

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	SB 998
Version:	SUBREC
Request Number:	8065
Author:	Rep. Osburn
Date:	4/14/2021
Impact:	Tax Commission

No Revenue Impact

Estimated Cost to Implement:
\$850,000

Research Analysis

The subcommittee recommendation to SB 998 directs the Oklahoma Tax Commission (OTC) to implement a program providing for the electronic storage of and filing of motor vehicle certificates of title and allow a lienholder to perfect, assign and release a lien on a motor vehicle in lieu of submission and maintenance of paper documents. The OTC shall designate a vendor to provide the necessary infrastructure for such a program. The measure provides for participating tag agents to receive all fees provided by the Oklahoma Vehicle License and Registration Act notwithstanding current law. The OTC is also authorized to expend monies from the Oklahoma Tax Commission and Office of Management and Enterprise Services Joint Computer Enhancement Fund to implement the provisions of the measure.

Prepared By: Brad Wolgamott

Fiscal Analysis

Analysis provided by the Tax Commission:

Section 1 proposes to create a new Section 1105A in Title 47 which requires the OTC, on or before July 1, 2022, to implement a program which will permit the electronic filing, storage and delivery of motor vehicle certificates of title and allow a lienholder to perfect, assign and release a lien on a motor vehicle in lieu of submission and maintenance of paper documents as otherwise provided in Section 1101 of Title 47 of the Oklahoma Statutes. It directs OTC to designate a vendor(s), subject to the provisions of The Oklahoma Central Purchasing Act¹, to provide necessary hardware, software and services to motor license agents who shall provide an electronic filing, storage and delivery system to be used by all applicants for a certificate of title and for filing or releasing a lien pursuant to the procedures prescribed by the OTC. The provisions of this Section shall only apply to applications for certificates of titles and liens filed on or after June 30, 2022. The Tax Commission is directed to promulgate rules to implement the provisions of this Section. It further provides that the electronic lien title program authorized in subsection (A) shall include but not be limited to, procedures:

- For the delivery of certificate of title, on a paper document or in an electronic format, to the secured party having the primary perfected security interest in a vehicle in lieu of delivery to the record owner, notwithstanding the provisions of 47 O.S. §§1101 et seq. Provided, when electronic transmission of liens and lien satisfactions is used, a certificate of title need not be issued or printed until the last lien is satisfied and a clear certificate of title is issued to the vehicle owner upon request;
- Establishing qualifications for third-party service providers offering electronic lien services;
- Establishing reasonable fees, if necessary, to be charged by service providers or contractors for the establishment, maintenance and operation of the electronic lien title program;
- Providing access to the electronic certification of title records including liens on record, for licensed motor vehicle dealers and lienholders who participate in the program notwithstanding the provisions of 47 O.S. §1109;
- Allowing motor license agents to participate in the electronic lien title program. Participating motor license agents shall receive all fees provided by the Oklahoma Vehicle License and Registration Act unless otherwise provided in 47 O.S. § 1132A; and
- For the acceptance and use of electronic or digital signatures.

For purposes of this section and Section 1101 et seq. of Title 47 of the Oklahoma Statutes the terms “Deliver”,² Electronic format”³ and “Possess” or “Possession”⁴ are defined. It also states that any documents created, stored or delivered under the electronic lien title system shall be considered valid including any signatures which are generated electronically or contained on a scanned copy. It provides that a certified copy of the OTC’s electronic record of a motor vehicle certificate of title or lien is admissible in any civil, criminal or administrative proceeding in Oklahoma as evidence of the existence and contents of the certificate of title or lien.

Further, the OTC is authorized to expend funds necessary for the implementation of the program provided in subsection A from available monies in the Oklahoma Tax Commission and Office of Management and Enterprise Services Joint Computer Enhancement Fund created pursuant to 68 O.S. §265. It additionally provides that in the development of the electronic lien and titling program authorized by this measure, the OTC shall consult interested parties including, but not limited to, representatives of the Oklahoma Automobile Dealers Association, Oklahoma Bankers Association, Oklahoma Credit Union Association and Oklahoma Tag Agent Coalition.

REVENUE IMPACT

There is no impact to state revenues anticipated to occur as a result of this measure.

ADMINISTRATIVE COSTS

Outlined below is a detailed description of development/modification and update to the various motor vehicle systems/services required to implement SB 998 along with the additional administrative costs associated therewith.

- Creation/development of a new system of record for the electronic titles which includes new customer and account types, and provides lienholders the ability to correct, assign and release a lien in addition to providing system access to motor license agents (“MLAs”) and other pertinent entities.

- Additional development, and substantial modification and updates to current systems/services will also be required for the following:
 - Financials, including new fees and apportionment rules
 - Processing and handling of payments for lienholders and any non-MLA accounts
 - Dependent on rules established, should recurrent fees be applied to lien holders, MLAs or other entities and automatic payments applied.
 - New electronic title types would need to be developed, and existing workflow would need to be modified to enable this functionality. To implement this process, it would likely require contracting with a new vendor and building an interface with our current system.
 - OkCARS (e-services) relating to new logon functionality for lien holders, dealers and other entities to allow access to the system. A registration process to allow the referenced entities to create and use an account would need to be defined and then developed within the system and functionality created to handle any bulk uploading of files for entities that deal with high volumes/transactions to ensure system performance is not affected.
- Further, new interfaces would be built/established for vendors to communicate with the system through files and/or web services. Vendors or institutions would be able to submit records to the system and receive processing confirmation, error handling or lien information in response. This process would take multiple developers to implement and require substantial testing by Commission employees and any lien holders or vendors who would need to interface with the system to utilize this process.

The implementation of the above-described functions, development and updates would take several months and multiple developers due to the necessary changes to several areas within the motor vehicle system as well as e-Services, resulting in an upfront administrative cost of \$850,000. Depending on the vendor for eTitling, there is also an unknown potential for an on-going administrative cost.

¹ 74 O.S. §§ 85.1 et seq.

² “**Deliver**” means, with respect to a certificate of title or lien, either the physical delivery of a paper document or the electronic delivery of a document in an electronic format;

³ “**Electronic format**” means an electronic or digital format or medium of any document, record or other information and

⁴ “**Possess**” or “**Possession**” means, with respect to a certificate of title or lien, to hold or otherwise exercise control over a document which is in either a physical or electronic format.

Prepared By: Mark Tygret

Other Considerations

None.