

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

10999

2005 HOUSE TRANSPORTATION

HB 1099

2005 HOUSE STANDING COMMITTEE MINUTES

BILL NO. 1099

House Transportation Committee

Conference Committee

Hearing Date January 13, 2005

Tape Number	Side A	Side B	Meter #
1	X		27.2-51.5
2		X	13.3-24.1
	X		0-13.8

Committee Clerk Signature



Minutes:

**Chairman Weisz** (27.2) opened the hearing on HB 1099 A Bill for an Act to amend and reenact sections 39-18-01, 39-18-02, 39-22-04, 39-22-05, 39-22-14, 39-22-18, 39-22.1-02, 39-22.1-03, 39-22.3-3, and 39-22.3-05 of the North Dakota Century code, relating to penalties assessed against vehicle dealers, bond requirements for vehicle dealers, renewal of a dealer license, and unlicensed vehicle dealers; and to provide a penalty.

**Keith Kiser: Motor Vehicle Director** (see attached testimony)

**Rep. Dosch** Can you give us some idea what the cost of a bond is that they are requiring. You are going from \$25,000-\$50,000 in the one case. What is the cost?

**Keith Kiser:** I really don't know. In part, the amount you pay for a bond depends on your financial situation. Generally speaking dealer bonds right now at the \$25,000 probably run somewhere in the neighborhood of \$200 a year.

**Rep. Dosch** (34.0) What constitutes a dealer?

**Keith Kiser:** By definition a dealer is someone who engages in the buying and selling to the public.

**Rep. Dosch** The average guy buying and selling cars; this would not apply to them.

**Keith Kiser:** (34.5) You are correct. You are allowed to buy and sell a vehicle you own; however, if you go into business buying and selling cars that is a different story. If you always have cars for sale and advertise on a daily basis in a paper. All of those things constitutes whether you are a dealer or not.

**Chairman Weisz** (35.1) In raising the bond requirements has there been a problem? You are adding the language of continuous surety bond? Are you having a problem with people dropping the bonds?

**Keith Kiser:** (35.5) The basis of the auditors recommendation is that the bond had not been changed for a long period of time so they felt they should be raised. How far they should be raised they were not sure. When the new and used car dealers bond were set at \$25,000 years ago. The ones on the mobil home and motorcycle have been at \$10,000 for at least 30 years that I know of. I think that was the basis for the recommendation. Primarily based on longevity. Your question of have we had problems; for the most part no. Just a couple of cases that he quoted over the years. The amount of the bond did not cover all the law suit that the state and city incurred and as result the dealer who had gone out of business. Chairman Weisz asked if they did pay? Yes, Keith said they paid up to their liability limit; then the rest of that money was lost. Finally to your questions of continuous; by policy we have always written our bond is continuous and stays in affect until the bonding company notifies us of a cancellation. The bonds are still valid from our view point, but they felt that we should be doing something to validate

that they are actually there. One of the steps in doing that is specify in law what we put on the bond form which is to say they are continuous bonds. Also to provide the process of how that bond can be canceled by the bond company. We are trying to put in law what we have been doing by policy.

**Rep. Thorpe (37.9)** These bonds; all of these dealers have multiple lines. Does one bond cover all the lines they carry? Isn't that correct?

**Keith Kiser:** Each of the various types of dealer license we issue that requires a bond, requires a separate bond; with the exception of trailer dealers. Under the law in place, trailer dealers have the option, if they have another bond already in place, if the bonding company would send us a rider saying that bond already covers their obligation under the trailer dealer license, then we don't require they file another physical bond form. What we have found in practice is that bonding companies generally don't do that. Maybe because they want to sell a separate bond; for whatever reason, they don't issue that rider anymore. So dealers have gotten a separate bond.

**Rep. Thorpe** There are dealers that handle like an all terrain vehicle; maybe a motorcycle line, maybe a mobile home line. If there was a bonding company that would issue them a bond that would cover for the business they do; couldn't one bond cover their business

**Keith Kiser:** (39.7) I don't think that would work except for trailers, because it provides for that multiple use bond, if you will. Otherwise, that statute says that you are required to have a separate bond for motorcycle and mobile home dealers.

**Rep. Thorpe (40.2)** To make North Dakota a friendlier place to do business in maybe we should change that? What is your opinion on that?

**Keith Kiser:** I guess we would not be opposed to a process where by bonding companies would specify their use all in one bond if that is what you choose to do? I am not sure the bonding companies want to do that even though there would be no cost savings for the individual, because the liability are still there. Explained you would still have to cover the amount of your losses up to those amounts too. I don't think there would be any cost savings to buy one \$55,000 as opposed to three smaller bonds. We would not be opposed to that.

**Rep. Schmidt**

In my business I have to have a surety bond for \$10,000. In 2004 if paid \$200 for it. We had a committee that studied bonds in ND and we found that 148 companies in ND and that premiums they collected was \$8.4 million dollars. We found that there was only one company in ND that issued bonds. Doubt very much if a car dealer could buy a bond for \$50,000 for \$200. I think it would be more like \$10,000. A car dealer would certainly have more liability than an auctioneer.

**Keith Kiser:** I really can not address that. I don't know what the new costs for bonds are.

**Rep. Iverson (43.4)** You think that for each line they would need a bond?

**Keith Kiser:** No, what I said was it was the type of licensing that it calls for; like mobil homes.

**Rep. Vigesaa (43.8)** When buying a bond, we buy for 3 years at a time. I believe it is about \$150/year. We have a new car dealership in and then we have a used operation in Maxville and we do need bonds for both since they are at different locations. Vehicles are really under one bond. That is a surety bond out of Sioux Falls.

**Rep. Thorpe (45.1)** We found out on this committee study that Western Surety is the biggest seller on bonds. They collected \$1.7 some thousand dollars in 2003 and paid out \$72,000 dollars.

Couldn't the state of North Dakota get into the bonding business ?

**Rep. Vigesaa (45.8)** With regard to your change on page 3, line 28 in regards to collecting fees and debts. Would you elaborate on that.

**Keith Kiser (46.3)** Section 39-04-17 is a statute that allows dealers to use a temporary operating permit; called a notary sticker to sell a car. This says that the fees have been collected to register and title that vehicle. We have had a number of cases where the notary stickers are being issued and the fees have not been collected. We thought we should move this into suspending or denying a dealer's license. There is a penalty clause in the statutes now making it a Class B misdemeanor for failure to follow the requirements of the statute. We can't get the attorneys to process those cases so we are taking administrative action against those dealers. We thought by moving this it would clarify the statutes.

**Rep. Vigesaa (47.9)** So this could have nothing to do with tax or license fees.

**Keith Kiser:** You are absolutely right, the requirements of the statutes would be the same. Failure to comply with the requirement of that statute would be grounds for suspension of that bond.

**Chairman Weisz** In several sections where you are assessing \$100 fee for first violation; \$200 fee for second violation. That was at the recommendation of the auditor?

**Keith Kiser:** That is correct. It was one of the informal recommendations of the auditor. If they find you in violation that administratively assess you a \$100 fee per violation.

**Chairman Weisz (49.6)** Anyone else in support of HB 1099? Anyone here in opposition of HB 1099?

**Duane Wahl (51.0)** D&S Auto & Trailer Sales: (50.1) I have several dealerships for like motorcycles, trailers and used cars. Concerned about rising expenses. Insurances just went up so

concerned about any addition increase in costs including surety bonds. We have been in business for 20 years and it is a small family operation. If I have 4 different bonds I have to provide that is another cost. (51.5) Did not like the law that is must this and must that; it takes discretion away from him. The bonding company can't not fine me no matter what the situation. This reading says must fine the first time.

**(Side B - Tape 2)**

**Bob Lamp, Automobile Dealers Assoc.** (3.7) In opposition of bill. Has a problem with Sec 3, Page 3 on bill. Also when a dealer sells a car, the title goes to DOT within 30 days. There has been a title getting the titles back. 39-04-17 has a time limit of 30 days. We are not opposed to the bonding, but concerned with penalty that it would fit the circumstance. No provisions for diviation. Does not address titles the problem of getting titles. It is the dealers responsibility to get the title. There are various reasons why the title is not available. The situation could be lost titles etc. It is not always possible to get that title and remit it within 30 days to the department. Keith said that is not the issue here, but section 39-04-17 deals directly with that time frame. Very specifically with that 30 day period of time. We are not opposed to the department having authority to impose fines or penalties and stook before this committee in 2001 and supported all the writting of the dealer license. When you are talking about suspending, deneying, or revolking cancelling a dealers license That's not a \$100 or \$200 fine and we just don't think this penalty fits the circumstance. They could cancel license if you are late with one title. There is no provision for any kinds of notice ahead of time. Language in Section 28 and 29 gives allot of authority to the department and we just don't think that authority fits the situation. What about all the titles that are transferred between casual sale. Concerned in title getting titles.

**Rep. Weiler** I assume you don't have a problem with the increase in bonding.

**Bob Lamp (8.)** We have looked at that and have decided we are neutral on that issue. We want it to be equally increased on all dealers. Bonds can be purchased for any amount.

**Rep. Vigesaa** You interpret that the timing of title and tax would be grounds for a cancellation or suspension of your bond.

**Bob Lamp:** By the language of 39-04-17 which talks about the certificate of notary and it talks about a period of 30 days from the date of application. I think that could be grounds for suspension.

**Keith Kiser: (13.2)** Suggested we put an effective date of January 1, 2006. To give us time to get information to dealers and bonding companies. The dealers licenses will all expire 12/31/05.

Closed hearing 13.7.

**Discussion:**

**Rep. Schmidt (13.3)** I want amendments drawn up to delete line 28 & 29 and make the effective date 1/1/06.

**Chairman Weisz** That would delete the section having to do with compliance and notary. We have basically three areas. One is the increase in bond and then the increase or setting the fees in some cases for the violation.

**Rep. Thorpe (140.)** I would only support the felt it time to increase the bond; the rest of the language is just too many problems in this bill. Do we want to do massive changes?

**Rep. Ruby (14.6)** I have a problem with the bond. They always pick the most severe cases to use for examples. Where do you set the limit? Is there a need to pass it? With the amount they

have collected in premiums to the amount they have paid out, I don't know if the need is all that drastic either.

**Chairman Weisz**(15.3) I haven't dealt with bonds in this area, but I have dealt heavily in bonds in the pass and while price of the bond can be an issue often times the ability to just purchase the bonds is a problem. It is not like buying insurance. If you equity doesn't meet whatever they want they might not give you a bond. Bonding in certain areas have closed allot of business because of not being able to get them.

**Rep. Bernstein** (16.3) I don't have a problem with increasing the bonds from \$25,000-\$50,000. These bond amounts have been in affect for 30 years. Now \$25,000 or \$50,000 don't buy much anymore. I share Chairman Weisz heartburn about buying a bond.

**Chairman Weisz** Compared the risks of the big and little dealer. The bond levels may not support this now with the increased costs and their volume of business or whatever.

**Rep. Bernstein** (17.8) I just wondered what the possibility in increments for a couple of different businesses. Discussing big and small volumes of business.

**Rep. Weiler**(18.9) The \$25,000 bond for a new and used car dealership. That is not a maximum. They can certainly purchase more if they want. The other part I have a problem with is there is very few instances they use. I don't see the reason to increase the fees limit.

**Rep. Schmidt** (20.3) Bonds are not used very much. We are miss interrupting bonds with insurance. Insurance is used extensively. I think we are getting hung up on bonds. To sell tractors we are bonded for \$25,000. It does not look right, but there is no problem with it. Bonding people told me that bonding is to keep you honest. This bill is not user friendly.

**Chairman Weisz** said bonds do not kick in until all assets are used and they come after you

personally. There are different parts of bonds and performance bonds would be one area of a bond. Is there a sense from the committee that there is some good stuff in the bill that we want to pass?

**Rep. Hawken** I think that it might be a good thing to have a continuous bond. I don't think it is wrong to have a fee if you don't keep your license up. That is part of doing business. We may want to discuss the amounts on the bonds and whether they are realistic. It does go along with what we have done with the car dealers. This is not new stuff. This is just going back to what we passed in the last legislative session for the car people.

**Rep. Iverson** I would suggest we have a subcommittee look through it an possible clean it up.

**Chairman Weisz** (24.1) Appointed a subcommittee to see if we can work out the issues:

**Sub Committee appointed are as follows :Rep. Berstein, Rep. Thorpe, Rep. Vigesaa.**

2005 HOUSE STANDING COMMITTEE MINUTES

BILL NO. 1099

House Transportation Committee

Conference Committee

Hearing Date January 20, 2005

Tape Number	Side A	Side B	Meter #
5	X		6.8-29.7

Committee Clerk Signature



Minutes:

**Chairman Weisz** reopened the hearing on HB 1099.

**Rep. Bernstein** Handed out the amendment. Explained the amendment. Basically we did not do too much. Did not change bond levels. Page 3 removed the whole section 3 because we took out line 28 & 29, which was the only new language to that particular section. Removed Section 39-22-04 from the amendment. The rest of it is still in the law with the exception of 28 & 29. It is not needed the carry the true language. Added Section 10 on there which is January 1, 2006.

The amendments were not passed unanimously; it was 2-1. I move the amendments be accepted.

Seconded.

**Chairman Weisz** Any commented by the other members of the subcommittee?

**Rep. Iverson(9.9)** I can comment on why we eliminating lines 28 & 29. That would have called for the dealers license if we didn't have the paperwork for a new title submitted within 30 days.

That is a real problem. We talked about the failure to get the title for the trade in a timely manner. Too much conflict with getting the titles back so felt this was not a fair thing to leave in.

**Rep. Thorpe** The amendments to make the bill better.

**Rep. Weiler (11.6)** Technical thing, amendments say page 1, line 4 through the second page 1, line 5. it will say. It not think it was correct. Discussion on this showed he was wrong about the removal of the penalty.

**Chairman Weisz** Any further questions on the amendments? Does everyone understand them?

Voice voted was all yes. None opposed. Amendment carried.

We have an amended bill on front of us. Any further amendments?

**Rep. Iverson (12.7)** Members of the subcommittee. I was under the impression that the bonding fees were going to remain the same as they were in this bill? We went from \$25,000 to \$50,000 and I guess I was under the impression we were going to go back to the original language.

I would offer an amendment to return to the original bonding limits.

**Rep. Hawken (13.5)** Page 2, line 23; remove the overstrike from ten. Page 4, line 5 remove the overstrike from twenty-five. Page 5, line 27 remove the over strike from ten. Page 27, line 26, remove the over strike on ten.

**Chairman Weisz** Motion made by Rep. Hawken, Seconded by Rep. Ruby.

**Rep. Hawken** We actually changed all the twenty-five back to the ten; what about the fifty back to the twenty-five.

**Rep. Dosch (14.5)** We are keeping the requirements for its a continuous surety bond.

**Chairman Weisz** We are just changing the bond limit.

**Rep. Thorpe** I would like to further amend that the DOT will accept, in the case of business, with multiple lines, to accept a bond that covers all lines.

**Chairman Weisz** Lets deal with this motion first since we have a first and second.

Any discussion on the motion by Rep. Vigesaa that would change the bonding level back.

**Rep. Hawken** Was the rational for not raising it because of the insurance and stuff you have to carry? I don't remember.

**Rep. Vigesaa (15.8)** It was to keep the overhead down. If we double the bond, obviously, if we double the requirements the fees are going to go up. Visiting with Bob Lamp, who is the auto dealers representative indicated that the vast majority of dealers would object to raising the limits like that. Dealers can certainly bond for more. A large share of these dealers are just small dealers.

**Rep. Ruby(16.7)** Two comments; if a large dealers goes out of business, there is no amount of bonding that you can do to recoup those losses.

**Rep. Thorpe (17.4)** Keith, it seems that under their present structure it sounded like they are requirement business to have multiple lines and have a bond for each line. If fail to see the necessity of that. If the dealership can provide a bond in the amount they require that covers all their lines. You still have the one individual that is responsible.

**Chairman Weisz** Any further discussion. Voice vote passed. No opposition. Motion carried. Again we have a further amended bill on front of us. Are there any further amendments? Rep. Thorpe do you want to offer an amendment?

**Rep. Thorpe** I further amend the bill to provide one line bonding. Dealership be permitted to cover their bonding requirements with one bond, if they can provide it. There is some questions,

if bonding companies would provide it. That would have to be equal to the required bond amount.

**Chairman Weisz** Explained that any business that would cover all different lines. Like a trailer dealer, motorcycle dealer or mobile home dealer. The bond would only need an amount equivalent to highest amount of bond required for one individual per line and that would cover all the different lines. Saying only need one \$25,000 bond to cover both lines. Motion made by Rep. Thorpe; Seconded by Rep. Weiler.

**Rep. Vigesaa (21.5)** The word lines wouldn't be proper. We are required when we get a license as a dealer we have to prove that we have a bond. If you are an auto dealer you have an auto license; if you sell mobile homes that is a separate license.

**Chairman Weisz** His motion is stating that if you have 3 difference licenses, that one bond could be counted as a requirement to each individual license you might have for what ever area. For any dealer license required.

**Rep. Bernstein (22.7)** If we are to write a law like that; how is the bonding company going to look at it? I don't think it will fly.

**Chairman Weisz** I assume it will be up to the bonding company if they want to. Any further discussion?

**Rep. Delmore** We are saying it would be one bond they would pay for each of the licenses.

**Chairman Weisz** It would not affect the licenses. We are just saying one bond would cover each license. If I can get the bonding company to cover the total dealer license on that same bond, I can do it. It is up to the bonding company.

**Rep. Weiler (23.8)** Probably not legal; they may not allow it.

Page 5

House Transportation Committee

Bill/Resolution Number ~~4490~~ 1099

Hearing Date January 20, 2005

**Chairman Weisz Voice vote done; was opposition.** Clerk called the roll. Do Pass on the

Amendment on HB1099. 7 Yes 8 No **Motion Failed**

**Chairman Weisz** We have an amended in front of us.

**Rep. Schmidt** Did anyone testify against this bill?

**Rep. Hawken** Duane Wahl and Bob Lamp and Keith Kiser, but his was just information.

**Rep. Vigesaa** The reason we did not do anything with those penalties that are spelled out in this bill is that in 2001 the legislature opposed those penalties on used car dealers and this effort is to bring the other license dealers up to the same level.

**Rep. Throe** The little car dealers are OK with it?

**Chairman Weisz (28.1)** I am assuming with the change in the bonding requirements that most of your small dealers will be allot happier too.

**Motion made by Rep. Iverson Seconded by Rep. Weiler Carried Rep. Vigesaa**

**DO PASS As Amended #2 14 Yes 1 No 0 Absent**

Closed (29.6)

**FISCAL NOTE**  
**Requested by Legislative Council**  
01/25/2005

Amendment to:            HB 1099

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>					
<b>Expenditures</b>					
<b>Appropriations</b>					

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The fiscal impact of this bill is expected to be less than \$5,000.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

**Name:**                    Keith Kiser  
**Phone Number:**        328-2725

**Agency:**                NDDOT  
**Date Prepared:**        01/25/2005

**FISCAL NOTE**  
**Requested by Legislative Council**  
12/22/2004

Bill/Resolution No.: HB 1099

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The fiscal impact of this bill is expected to be less than \$5,000.

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A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name: Keith Kiser  
Phone Number: 328-2725

Agency: NDDOT  
Date Prepared: 01/04/2005

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1099

Page 1, line 1, remove "39-22-04,"

Page 1, line 4, remove the second "and"

Page 1, line 5, after "penalty" insert "; and to provide an effective date"

Page 3, remove lines 12 through 29

Page 8, after line 8, insert:

**"SECTION 10. EFFECTIVE DATE. This Act becomes effective on January 1, 2006."**

Renumber accordingly

Date: 1-20-05  
Roll Call Vote #:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1099

House Transportation Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken *No Pass As Amended #1*

Motion Made By *Thorpe* Seconded By *Weiler*

Representatives	Yes	No	Representatives	Yes	No
Rep. Weisz - Chairman	✓		Rep. Delmore	✓	
Rep. Hawken - Vice Chair.		✓	Rep. Meyer	✓	
Rep. Bernstein		✓	Rep. Schmidt	✓	
Rep. Dosch		✓	Rep. Thorpe	✓	
Rep. Iverson		✓			
Rep. Kelsch		✓			
Rep. Owens	✓				
Rep. Price		✓			
Rep. Ruby		✓			
Rep. Vigesaa		✓			
Rep. Weiler	✓				

Total (Yes) *7* No *8*

Absent *0*

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

*Failed*

VK  
1/21/05

HOUSE AMENDMENTS TO HOUSE BILL NO. 1099 TRANS 1-24-05

Page 1, line 1, remove "39-22-04,"

Page 1, line 4, remove the second "and"

Page 1, line 5, after "penalty" insert "; and to provide an effective date"

HOUSE AMENDMENTS TO HB 1099 TRANS 1-24-05

Page 2, line 23, remove the overstrike over "ten" and remove "twenty-five"

HOUSE AMENDMENTS TO HB 1099 TRANS 1-24-05

Page 3, remove lines 12 through 29

HOUSE AMENDMENTS TO HB 1099 TRANS 1-24-05

Page 4, line 5, remove the overstrike over "twenty-five" and remove "fifty"

HOUSE AMENDMENTS TO HB 1099 TRANS 1-24-05

Page 5, line 27, remove the overstrike over "ten" and remove "twenty-five"

HOUSE AMENDMENTS TO HB 1099 TRANS 1-24-05

Page 7, line 26, remove the overstrike over "ten"

Page 7, line 27, remove "twenty-five"

HOUSE AMENDMENTS TO HB 1099 TRANS 1-24-05

Page 8, after line 8, insert:

"SECTION 10. EFFECTIVE DATE. This Act becomes effective on January 1, 2006."

Re-number accordingly

Date: 1-20-05  
Roll Call Vote #:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1099

House Transportation Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken *Do Pass as Amended #2*

Motion Made By *Jensen* Seconded By *Weiler*

Representatives	Yes	No	Representatives	Yes	No
Rep. Weisz - Chairman	✓		Rep. Delmore	✓	
Rep. Hawken - Vice Chair.	✓		Rep. Meyer	✓	
Rep. Bernstein	✓		Rep. Schmidt	✓	
Rep. Dosch	✓		Rep. Thorpe		✓
Rep. Iverson	✓				
Rep. Kelsch	✓				
Rep. Owens	✓				
Rep. Price	✓				
Rep. Ruby	✓				
Rep. Vigessaa	✓				
Rep. Weiler	✓				

Total (Yes) *14* No *1*

Absent *0*

Floor Assignment *Rep. Vigessaa*

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

HB 1099: Transportation Committee (Rep. Weisz, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1099 was placed on the Sixth order on the calendar.

Page 1, line 1, remove "39-22-04,"

Page 1, line 4, remove the second "and"

Page 1, line 5, after "penalty" insert "; and to provide an effective date"

Page 2, line 23, remove the overstrike over "~~ten~~" and remove "twenty-five"

Page 3, remove lines 12 through 29

Page 4, line 5, remove the overstrike over "~~twenty-five~~" and remove "fifty"

Page 5, line 27, remove the overstrike over "~~ten~~" and remove "twenty-five"

Page 7, line 26, remove the overstrike over "~~ten~~"

Page 7, line 27, remove "twenty-five"

Page 8, after line 8, insert:

**"SECTION 10. EFFECTIVE DATE.** This Act becomes effective on January 1, 2006."

Renumber accordingly

2005 SENATE TRANSPORTATION

HB 1099

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1099

Senate Transportation Committee

Conference Committee

Hearing Date 2-25-05

Tape Number	Side A	Side B	Meter #
1	x		3350-4100
1	x		4945-5165

Committee Clerk Signature

*Mary K Monson*

Minutes:

**Chairman Trenbeath** opened the hearing on Engrossed HB 1099 relating to penalties assessed against vehicle dealers, bond requirements for vehicle dealers, renewal of a dealer license, and unlicensed vehicle dealers; to provide a penalty; and to provide an effective date.

**Keith Kiser** (Motor Vehicle Director, ND DOT) See testimony in support of HB 1099.

**Senator Nething** asked what the problem was.

**Keith Kiser** said each of the recommendations made here relate back to the recommendations from the State Auditor's Office. The continuous bond requirement has been something the Dept. has required for at least 30 years but there was no statutory authority for it. The Auditor's Office liked the changes the Legislature made in 2001 relating to new and used car dealers and some abilities to assess some civil penalties as opposed to proceeding to the court system when dealers are in violation of some of the provisions, so they thought those should be added.

There was no opposition to HB 1099.

Page 2  
Senate Transportation Committee  
Bill/Resolution Number HB 1099  
Hearing Date 2-25-05

(Meter 4945)

**Senator Nething** motioned a **Do Pass** on HB 1099. Seconded by **Senator Espegard**.

On a request from Senator Warner, Senator Trenbeath summarized the bill. He said it is a situation that results from the recommendation of the Auditor's Office when they audited the DOT. It cleans up the language with regard to bonds that are presently required. It makes them so they are continuous bonds. It provides procedure for jerking the license in case the bond is canceled.

Roll call vote 6-0-0. **Passed**. Floor carrier is **Senator Espegard**.

Date: 2-25-05  
Roll Call Vote #:

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO 1099

Senate

TRANSPORTATION

Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken *Do Pass*

Motion Made By *Sen. Nething* Seconded By *Sen. Espegard*

Senators	Yes	No	Senators	Yes	No
Senator Espegard	✓		Senator Bercier	✓	
Senator Mutch	✓		Senator Warner	✓	
Senator Nething	✓				
Senator Trenbeath, Chairman	✓				

Total (Yes) *6* No *0*

Absent *0*

Floor Assignment *Senator Espegard*

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
February 25, 2005 11:32 a.m.

**Module No: SR-35-3665**  
**Carrier: Espegard**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1099, as engrossed: Transportation Committee (Sen. Trenbeath, Chairman)**  
**recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).**  
Engrossed HB 1099 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

HB 1099

**HOUSE TRANSPORTATION COMMITTEE**  
**January 13, 2005**

**North Dakota Department of Transportation**  
**Keith Kiser, Motor Vehicle Director**

**HB 1099**

Chairman Weisz and members of the House Transportation Committee: NDDOT supports HB 1099, which amends several current statutes relating to vehicle dealers licensed by the Motor Vehicle Division.

As you probably know, the Office of the State Auditor conducted a performance audit of the NDDOT Office of Driver and Vehicle Services and issued a final report on July 11, 2003. The report contained a number of recommendations related to the Motor Vehicle Division, and the changes proposed in HB1099 are, except for sections 3 and 5 of the bill, a direct response to a recommendation from the State Auditor.

**On page 1, line 9**, we propose to add the word "penalty" to the heading of section 39-18-01, which relates to the licensing of mobile home dealers.

**On page 2, lines 13 through 17**, we propose to add authority for NDDOT to assess fees against mobile home dealers who violate the provisions of Chapter 39-18. The language contained in the proposed change is the same language enacted in 2001 in a rewrite of laws relating to the licensing of new and used car dealers.

**On page 2, lines 21 and 23**, we propose to require that the surety bond needed for mobile home dealers is a continuous bond, and also increase the bond amount to \$25,000.

**On page 3, lines 6 through 11**, we propose to add specific procedures for cancelling a mobile home dealer bond.

**On page 3, line 28**, we propose to add an additional reason for suspending, revoking, or denying a dealer's license. Section 39-04-17 is the statute that allows dealers to issue a temporary operating permit, commonly known as a notary certificate, when they have collected vehicle registration fees and taxes from a customer.

**On page 3, line 29**, we propose to make the reasons for suspending, revoking, or denying a dealer's license applicable to all the types of dealers licensed by NDDOT. Currently, this statute applies only to new and used car dealers.

**On page 4, lines 2 and 5**, we propose to require that the surety bond needed for new and used car dealers is a continuous bond, and also increase the bond amount to \$50,000.

**On page 4, lines 16 through 20**, we propose to add specific procedures for cancelling a new or used car dealer bond.

**On page 5, lines 6 through 9**, we propose to specify that a person who engages in the business of buying and selling cars without a dealer's license is guilty of a class B misdemeanor if we have exhausted the administrative remedies otherwise available to NDDOT.

**On page 5, line 13,** we propose to add the word “penalty” to the heading of section 39-22-18, which relates to the licensing of new and used car dealers.

**On page 5, lines 19 through 21,** we propose to specify a penalty of \$100 for a dealer who fails to renew a dealer’s license before the dealer’s current license expires.

**On page 5, lines 25 and 27,** we propose to require that the surety bond needed from trailer dealers is a continuous bond, and also increase the bond amount to \$25,000.

**On page 6, lines 12 through 16,** we propose to add specific procedures for cancelling a trailer dealer bond.

**On page 6, line 19,** we propose to add the word “penalty” to the heading of section 39-22.1-03, which relates to the licensing of trailer dealers.

**On page 6, lines 24 through 29,** we propose to add authority for NDDOT to assess fees against trailer dealers who violate the provisions of Chapter 39-22.1. The language contained in the proposed change is the same language enacted in 2001 in a rewrite of laws relating to the licensing of new and used car dealers.

**On page 7, line 1,** we propose to add the word “penalty” to the heading of section 33-22.3-03, which relates to the licensing of motorcycle dealers.

**On page 7, lines 16 through 21,** we propose to add authority for NDDOT to assess fees against motorcycle dealers who violate the provisions of Chapter 39-22.3. The language contained in the proposed change is the same language enacted in 2001 in a rewrite of laws relating to the licensing of new and used car dealers.

**On page 7, lines 24 and 26-27,** we propose to require that the surety bond needed from motorcycle dealers is a continuous bond, and also increase the bond amount to \$25,000.

**On page 8, lines 3 through 8,** we propose to add specific procedures for cancelling a motorcycle dealer bond.

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SENATE TRANSPORTATION COMMITTEE  
February 25, 2005

North Dakota Department of Transportation  
Keith Kiser, Motor Vehicle Director

HB 1099

Chairman Trenbeath and members of the Senate Transportation Committee: NDDOT supports HB 1099, which amends several current statutes relating to vehicle dealers licensed by the Motor Vehicle Division.

As you probably know, the Office of the State Auditor conducted a performance audit of the NDDOT Office of Driver and Vehicle Services and issued a final report on July 11, 2003. The report contained a number of recommendations related to the Motor Vehicle Division, and the changes proposed in HB1099 are, except for section 4 of the bill, a direct response to a recommendation from the State Auditor.

**On page 1, line 9**, we propose to add the word "penalty" to the heading of section 39-18-01, which relates to the licensing of mobile home dealers.

**On page 2, lines 13 through 17**, we propose to add authority for NDDOT to assess fees against mobile home dealers who violate the provisions of Chapter 39-18. The language contained in the proposed change is the same language enacted in 2001 in a rewrite of laws relating to the licensing of new and used car dealers.

**On page 2, line 21**, we propose to require that the surety bond needed for mobile home dealers is a continuous bond.

**On page 3, lines 6 through 11**, we propose to add specific procedures for canceling a mobile home dealer bond.

**On page 3, line 15**, we propose to require that the surety bond needed for new and used car dealers is a continuous bond.

**On page 3, lines 29 through 31 and page 4, lines 1 and 2**, we propose to add specific procedures for canceling a new or used car dealer bond.

**On page 4, lines 19 through 22**, we propose to specify that a person who engages in the business of buying and selling cars without a dealer's license is guilty of a class B misdemeanor if we have exhausted the administrative remedies otherwise available to NDDOT.

**On page 4, line 26**, we propose to add the word "penalty" to the heading of section 39-22-18, which relates to the licensing of new and used car dealers.

**On page 5, lines 1 through 3**, we propose to specify a penalty of \$100 for a dealer who fails to renew a dealer's license before the dealer's current license expires.

**On page 5, line 7**, we propose to require that the surety bond needed from trailer dealers is a continuous bond.

**On page 5, lines 24 through 29**, we propose to add specific procedures for canceling a trailer dealer bond.

**On page 6, line 1**, we propose to add the word “penalty” to the heading of section 39-22.1-03, which relates to the licensing of trailer dealers.

**On page 6, lines 6 through 11**, we propose to add authority for NDDOT to assess fees against trailer dealers who violate the provisions of Chapter 39-22.1. The language contained in the proposed change is the same language enacted in 2001 in a rewrite of laws relating to the licensing of new and used car dealers.

**On page 6, line 14**, we propose to add the word “penalty” to the heading of section 33-22.3-03, which relates to the licensing of motorcycle dealers.

**On page 6, lines 29 through 31 and page 7, lines 1 through 3**, we propose to add authority for NDDOT to assess fees against motorcycle dealers who violate the provisions of Chapter 39-22.3. The language contained in the proposed change is the same language enacted in 2001 in a rewrite of laws relating to the licensing of new and used car dealers.

**On page 7, line 6**, we propose to require that the surety bond needed from motorcycle dealers is a continuous bond.

**On page 7, lines 16 through 21**, we propose to add specific procedures for canceling a motorcycle dealer bond.

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