

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2113

2007 SENATE TRANSPORTATION

SB 2113

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2113

Senate Transportation Committee

Check here for Conference Committee

Hearing Date: January 5, 2007

Recorder Job Number 652

Committee Clerk Signature

Jody Hauge

Minutes:

Senator Gary Lee, Chairman opened the hearing on SB 2113, a bill for an Act to amend and reenact subsection 9 of section 39-04-05, section 39-19-06, and subsection 3 of section 57-40.3-04 of the North Dakota Century Code, relating to refusing motor vehicle registration, adopting the unified carrier registration plan, and claiming a motor vehicle excise tax exemption; and to declare an emergency.

All members of the committee were present.

Keith Magnusson, Deputy Director for Driver and Vehicle Services at the North Dakota Department of Transportation testified in support of 2113. The ND DOT pre-filed SB 2113 as an agency bill. This bill enacts the Unified Carrier Registration (UCR) for North Dakota. See Testimony attached (four sections).

Senator Nething "Keith can you walk me through with an example of what occurs here...is it an out of state non-resident registration we are covering?"

Keith Magnusson had Frank LaQun of NDDOT answer this.

Frank LaQun, gave this example, a guy bought a \$100,000. vehicle and was 99.978% exempted and paid only \$15.10 excise tax. The issue is interstate exemption. The problem is they sometimes get the title here because it is cheaper and register in another state to beat

fees. Out of state motor carriers have been using this exemption to circumvent paying excise taxes in their home state. These interstate motor carriers have few miles in North Dakota, so the excise tax paid here is very low. This bill will prevent us from becoming a dumping ground.

Tom Balzer, Managing director of the North Dakota Motor Carriers Assn. spoke on behalf of bill 2113. They support the bill and have no issues with it.

No opposing testimony.

Senator Nething moved a Do Pass.

Senator Fiebiger seconded

The motion carried on a roll call vote 6 yeas 0 nays.

Senator Potter will carry SB 2113

FISCAL NOTE
Requested by Legislative Council
12/28/2006

Bill/Resolution No.: SB 2113

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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 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.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The federal highway bill (SAFETEA-LU), repealed the Single State Registration System (SSRS, replacing it with the new Unified Carrier Registration (UCR) Program. The SSRS generates \$2 million a year for ND. Under the SAFETEA-LU legislation, SSRS states such as ND are to be held whole under UCR.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Because SSRS States such as ND are to be held whole under UCR, this legislation should have no fiscal impact. However, were this legislation not to pass, the state could lose as much as \$4 million per biennium.

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.*

This bill should have no fiscal impact if passed. However, if the bill does not pass, the state could lose as much as \$4 million per biennium in revenue.

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, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Lorrie R. Pavlicek	Agency:	NDDOT
Phone Number:	328-2725	Date Prepared:	01/03/2007

REPORT OF STANDING COMMITTEE (410)
January 5, 2007 11:20 a.m.

Module No: SR-03-0253
Carrier: Potter
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2113: Transportation Committee (Sen. G. Lee, Chairman) recommends DO PASS
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2113 was placed on the
Eleventh order on the calendar.

2007 HOUSE TRANSPORTATION

SB 2113

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2113

House Transportation Committee

Check here for Conference Committee

Hearing Date: 02-08-2007

Recorder Job Number: 3115

Committee Clerk Signature

Lisa M Thomas

Minutes:

Chairman Weisz opened the hearing on SB 2113. SB 2113 relates to refusing motor vehicle registration, adopting unified carrier registration plan; and claiming a motor vehicle excise tax exemption and to declare an emergency.

Keith Magnusson, DOT, introduced the bill. See written testimony.

Rep. Delmore: Can you tell us more about the advantages of being a member of the UCR?

And why there are thirty-eight participating states and not fifty.

Magnusson: The single state registration system has been around for quite a few years and some states have elected not to get involved with it. They didn't feel the money was worth it for the effort to collect. You have always thought that any money we can collect in North Dakota helps the bottom line at the Department of Transportation. The single state registration program is now balanced. We cannot collect those two million dollars per year under what we did with that program. Last October and November, we would have been sending out the bills for 2007. We could not do that because of threats of law suits on a national level.

Rep. Ruby: That money, is that in the Highway Distribution Fund, or is that for administrative costs?

Magnusson: Right now that goes into the Highway Fund. Our costs are taken off of the top at motor vehicle. We also under the UCR are going to have to use this and show that it is used for motor carrier enforcement. That is one of the reasons we need to keep some of our budget also going to the Highway Patrol.

Rep. Ruby: In section three we talk about the Interstate taxes, is that the federal excise tax?

Magnusson: That is a state excise tax.

Rep. Ruby: And that is based on a percentage of their use in North Dakota.

Magnusson: That based on a percentage of the selling price of the vehicle.

Frank LaQua, DOT, spoke about the bill.

LaQua: Manager of Motor Carrier Services for Motor Vehicle: If a carrier has one percent of his miles in North Dakota, they get a one hundred thousand dollar vehicle. Five percent sales tax would be five thousand dollars, even when they pay one percent of that five thousand dollars, or fifty dollars tax. They only use the vehicle one percent of the time, based on the total miles in other states.

Tom Baulzer, ND Motor Carriers, spoke in support of the bill.

Baulzer: The UCRA is a program that on a national level, the motor carrier industry has been pushing for a while. Right now with the SSRS there is a certain carrier type that doesn't pay anything. This brings it on a level where everyone paying in. It is based on your range instead of a surcharge. It's a much simpler program than is being offered and one that will allow all the states that are involved in this to share that revenue, which is becoming more common in the industry as they have two other programs that do that. The excise tax part is a completely separate issue. The excise tax is something that from our regard, we want to make sure that the ND DOT does not get bogged down in processing these as soon as people figure out this loophole. That would make our ability to get our stuff registered; the department will slow that

down. It is one of those future things that we are not sure what is going to happen, but in the event of that, we would much rather have the ND DOT serving ND companies as opposed to companies that are trying to pay zero excise tax.

*There were no questions from the committee.

*There was no opposition to this bill.

The hearing was closed.

Rep. Kelsch moved a DO PASS. Rep. Gruchalla seconded.

Roll call vote: 13 yes. 0 no. 0 absent.

Carrier: Rep. Myxter

Date: 2-8-07
 Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. _____

House Transportation 2113 Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Dotas

Motion Made By Kelsch Seconded by Gruchalla

Representatives	Yes	No	Representatives	Yes	No
Chairman Weisz	✓		Rep. Delmore	✓	✓
Vice Chairman Ruby	✓		Rep. Gruchalla	✓	✓
Rep. Dosch	✓		Rep. Myxter	✓	✓
Rep. Kelsch	✓		Rep. Schmidt	✓	✓
Rep. Owens	✓		Rep. Thorpe	✓	
Rep. Price	✓				
Rep. Sukut	✓				
Rep. Vigesaa	✓				

Total Yes 13 No 0

Absent 0

Floor Assignment Myxter

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

REPORT OF STANDING COMMITTEE (410)
March 12, 2007 3:23 p.m.

Module No: HR-46-5042
Carrier: Myxter
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2113: Transportation Committee (Rep. Weisz, Chairman) recommends DO PASS
(13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2113 was placed on the
Fourteenth order on the calendar.

2007 TESTIMONY

SB 2113

SENATE TRANSPORTATION COMMITTEE
January 5, 2007

North Dakota Department of Transportation
Keith C. Magnusson , Deputy Director For Driver and Vehicle Services

SB 2113

Good morning, Mr. Chairman and members of the committee. I'm Keith Magnusson, Deputy Director for Driver and Vehicle Services at the North Dakota Department of Transportation. Thank you for giving me the opportunity to present information to you today.

The North Dakota Department of Transportation pre-filed Senate Bill 2113 as an agency bill. This bill enacts the Unified Carrier Registration (UCR) for North Dakota.

Among other things, the new federal highway bill, SAFETEA-LU, repealed the Single State Registration System (SSRS) and replaced it with the new Unified Carrier Registration Program. The SSRS allows states that participated to register vehicles that are owned and operated by motor carriers and verify their insurance. This was all done for a fee and North Dakota takes in approximately \$2 million a year from this program.

The new UCR will replace the SSRS and put a fee on motor carrier companies, rather than individual vehicles. Under the federal legislation, the SSRS states, such as North Dakota, are to be "held whole" in the amount that they have been taking in. The challenge is that the UCR effective date is January 1, 2007. Because SAFETEA-LU was passed so late, there was not a national UCR system ready at that time. We have been asking Congress to extend that effective date for one year, to allow the promulgation of rules and setting up of a national system. Until this system is available, we cannot collect any of the funds that we have been getting previously. If Congress does not extend the effective date, there may be a significant delay in collecting our funds for 2007.

Section 1 provides the department the authority to refuse to register vehicles when in violation of the Unified Carrier Registration Plan. We do not want to become a haven for motor carriers who are not following the law.

Section 2 actually substitutes the Unified Carrier Registration system for the Single State Insurance Registration System. Without this change, we cannot legally participate in the UCR.

Section 3 provides for the authority to deny this interstate tax exemption for vehicles that are not registered in North Dakota. This was the intent when this exemption was originally passed. Lately, out of state motor carriers have been using this exemption to circumvent paying excise taxes in their home state. These interstate motor carriers have few miles in North Dakota, so the excise tax paid here is very low. Some have been 99 percent tax exempt. If this loophole is not

closed, North Dakota could become inundated with these title applications. This could lead to decreased customer service for our North Dakota based motor carriers.

Section 4 is an emergency clause that will be needed if there is not an extension granted by Congress to the January 1, 2007, repeal of the SSRS and implementation of the UCR. If this extension is granted, it might be necessary to have a delayed effective date, rather than an emergency clause. We should know that before this bill makes its way through both houses.

HOUSE TRANSPORTATION COMMITTEE

February 8, 2007

North Dakota Department of Transportation
Keith C. Magnusson, Deputy Director for Driver and Vehicle Services

SB 2113

Good morning, Mr. Chairman and members of the committee. I'm Keith Magnusson, Deputy Director for Driver and Vehicle Services at the North Dakota Department of Transportation. Thank you for giving me the opportunity to present information to you today.

The North Dakota Department of Transportation pre-filed Senate Bill 2113 as an agency bill. This bill enacts the Unified Carrier Registration (UCR) for North Dakota.

Among other things, the new federal highway bill, SAFETEA-LU, repealed the Single State Registration System (SSRS) and replaced it with the new Unified Carrier Registration program. The SSRS allowed the 38 participating states to register vehicles that are owned and operated by motor carriers and verified their insurance. This was all done for a \$10 per vehicle fee and North Dakota took in approximately \$2 million a year from this program.

The new UCR will replace the SSRS and put a fee on motor carrier companies, rather than individual vehicles. Under the federal legislation, the SSRS states, to include North Dakota, are to be "held whole" in the amount they have collected. The challenge is that the UCR effective date was January 1, 2007. Because SAFETEA-LU was passed so late, there was not a national UCR system ready at that time. We have been asking Congress to extend that effective date for one year, to allow the promulgation of rules and setting up of a national system. Until this system is available, we cannot collect any of the funds that we have been getting previously. If Congress does not extend the effective date, and they have not yet done so, there may be a significant delay in collecting our funds for 2007.

Section 1 provides the department the authority to refuse to register vehicles when in violation of the Unified Carrier Registration Plan. This will help ensure that all interstate motor carriers are enrolled in this program. Interstate motor carriers not participating in the UCR risk having fines or vehicles being placed out of service.

Section 2 substitutes the Unified Carrier Registration system for the Single State Insurance Registration System. Without this change, we cannot legally participate in the UCR.

Section 3 provides for the authority to deny this interstate tax exemption for vehicles that are not both titled and registered in North Dakota. This was the intent when this exemption was originally passed. Titling and registration are actually handled separately. An exemplification of this point is: when a vehicle is titled, the excise tax is collected and deposited in the general fund; the \$5 title fee is then deposited in the highway tax distribution fund. When this vehicle is

registered, the registration money is deposited in the highway tax distribution fund. Lately, some out-of-state motor carriers have been using this exemption to circumvent paying excise taxes and title fees in their home state. These interstate motor carriers have few miles in North Dakota, so the excise tax paid here is very low. Some have been 99 percent tax exempt in North Dakota, which resulted in an excise tax collection of approximately \$15 for a \$100,000 vehicle. If this loophole is not closed, North Dakota could become inundated with these title applications. This could lead to decreased customer service for our North Dakota based motor carriers, as well as potential litigation with other states.

Section 4 is an emergency clause that will be needed if there is not an extension granted by Congress to the January 1, 2007, repeal of the SSRS and implementation of the UCR.