OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
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July 5, 2006

RE: Our File No. LR-05-135
Tax of Certain Motor Vehicles

Dea

This letter is in response to your request, dated August 9, 2005, for written guidance regarding the applicability of ad valorem, sales and vehicle excise tax on certain vehicles. Following is the Tax Commission's response to your presentation of those issues:

Oklahoma taxes motor vehicles through the levy of an excise tax on the purchase of a vehicle and through an annual registration fee. The excise tax is levied on the transfer of legal ownership of any vehicle registered in this state and upon the use of any vehicle registered for the first time in this state. The excise tax is due upon transfer of ownership or first registration in this state and is collected by the Oklahoma Tax Commission at the time of issuance of a certificate of title to the owner. 68 O.S. Section 2101 et seq.

In addition, the Oklahoma statutes require every owner of a vehicle possessing a certificate of title to register the vehicle with the Oklahoma Tax Commission and pay the required fees. The registration fee is in lieu of all other taxes, both state and local. 47 O.S. Section 1101 et seq. Because of these statutory provisions, the instructions prepared by the Ad Valorem Division (Form 901) of the Oklahoma Tax Commission state that preparer's are not to list licensed vehicles such as autos, trucks, semi-trailers, etc. on the annual statement of taxable assets required to be filed by all business concerns.

Exemption statutes are to be strictly construed and may not be so construed in such a manner as to give an effect which is not intended. If however, vehicles properly registered and titled in Oklahoma are listed on the statement of taxable assets and payment of the corresponding ad valorem tax is verified accordingly, the Tax Commission would consider such instances on a case by case basis for vehicle excise tax exemption or refund and reassessment of the appropriate tax purposes. The only application of the vehicle excise tax exemption provided by 68 O.S. Section 2105(8) is for manufactured homes that are sold as part of the real property on which they are located.

This response applies to your request for written guidance dated August 9, 2005 and may be generally relied upon only by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and that there has been no change in applicable law. Oklahoma Tax Commission Rule 710:1-3-73(e). If you have any additional questions or comments please feel free to contact me at (405) 521-3133

Sincerely,

Oklahoma Tax Commission

Rick Miller

Rick Miller
Tax Policy Analyst