

1 **SENATE FLOOR VERSION**

2 February 14, 2023

3 SENATE BILL NO. 836

By: Hall of the Senate

4 and

5 Osburn of the House

6
7
8 An Act relating to motor vehicle titles; amending 47
9 O.S. 2021, Sections 1105A, as last amended by Section
10 113, Chapter 282, O.S.L. 2022 and 1107, as last
11 amended by Section 115, Chapter 282, O.S.L. 2022 (47
12 O.S. Supp. 2022, Sections 1105A and 1107), which
13 relate to program to permit electronic filing,
14 storage, and delivery of certificates of titles and
15 sale or transfer of ownership of vehicle; clarifying
16 language; allowing certain methods of delivering
17 certificates of title; remove certain notarization;
18 assigning certain document retention; sunseting
19 certain provision; updating statutory reference; and
20 declaring an emergency.

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

22 SECTION 1. AMENDATORY 47 O.S. 2021, Section 1105A, as
23 last amended by Section 113, Chapter 282, O.S.L. 2022 (47 O.S. Supp.
24 2022, Section 1105A), is amended to read as follows:

25 Section 1105A. A. On or before July 1, ~~2022~~ 2023, ~~the Oklahoma~~
26 ~~Tax Commission~~ Service Oklahoma shall implement a program which will
27 permit the electronic filing, storage and delivery of motor vehicle
28 certificates of title and allow a lienholder to perfect, assign and

1 release a lien on a motor vehicle in lieu of submission and
2 maintenance of paper documents as otherwise provided in the
3 provisions of Section 1101 et seq. of this title. ~~The Tax~~
4 ~~Commission Service Oklahoma shall enter~~ may:

5 1. Enter into a competitive contract with a qualified third-
6 party service provider (System Developer), subject to the provisions
7 of the Oklahoma Central Purchasing Act, Section 85.1 et seq. of
8 Title 74 of the Oklahoma Statutes;

9 2. Act as the service provider; or

10 3. Authorize proprietary provider systems by Oklahoma financial
11 institutions,

12 to provide necessary hardware, software and services
13 facilitating the interconnection between licensed operators and
14 electronic title service providers described in subsection B of this
15 section for a certificate of title and for filing or releasing a
16 lien pursuant to the procedures prescribed by ~~the Oklahoma Tax~~
17 ~~Commission Service Oklahoma~~. The provisions of this section shall
18 apply to applications for certificates of title and liens filed
19 after June 30, 2022. ~~The Tax Commission Service Oklahoma~~ shall
20 promulgate rules to implement the provisions of this section.

21 B. The program authorized under subsection A of this section
22 shall include, but not be limited to, procedures:

23 1. For the delivery of a certificate of title, on a paper
24 document or in an electronic format, to the secured party having the

1 primary perfected security interest in a vehicle in lieu of delivery
2 to the record owner, notwithstanding the provisions of Section 1101
3 et seq. of this title. When there is no security interest, lien, or
4 other encumbrance on the vehicle, delivery of a certificate of
5 title, on a paper document or in an electronic format, shall be made
6 to the record owner. Provided, when electronic transmission of
7 liens and lien satisfactions is used, a certificate of title need
8 not be issued or printed until the last lien is satisfied and a
9 clear certificate of title is issued to the owner of the vehicle at
10 their request;

11 2. Establishing qualifications for third-party electronic title
12 service providers offering electronic lien services. The vendor
13 selected in subsection A of this section shall not be considered an
14 electronic title service provider and shall not operate or own an
15 electronic title service provider;

16 3. Establishing reasonable fees, if necessary, to be charged by
17 service providers or contractors for the establishment, maintenance
18 and operation of the electronic lien title program;

19 4. Providing access to the electronic certificate of title
20 records including liens on record, for licensed motor vehicle
21 dealers and lienholders who participate in the program
22 notwithstanding the provisions of Section 1109 of this title;

23 5. Allowing licensed operators to participate in the electronic
24 lien title program. Participating licensed operators shall receive

1 all fees provided by the Oklahoma Vehicle License and Registration
2 Act unless otherwise provided in Section 1132A of this title; and

3 6. For the acceptance and use of electronic or digital
4 signatures.

5 C. As used in this section and Section 1101 et seq. of this
6 title:

7 1. "Deliver" or "delivery" means, with respect to a certificate
8 of title or lien, either the physical delivery of a paper document
9 or the electronic delivery of a document in an electronic format;

10 2. "Electronic format" means an electronic or digital format or
11 medium of any document, record or other information; and

12 3. "Possess" or "possession" means, with respect to a
13 certificate of title or lien, to hold or otherwise exercise control
14 over a document which is in either a physical or electronic format.

15 D. Any documents created, stored or delivered under the
16 electronic lien title program as provided in this section shall be
17 considered valid including any signatures which are generated
18 electronically or contained on a scanned copy. A certified copy of
19 ~~the Oklahoma Tax Commission's~~ Service Oklahoma's electronic record
20 of a motor vehicle certificate of title or lien is admissible in any
21 civil, criminal or administrative proceeding in this state as
22 evidence of the existence and contents of the certificate of title
23 or lien.

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1 E. The Tax Commission is authorized to expend funds necessary
2 for the implementation of the program provided in subsection A of
3 this section from available monies in the Oklahoma Tax Commission
4 and Office of Management and Enterprise Services Joint Computer
5 Enhancement Fund created pursuant to Section 265 of Title 68 of the
6 Oklahoma Statutes.

7 F. In the development of the program provided in subsection A
8 of this section, the Oklahoma Tax Commission shall consult
9 interested parties including, but not limited to, representatives of
10 the Oklahoma Automobile Dealers Association, the Oklahoma Bankers
11 Association, the Oklahoma Credit Union Association and the Oklahoma
12 Tag Agent Coalition.

13 G. All documents submitted electronically pursuant to the
14 provisions of subsection A shall not require notarization.

15 H. All documents submitted pursuant to the provisions of this
16 section shall be retained pursuant to the provision of subsection A
17 of this section.

18 I. Submission and maintenance of paper documents as otherwise
19 provided in this provisions of Section 1101 et seq. of this title
20 shall be accepted through June 30, 2025.

21 SECTION 2. AMENDATORY 47 O.S. 2021, Section 1107, as
22 last amended by Section 115, Chapter 282, O.S.L. 2022 (47 O.S. Supp.
23 2022, Section 1107), is amended to read as follows:

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1 Section 1107. A. In the event of the sale or transfer of the
2 ownership of a vehicle for which a certificate of title has been
3 issued as provided by Section 1105 of this title, the holder of such
4 certificate shall endorse on the back of same a complete assignment
5 thereof with warranty of title in form printed thereon with a
6 statement of all liens or encumbrances on the vehicle, sworn to
7 before a notary public or some other person authorized by law to
8 take acknowledgments, and deliver same to the purchaser or
9 transferee at the time of delivery to the purchaser or transferee of
10 the vehicle; provided, a transfer of the ownership of a vehicle to
11 an insurer resulting from the settlement of a total loss claim shall
12 not require a notarized signature on the certificate of title. The
13 purchaser or transferee, unless such person is a bona fide used
14 motor vehicle dealer licensed by this state, a retail implement
15 dealer in connection with the purchase or transfer of off-road
16 vehicles or a charitable organization shall, within thirty (30) days
17 from the time of delivery to the purchaser or transferee of the
18 vehicle, present the assigned certificate of title and the insurance
19 security verification to the vehicle to Service Oklahoma, or one of
20 its licensed operators, accompanied by a fee of Eleven Dollars
21 (\$11.00), together with any motor vehicle excise tax or license fee
22 that may be due, whereupon a new certificate of title, shall be
23 issued to the assignee. One Dollar (\$1.00) of each fee shall be
24 deposited in the Oklahoma Tax Commission Reimbursement Fund through

1 December 31, 2022, and beginning January 1, 2023, this fee shall be
2 deposited in the Service Oklahoma Reimbursement Fund. Any
3 charitable organization utilizing the exemption authorized by this
4 subsection shall receive training as prescribed by the Oklahoma Used
5 Motor Vehicle and Parts Commission.

6 B. A licensed dealer, a retail implement dealer in connection
7 with the sale or disposal of off-road vehicles or a charitable
8 organization shall, on selling or otherwise disposing of a vehicle,
9 execute and deliver to the purchaser thereof the certificate of
10 title properly and completely reassigned. Thereupon, the purchaser
11 of the vehicle shall present the reassigned certificate to Service
12 Oklahoma, or a licensed operator, accompanied by a fee of Eleven
13 Dollars (\$11.00), and any motor vehicle excise tax or license fee
14 that may be due, whereupon a new certificate of title will be issued
15 to the purchaser. One Dollar (\$1.00) of each fee shall be deposited
16 in the Oklahoma Tax Commission Reimbursement Fund through December
17 31, 2022, and beginning January 1, 2023, this fee shall be deposited
18 in the Service Oklahoma Reimbursement Fund. The certificate, when
19 so assigned and returned to ~~the Commission~~ Service Oklahoma,
20 together with any subsequent assignment or reissue thereof, shall be
21 appropriately filed and indexed so that at all times it will be
22 possible to trace title to the vehicle designated therein.
23 Provided, when the ownership of any motor vehicle shall pass by
24 operation of law, the person owning the vehicle may, upon furnishing

1 satisfactory proof to ~~the Commission~~ Service Oklahoma of ownership,
2 procure a title to the motor vehicle, regardless of whether a
3 certificate of title has ever been issued. The dealer shall execute
4 and deliver to the purchaser bills of sale on forms prescribed by
5 ~~the Commission~~ Service Oklahoma for all new vehicles sold by the
6 dealer. On presentation of a bill of sale executed on forms
7 prescribed by ~~the Commission~~ Service Oklahoma, by a manufacturer or
8 dealer for a new vehicle sold in this state, accompanied by
9 remittance in the sum of Eleven Dollars (\$11.00), together with any
10 motor vehicle excise tax or license fee that may be due, a
11 certificate of title shall be issued in accordance with the
12 provisions of the Oklahoma Vehicle License and Registration Act.
13 One Dollar (\$1.00) of each fee shall be deposited in the Oklahoma
14 Tax Commission Reimbursement Fund through December 31, 2022, and
15 beginning January 1, 2023, this fee shall be deposited in the
16 Service Oklahoma Reimbursement Fund. For purposes of this
17 subsection, "charitable organization" shall mean any organization
18 which is exempt from taxation pursuant to the provisions of the
19 Internal Revenue Code, 26 U.S.C., Section 501(c)(3) and which is
20 registered as a charitable organization with the Oklahoma Secretary
21 of State and the Oklahoma Attorney General's office; "off-road
22 vehicles" means all-terrain vehicles, utility vehicles, and
23 motorcycles used exclusively for off-road use; "retail implement
24 dealer" means a business engaged primarily in the sale of farm

1 tractors as defined in Section 1-118 of this title or implements of
2 husbandry as defined in Section 1-125 of this title or a combination
3 thereof.

4 C. Any person violating the provisions of this section shall be
5 guilty of a misdemeanor and upon the first conviction thereof shall
6 be punished by a fine not to exceed Five Hundred Dollars (\$500.00),
7 with impoundment of the vehicle until all taxes and fees are paid.
8 A second or subsequent conviction shall be punished by a fine not to
9 exceed One Thousand Dollars (\$1,000.00), with impoundment of the
10 vehicle until all taxes and fees are paid. If a vehicle is
11 impounded pursuant to the provisions of this section, the vehicle
12 shall not be released to the owner until the owner provides proof of
13 security or an affidavit that the vehicle will not be used on public
14 highways or public streets, as required pursuant to Section 7-600 et
15 seq. of this title. Each vehicle involved in a violation of this
16 section shall be considered a separate offense.

17 SECTION 3. It being immediately necessary for the preservation
18 of the public peace, health or safety, an emergency is hereby
19 declared to exist, by reason whereof this act shall take effect and
20 be in full force from and after its passage and approval.

21 COMMITTEE REPORT BY: COMMITTEE ON AERONAUTICS AND TRANSPORTATION
22 February 14, 2023 - DO PASS
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