing to make written submissions may do so by **4:30 p.m., March 2, 2016**, to the Oklahoma Tax Commission, Tax Policy Division, 2501 North Lincoln Boulevard, Oklahoma City, Oklahoma 73194.

PUBLIC HEARING:

A public hearing will be held to provide an additional means by which suggestions may be offered on the content of the proposed rules. Time, date and place of the hearing are as follows: **March 4, 2016 at 10:00 a.m.** in the 4th floor hearing room at the Oklahoma Tax Commission, 2501 Lincoln Blvd., Oklahoma City, Oklahoma. Those wishing to make oral comments at the public hearing should request placement on the docket well in advance of the hearing date by calling Kali Walker at (405) 521-3133.

In order to facilitate entry into the building, those wishing to appear should contact Kali Walker at (405) 521-3133 at least 24 hours prior to the hearing date to complete their visitor pre-registration. Entry to the M.C. Connors building must be made through the doors located on the east side of the building. In order to gain access to the 4th floor hearing room, attendees must register at the information desk in the lobby by presenting a driver license or other photo identification. A name badge and floor access card will be issued once registration is complete.

Time limitations may be imposed on oral presentations to ensure that all persons who have filed written requests for placement on the docket will have an opportunity to speak.

REQUEST FOR COMMENTS FROM BUSINESS ENTITIES:

Although nothing in this rulemaking action is expected to adversely impact small business, the Oklahoma Tax Commission (OTC) requests that, pursuant to 75 O.S. § 303(B)(6), business entities affected by these rules provide the OTC, within the comment period, in dollar amounts, if possible, information on any increase in direct costs, such as fees, and indirect costs, such as those associated with reporting, recordkeeping, equipment, construction, labor, professional services, revenue loss, or other costs expected to be incurred by a particular entity due to compliance with the proposed Rules.

COPIES OF PROPOSED RULES:

Interested persons may inspect proposed rules at the offices of the Oklahoma Tax Commission, Tax Policy Division, 5th floor, M. C. Connors Building, 2501 North Lincoln Boulevard, Oklahoma City, Oklahoma. Copies of proposed rules may be reviewed online at www.tax.ok.gov.

RULE IMPACT STATEMENT:

A Rule Impact Statement will be prepared and will be available for review from and after **February 1, 2016**, from the same source listed above for obtaining copies of proposed rules.

CONTACT PERSON:

Christy Caesar, Liaison; Phone: 405-521-3133; FAX: 405-522-0063; Email: ccaesar@tax.ok.gov

CHAPTER 22. BOATS AND MOTORS

SUBCHAPTER 1. GENERAL PROVISIONS

710:22-1-23 Amphibious Vehicles.

Amphibious vehicles are vehicles designed, manufactured and capable of operating on the roadways and waterways of this state. Such vehicles are to be issued two (2) certificates of title, both vehicle and vessel, and are to be concurrently registered as both vehicle and vessel. Only vehicle excise tax levied pursuant to Section 2103 of Title 68 is to be assessed. Both titles are to be assigned and provided to any subsequent owner.

SUBCHAPTER 5. PROCEDURES FOR REGISTRATION

710:22-5-11. Registration renewal notification

(a) **Notification options.** Boat and outboard motor registrants may choose from the following three (3) registration expiration notification methods.

(1) **Mail notification.** Registrants may choose to receive mailed renewal notices, for an additional fee set by statute, by advising the registering tag agency of their choice and paying the applicable fee. If renewing by mail, the registrant may indicate their choice on the renewal form and remit the applicable fee. Armed Forces personnel eligible for the reduced military registration fee set forth in 63 OS § 4021 may continue to receive mailed boat/motor renewal notices at no charge. If the mail notification fee is not remitted by the registrant, no notice will be mailed. Failure to receive the mailed notification shall not relieve the taxpayer from their responsibility to timely renew their registration(s).

(2) **Email notification.** Registrants may choose to receive an email renewal notification, at no charge, by either signing up for email notification via the Commission's online renewal website; or by advising the registering tag agency of their choice and providing to the agent an email address to which the notification is to be sent; or by indicating the email option and providing an email address to which the notification is to be sent on the mail-in renewal registration ~~postcard~~ notice. Email notification will supersede any other type of registration expiration notification. Failure to receive the email notification shall not preclude the taxpayer from their responsibility to timely renew their registration(s).

(3) **No notification.** Registrants may choose to receive no notification by advising the registering tag agency of their choice, or by indicating their choice on the mail-in registration renewal ~~postcard~~ notice.

(b) **Motor license agent responsibility.** It shall be the duty of motor license agents to advise all in-person registrants of their renewal notification options and process the chosen options per Commission guidelines. When the taxpayer chooses the email reminder notification option, the agent shall obtain the taxpayer's email address to which the notification is to be sent and enter that email address to the Commission's registration system in the manner prescribed by the Commission.

SUBCHAPTER 9. EXCISE TAX

710:22-9-1. General provisions

(a) **Date due; penalty.** Excise tax, as levied by Section 4103 of Title 63, is due at the time of transfer of legal ownership or possession of a boat or an outboard motor and must be paid within

thirty (30) days of such date. After the thirtieth (30th) day, a penalty is to be collected in addition to the tax due. A daily penalty will accrue until the tax is paid. However, the penalty is not to exceed the amount of the tax due.

(b) **Determination of taxable value.** The taxable value, for excise tax purposes, of a new boat or outboard motor is the manufacturer's original retail delivered price of the boat or outboard motor. The taxable value for used boats or outboard motors is depreciated, based on the age of the boat or outboard motor, as provided by statute.

(c) **Rate on sale of new boat or outboard motor by dealer.** A new boat or outboard motor sold for the first time will always be assessed the first year rate, regardless of the model year. If resold during the same year, the second year rate is assessed.

(d) **Rates generally; determination of model year.** In all other cases, the excise tax rate is based on the model year and the year in which the title is assigned. In determining the number of years, include the model year, year of assignment, and each year in between.

(e) **Exemptions.** Certain transactions and transfers of title, as enumerated in Section 4106 of Title 63, are exempt from the assessment of excise tax.

(f) **Exceptions.** Amphibious vehicles, concurrently titled as both vehicle and vessel, are to be assessed only vehicle excise tax levied pursuant to Section 2103 of Title 68.

OKLAHOMA TAX COMMISSION
Rule Impact Statement
CHAPTER 22. Boats And Motors

RULE IMPACT STATEMENT: This statement is provided in conjunction with the following rulemaking action(s):

Subchapter 1. General Provisions

710:22-1-23. Amphibious Vehicles [New]

710:22-9-1. General Provisions [Amended]

- (a.) **Purpose of the Proposed Rule:** This rulemaking action has been undertaken to outline Commission policy relating to the excise tax treatment of and registration requirements for amphibious vehicles.
- (b.) **Classes Affected:** Motor license agents and owners of amphibious vehicles.
- (c.) **Persons Benefited:** Motor license agents and owners of amphibious vehicles.
- (d.) **Probable Economic Impact:**
- 1. On Affected Classes:** No economic impact based on this rule change is anticipated.
 - 2. On Political Subdivision:** The amendment is not expected to adversely impact other political subdivisions of the State.
 - 3. Fees:** The rulemaking action does increase an existing fee.
- (e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through normal agency budget. No measurable impact on State revenues is anticipated.
- (f.) **Will the Rule Impact Political Subdivisions?** No economic impact on or need for cooperation from political subdivisions is anticipated.
- (g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.
- (h.) **Alternative Methods and Costs of Compliance:** There are no less costly or non-regulatory methods or less intrusive methods for achieving the purpose of this proposed rule. No formalized compliance cost minimization measures have been pursued.
- (i.) **Public Health/Safety/Environmental Concerns:** The proposed rules are not anticipated to have any effect on public health, safety, or the environment –either beneficial or otherwise.
- (j.) **Effect of Non-Implementation on Environment:** If the proposed rules are not promulgated, no effect on the public health, safety, or the environment will result.
- (k.) **Date:** January 12, 2016 **Date Modified:** N/A
- (l.) **Prepared by:** Joe Lunn **Phone Number:** 521-2818

OKLAHOMA TAX COMMISSION
Rule Impact Statement
CHAPTER 22. BOATS AND MOTORS

RULE IMPACT STATEMENT: This statement is provided in conjunction with the following rulemaking action(s):

Subchapter 5. Procedures for Registration

710:22-5-11. Registration renewal notification [Amended]

- (a.) **Purpose of the Proposed Rule:** This rulemaking action has been undertaken consistent with the Commission's anticipated change from a postcard to a letter for purposes of boat and motor registration renewal notification.
- (b.) **Classes Affected:** Boat and motor registrants.
- (c.) **Persons Benefited:** Boat and motor registrants.
- (d.) **Probable Economic Impact:**
- 1. On Affected Classes:** No economic impact based on this rule change is anticipated.
 - 2. On Political Subdivision:** The amendment is not expected to adversely impact other political subdivisions of the State.
 - 3. Fees:** The rulemaking action does increase an existing fee.
- (e.) **Probable Costs to the Agency:** Costs to promulgate and enforce the proposed rule will be funded through normal agency budget. No measurable impact on State revenues is anticipated.
- (f.) **Will the Rule Impact Political Subdivisions?** No economic impact on or need for cooperation from political subdivisions is anticipated.
- (g.) **Small Business Impact:** After consideration with reference to Section 303(A)(4) and 303(B)(6) of Title 75, it is believed that the proposed rule will have no adverse impact upon Small Business.
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