

### **Sales Tax on Motor Vehicle Sales**

*Unless halted by court order, motor vehicle sales will be subject to 1.25% sales tax in addition to the current 3.25% excise tax, effective July 1, 2017.*

The additional 1.25% tax is the result of House Bill 2433 passed by the state legislature in the final week of the 2017 session. Prior to HB 2433, motor vehicle sales were subject to a 3.25% excise tax but were entirely exempt from the state sales tax. HB 2433 removes part of that exemption, levying a 1.25% sales tax in addition to the 3.25% excise tax. Proponents of the bill argued that the bill was not a new tax or a “revenue bill”, but was only a removal of the sales tax exemption on motor vehicles. The state constitution prohibits passage of revenue bills in the last five days of a session.

**The new sales tax will be collected along with the excise tax when an owner registers a newly-purchased motor vehicle. Dealers are not required to collect the sales tax.**

Even though the tax is not levied directly on dealers, the OIADA fought hard to kill the legislation because of the significant negative impact on the customers of dealers. The proposed language in HB 2433 was first made public on Tuesday, May 23. OIADA Legislative Liaison Jami Longacre and OIADA staff immediately began the opposition effort and almost succeeded in killing the piece. We were two votes short when it was passed out of committee (15 yeas – 13 nays) at 10:11 pm on the night of Tuesday, May 23. Wednesday morning, dealers readily responded to the Association’s request and began contacting House members to voice their opposition to HB 2433. At 1:00 pm Wednesday, the bill narrowly passed out of the House with 52 yeas over 47 nays. The measure moved to the Senate where our opposition effort continued in earnest right up to the time of the vote. Friday morning, at 10:28 am, HB 2433 passed the Senate on a vote of 25 to 18. It was signed by Governor Fallin on May 31 with an effective date of July 1, 2017.

House Bill 2433 was authored by Rep. Leslie Osborn (R – District 47) and Rep. Kevin Wallace (R – District 32) on the House side, and Sen. Kim David (R – District 18) and Sen. Eddie Fields (R – District 10) on the Senate side.