

2011 SENATE TRANSPORTATION

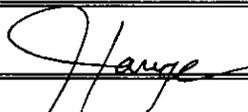
SB 2188

2011 SENATE STANDING COMMITTEE MINUTES

Senate Transportation Committee
Lewis and Clark Room, State Capitol

SB 2188
January 21, 2011
13196, 13202, 13211

Conference Committee



Explanation or reason for introduction of bill/resolution:

The bill was brought forward in a cooperative effort between the Department of Transportation and the ND Motor Carriers Association.

Minutes:

3 attached testimonies

Vice Chairman, Senator Oehlke opened the hearing on SB 2188 relating to exclusions from the certificate of title requirement for vehicles regularly engaged in interstate transportation of persons or property.

Senator G. Lee from District 22 introduced SB 2188 and testified in support of it. Written testimony #1

Tom Balzer, Executive Vice President of the North Dakota Motor Carriers Association testified in support of SB 2188. Written testimony #2

Senator Sitte voiced concern about the International Registration Plan membership and the concern that Mexico and additional South American countries would be accepted into this membership. She asked if ND would have to follow everything they proposed.

Mr. Balzer said DOT could answer that better than he could. He did comment that the International Registration Plan has governance to it. He believes that every state votes on it. He said the Mexican truck issue is very contentious and probably wouldn't come to resolution any time soon.

Linda Sitz, Director of the Motor Vehicle Division at the North Dakota Department of Transportation explained what the DOT is presently doing and the changes that would be made if this bill would pass. Written testimony #3

Senator Mathern asked a technical question on wording.

Frank LaQua, from the Department of Transportation clarified the wording and meaning. It presented no conflict because it dealt with different areas. He also addressed a previous concern on the International Registration Plan (IRP). There are 48 states, 10 providences,

and the District of Columbia is currently a member. Mexico has been trying to join. There is a process to be accepted and voted into the IRP.

Senator Lee asked about a fiscal note.

Linda Sitz presented their department's fiscal note. She explained the FN.

Senator Lee asked about the five states that caused the reduction in excise tax in the FN. He asked if their rates were lower.

Mr. LaQua said that they do not have an excise tax agreement with those states. He said that if you bring a vehicle in from those state they have to pay an excise tax. The states that impact us are Oregon and Montana.

Senator Lee asked that if he was registered in four states and Minnesota is his own home state, would they average the registration fees for those states.

Mr. LaQua said that it was based on actual miles traveled during a certain period of time.

Senator Nodland asked about the fiscal note and the cost of upgrading equipment and questioned why the fees that the DOT receives are not off setting.

Ms. Sitz said that they cannot do this processing in their current system. She said that they do have to change the system to recognize these particular carriers that will be affected.

Senator Sitte asked for some background on the IRP.

Mr. LaQua explained why this original language went in. It had to do with trucks having to register with every state that they would do business with, every time they entered the state for business.

Senator Mathern asked if they could accomplish this purpose without losing money.

Mr. LaQua said that there may be a way to amend the bill to say that if we have excise tax agreements you can do this and if you don't have excise tax you pay the tax. He said that if they did this they wouldn't have that lost excise tax. He said that there still would be programming costs.

No opposing testimony.

Senator Lee closed the hearing on SB 2188.

SB 2188, Job # 13202, 10:46 AM, 1-21-11

Discussion followed on amending SB 2188 to eliminate part of the fiscal note. There were questions on the fiscal note.

Senator Nodland asked if the fee relating to the trucking industry be used as revenue against the expenditures. He questioned how the note was put together.

Senator Nodland will check with Mr. LaQua or Ms. Sitz to clarify the fiscal note questions.

SB 2188, Job #13211, 11:07 AM, 1-21-11

Senator Lee asked Mr. Balzer to give information and explain the numbers in the Fiscal Note as he sees them.

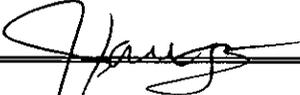
Discussion followed on how to make the fiscal note revenue neutral. The discussion led to the possibility of an amendment.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Transportation Committee
Lewis and Clark Room, State Capitol

SB 2188
January 27, 2011
13567

Conference Committee



Explanation or reason for introduction of bill/resolution:

Minutes:

vote

Senator G. Lee opened discussion on SB 2188 relating to exclusions from the certificate of title requirement for vehicles regularly engaged in interstate transportation. He gave a brief summary of the bill and explained that it was something the ND Motor Carriers Association wanted. Senator Lee brought forth an amendment relating to the five states that do not belong to the International Registration Plan. His intention was to get rid of the fiscal note, with the exception of the IT expenditures.

Senator Mathern moved to adopt the amendment.

Seconded by **Senator Nodland**.

Roll call vote 6-0-0. **Amendment adopted.**

Senator Oehlke moved a **Do Pass as Amended and Rerefer to Appropriations**.

Senator Mathern seconded.

Roll call vote 6-0-0. **Motion passed.**

Carrier is **Senator Mathern**.

FISCAL NOTE
 Requested by Legislative Council
 02/01/2011

Amendment to: SB 2188

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.*

| | 2009-2011 Biennium | | 2011-2013 Biennium | | 2013-2015 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | \$116,987 | | |
| Appropriations | | | | \$116,987 | | |

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

| 2009-2011 Biennium | | | 2011-2013 Biennium | | | 2013-2015 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).*

SB2188 changes exclusions from the certificate of title requirement for vehicles used in interstate transportation of persons or property registered with the interstate registration plan & for which a certificate of title is issued in another state having a reciprocal excise tax agreement with ND.

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.*

This bill as amended will result in one time IT costs for updates to the Motor Carrier Commercial Vehicle Information System Network (CVISN) and the Vehicle Registration and Titling System (VRTS).

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.*

ONE TIME IT SYSTEM UPDATE EXPENDITURES - \$116,987

CVISN - \$35,222

VRTS - \$81,765

International Registration Plan (IRP) vehicles would not have to convert out of state titles to ND titles. The vehicle would still need to be registered in ND and would be issued a prorated (IRP) plate. IT Systems will need to be programmed to recognize and allow "registration only" without a ND title.

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.

NDDOT will require an addition of \$116,987 to its appropriation to cover the one time IT system updates.

| | | | |
|----------------------|------------------|-----------------------|------------|
| Name: | Shannon L. Sauer | Agency: | NDDOT |
| Phone Number: | 328-4375 | Date Prepared: | 02/01/2011 |

FISCAL NOTE

Requested by Legislative Council
01/24/2011

REVISION

Bill/Resolution No.: SB 2188

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.*

| | 2009-2011 Biennium | | 2011-2013 Biennium | | 2013-2015 Biennium | |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | (\$133,078) | | (\$133,078) | |
| Expenditures | | | | \$116,987 | | |
| Appropriations | | | | \$116,987 | | |

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

| 2009-2011 Biennium | | | 2011-2013 Biennium | | | 2013-2015 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).*

This bill makes changes to the exclusions from the certificate of title requirement for vehicles regularly engaged in interstate transportation of persons or property which are registered with the interstate registration plan.

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.*

NOTE: THIS FISCAL NOTE IS A CORRECTED VERSION OF THE PREVIOUSLY SUBMITTED FISCAL NOTE DATED 1/20/2011.

This bill will result in one time IT costs for updates to the Motor Carrier Commercial Vehicle Information System Network (CVISN) and the Vehicle Registration and Titling System (VRTS).

This bill will also result in an on-going reduction in excise tax revenues.

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.*

ESTIMATED REDUCTION IN EXCISE TAX REVENUES - \$133,078:

Estimated monthly reduction in excise tax revenue \$5,544 X 24 months = \$133,078

This loss of excise tax revenue will be on-going each biennium.

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.*

ONE TIME IT SYSTEM UPDATE EXPENDITURES - \$116,987

CVISN - \$35,222
VRTS - \$81,765

International Registration Plan (IRP) vehicles would not have to convert out of state titles to ND titles. The vehicle would still need to be registered in ND and would be issued a prorated (IRP) plate. IT Systems will need to be programmed to recognize and allow "registration only" without a ND title.

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.*

NDDOT will require an addition of \$116,987 to its appropriation to cover the one time IT system updates.

| | | | |
|----------------------|------------------|-----------------------|------------|
| Name: | Shannon L. Sauer | Agency: | NDDOT |
| Phone Number: | 328-4375 | Date Prepared: | 01/24/2011 |

FISCAL NOTE

Requested by Legislative Council
01/20/2011

Bill/Resolution No.: SB 2188

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.*

| | 2009-2011 Biennium | | 2011-2013 Biennium | | 2013-2015 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | (\$133,078) | | (\$133,078) |
| Expenditures | | | | \$116,987 | | |
| Appropriations | | | | \$116,987 | | |

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

| 2009-2011 Biennium | | | 2011-2013 Biennium | | | 2013-2015 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).*

This bill makes changes to the exclusions from the certificate of title requirement for vehicles regularly engaged in interstate transportation of persons or property which are registered with the interstate registration plan.

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.*

This bill will result in one time IT costs for updates to the Motor Carrier Commercial Vehicle Information System Network (CVISN) and the Vehicle Registration and Titling System (VRTS).

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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.*

NDDOT will require an addition of \$116,987 to its appropriation to cover the one time IT system updates.

| | | | |
|----------------------|------------------|-----------------------|------------|
| Name: | Shannon L. Sauer | Agency: | NDDOT |
| Phone Number: | 328-4375 | Date Prepared: | 01/20/2011 |

PROPOSED AMENDMENTS TO SB 2188

Page 1, line 17, after "state" insert "that has a reciprocal excise tax agreement with this state"

Date: 1-27-11
Roll Call Vote # 2

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2188

Senate Transportation Com Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment

Rerefer to Appropriations Reconsider

Motion Made By Senator Oehlke Seconded By Senator Mathern

| Senators | Yes | No | Senators | Yes | No |
|------------------------|-----|----|---------------------|-----|----|
| Senator Gary Lee | ✓ | | Senator Tim Mathern | ✓ | |
| Senator Dave Oehlke | ✓ | | | | |
| Senator Dave Nething | ✓ | | | | |
| Senator George Nodland | ✓ | | | | |
| Senator Margaret Sitte | ✓ | | | | |
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Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Mathern

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

REPORT OF STANDING COMMITTEE

SB 2188: Transportation Committee (Sen. G. Lee, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2188 was placed on the Sixth order on the calendar.

Page 1, line 17, after "state" insert "that has a reciprocal excise tax agreement with this state"

Renumber accordingly

2011 SENATE APPROPRIATIONS

SB 2188

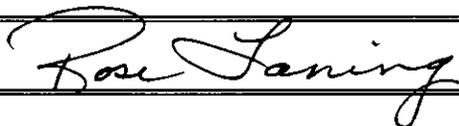
2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

SB 2188
February 4, 2011
Job # 14021

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A bill to amend the Century Code relating to exclusions from the certificate of title requirement for vehicles regularly engaged in interstate transportation of persons or property.

Minutes:

See attached testimony # 1.

Chairman Holmberg called the committee hearing to order on SB 2188.
Brady Larson - Legislative Council; Tad H. Torgerson – OMB

Tom Balzer, Executive Vice President, North Dakota Motor Carriers
Testified in favor of SB 2188. Testimony attached - # 1.

Right now in law, there is an exemption from a title transfer requirement for out of state trucking companies that are registering in state. If an independent contractor – owner, operator – and I sign on to a ND company, I have to transfer my registration under that company's registration. It's part of an administrative process that allows the larger company to track their records and it's part of federal law that they have to keep those records.

This section of the law became obsolete when ND joined the International Registration Plan but was never removed from the books. DOT developed a temporary registration process, but this doesn't address the true problem.

(continued from testimony) – asked the committee for their support of the bill.

Chairman Holmberg questioned the fiscal note because the bill was introduced and said the fiscal note was prepared prior to any amendments to the bill. The bill came to appropriations when it was reported out of committee on the 31st. They heard it on the 12th, referred it to appropriations on the 31st, the corrected fiscal note is dated the 24th. Does the bill here before us reflect \$133,000 general fund revenue reduction – or is there something more current?

Tom Blazer: The bill you see before you – on page one starting on the end of line 17 and ending with line 18, takes care of that. When I looked at the fiscal note this morning, I was expecting one after the .0200 series of amendments had been put on. So the fiscal note as far as I can tell is not current. The \$133,000 loss in revenue will no longer exist because

they now require a reciprocal excise tax agreement – only ½ states qualify for that so I don't know why the DOT did not get an updated one and I'd hate to answer for them.

Chairman Holmberg said they'd call their representative to answer that.

Senator Christmann: You also mentioned some IT upgrades in order to make this work quickly. Wouldn't that portion of whatever they were figuring in the fiscal note as costs still be here, but the portion of revenue losses would've been eliminated by the amendment. There would still be some fiscal effect for the upgrades correct?

Tom Balzer: There are \$116,987 that would be necessary for them to make the computer upgrades.

Senator Christmann the revenue loss has been taken care of, but the expenditure is still here? Answer – yes.

Chairman Holmberg said they wouldn't be doing anything with the bill today because they need the correct fiscal note.

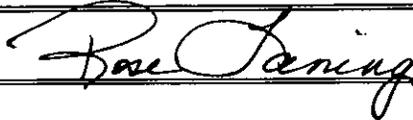
2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

SB 2188
February 17, 2011
Job # 14705 (Meter starting at 75:32)

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A committee vote on SB 2188 – relating to exclusions from the certificate of title requirement for vehicles regularly engaged in interstate transportation of persons or property.

Minutes:

You may make reference to "attached testimony."

Chairman Holmberg called the committee hearing to order on SB 2188 and said it was amended in the Transportation committee that the state has to have a reciprocal excise tax agreement. This doesn't have an impact fiscally and this reduces general funds.

Senator Grindberg moved Do Pass on SB 2188.
Senator Bowman seconded.

A Roll Call vote was taken. Yea: 13 Nay: 0 Absent: 0

The bill goes back to the Transportation Committee and Senator Mathern will carry the bill.

Date: 2-17-11
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2188

Senate Approp. Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment

Rerefer to Appropriations Reconsider

Motion Made By Grindberg Seconded By Bowman

| Senators | Yes | No | Senators | Yes | No |
|--------------------|-----|----|-------------------|-----|----|
| Chairman Holmberg | ✓ | | Senator Warner | ✓ | |
| Senator Bowman | ✓ | | Senator O'Connell | ✓ | |
| Senator Grindberg | ✓ | | Senator Robinson | ✓ | |
| Senator Christmann | ✓ | | | | |
| Senator Wardner | ✓ | | | | |
| Senator Kilzer | ✓ | | | | |
| Senator Fischer | ✓ | | | | |
| Senator Krebsbach | ✓ | | | | |
| Senator Erbele | ✓ | | | | |
| Senator Wanzek | ✓ | | | | |
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Total (Yes) 13 No 0

Absent 0

Floor Assignment Matt Mathews goes back to Trump.

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

REPORT OF STANDING COMMITTEE

SB 2188, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed SB 2188 was placed on the Eleventh order on the calendar.

2011 HOUSE TRANSPORTATION

SB 2188

2011 HOUSE STANDING COMMITTEE MINUTES

House Transportation Committee
Fort Totten Room, State Capitol

SB 2188
03/10/11
Job # 15276

Conference Committee

Committee Clerk Signature *Jeannette Cook*

Explanation or reason for introduction of bill/resolution:

SB 2188 is a bill relating to exclusions from the certificate of title requirement for vehicles regularly engaged in interstate transportation of persons or property.

Minutes:

Attachment #1 and #2

Senator Lee, District 22, introduced SB 2188 and gave a brief summary of the bill. He explained that currently North Dakota has been a title holding state, and this requires an out-of-state commercial motor vehicle owner to transfer their vehicle title to North Dakota if they are going to work regularly in our state. That process creates delays for putting a trucker to work, and lien holders are sometimes reluctant to release a title. The mail can be slow, and the internal process sometimes is not as efficient as it could be. SB 2188 is proposed to simplify that process. It would exempt those out-of-state owner operators from the title transfer requirement if registered in accordance with the International Registry Plan. North Dakota would then accept a copy of the title. The owner/operator would pay a proportionate registration fee based on miles traveled in North Dakota. The bill will benefit North Dakota carriers who hire the service of an out-of-state owner/operators to transport good and services. It would improve work efficiency for the state and motor carrier.

Tom Balzer, North Dakota Motor Carriers Association, testified to support SB 2188 and provided written testimony. See attachment #1.

Representative Delmore: Does that mean all of these people will have to register, but they will not have to title?

Tom Balzer: Yes, that is correct. They will still have to register inside the state under the North Dakota carrier, but will not have to transfer their title. We still will be tracking them.

Chairman Ruby: With the International Registration Plan, is that where you see one big plate with lots of different stickers that show the states that they are registered in? Is that even being done anymore? Why did we require them to title?

Tom Balzer: The plate that you are referring to was also called a Bingo stamp. That is a separate registration from IRP. That was a single state registration in which you did have to get those stickers. That system has gone away, and was replaced with the Unified

Carrier Registration. This is a separate registration from that. This is the actual registration of the vehicle to be run out of North Dakota. As far as the domicile part, the main carrier is domiciled in the state of North Dakota and has their IRP registration domiciled out of North Dakota. When an owner/operator comes underneath their authority, then they have the ability to run in whatever states as the main carrier can run in. That is the advantage of having an owner/operator relationship. They now gain the grasp of business that the main carrier has, and the ability to pick up loads that the main carrier has. The carrier itself may not be there. I will give you an example. If Weist Trucking in Jamestown picks up a K-Mart run that runs from Dallas to Chattanooga, Tennessee. They can hire independent contractors out of Denver and get them to work. All they have to do is send out the Colorado registration, a copy of the Colorado title, and they can register them in North Dakota because by law we have to do that process, so that there is some tracking mechanism for the registration.

Chairman Ruby: That is the way that it is done now, or is that the way it will be done under this bill?

Tom Balzer: Right now what happens if an independent contractor lives in Denver, he actually has to transfer his title, even though the truck stays in Denver and the owner/operator lives in Denver, to North Dakota before they can be registered. This would eliminate that process. That is another thing that people are struggling with. If I know that things are (inaudible) in my area, and I have a North Dakota carrier that wants to hire me on to run some loads, I can do that, but if I am only going to do it for a year, do I want to go through all the process? North Dakota carriers have loads that they can't get moved because they can't find people who are willing to do it.

Chairman Ruby: So, a title was being held by a bank, and the bank didn't want to release it to be sent up here to be transferred and then sent back to them. Is that what was happening?

Tom Balzer: That is correct. The bank would have to relinquish that title directly to the Department of Transportation. The Department of Transportation would reissue the title under a North Dakota title and send it back to the bank. It is not the issue with the Department of Transportation's process. The issue is with the reluctance of the banks.

Chairman Ruby: How many states are under our current system, and how many have switched to what we are trying to do here?

Tom Balzer: I would defer to the Department of Transportation for the exact numbers. I think the majority of the states are title holding states.

Representative Delmore: In those other title states, are they also going to this, where they don't have to transfer the title?

Tom Balzer: I don't know for sure. Some do, and some don't.

Representative Onstad: The bill states that the state has to have a reciprocal excise tax agreement with the state. So in the example, do we have to have a reciprocal excise tax agreement with Colorado?

Tom Balzer: That is an amendment that the Senate put on this bill. If we do not have a reciprocal tax agreement with a state, such as Montana which we don't, then the old process of transferring the actual title would still be in effect. This is an option only with the states that have excise tax agreements with us. The state is still going to collect taxes on those states, such as Montana. An owner/operator from Montana will still have to go the full blown process because there is excise tax still owed to the state. That is why the Senate amended it.

Representative Onstad: Would this also help to clarify for the out-of-state individuals that are leasing?

Tom Balzer: That is exactly what they are there to do.

Representative Gruchalla: On this fiscal note it looks like we are going to lose that we are going to lose \$130,000 a biennium on this in excise tax?

Tom Balzer: It is my understanding that we are not going to lose any excise tax because the amendments in the Senate were made to eliminate those losses.

Chairman Ruby: There is an updated fiscal note that changed that.

Chairman Ruby: Under the current system if someone had to retile a vehicle and the ownership didn't change hands, did they have to pay excise tax here?

Tom Balzer: If you are from a state that we do not have a reciprocal agreement with, like Montana, and you buy a vehicle there and bring it to North Dakota to title it, you have to pay excise tax on the value of that vehicle. It is just like you bought it.

Chairman Ruby: That would be because Montana does not have excise tax. If a state has excise tax is it automatically considered reciprocal?

Tom Balzer: To my understanding, yes. If you collect excise tax in your home state and come into a state that also collects excise tax, that reciprocal agreement is there and you pay no tax.

Representative Onstad: Some instate companies register their vehicles in South Dakota because of cost savings. Does that practice still continue, or will this eliminate that practice?

Tom Balzer: I think that with the agreements that all of the states have in place: International Registration Plan, the Unified Carrier Registration, and the International Fuel Tax Agreement, in which all the states share that revenue, that particular issue is eliminated. A majority of the states are members of these.

Chairman Ruby: Is there any difference for a truck owner within the state that goes to another state, or is there no difference?

Tom Balzer: With this law there would be no difference.

Linda Sitz, Director of Motor Vehicle Division of North Dakota Department of Transportation, spoke with guarded support on SB 2188 and provided written testimony. See attachment # 2.

Chairman Ruby: If we have someone with a title in a reciprocal state, and they send proof of their titling to North Dakota, before this bill they would have to pay the excise tax in the state. If they have the agreement, they are not sending it. So, aren't we losing the tax that we would have gotten under the current law?

Linda Sitz: With the changes in this, the only states that we are not going to lose money on are those that do not have reciprocal agreements with us. We did have to title and register, but because they were under the IRP program, we didn't have to.

Frank LaQua, Motor Carrier Services from North Dakota Department of Transportation: there are only five states that we currently charge excise tax. Those are Alaska, Montana, New Hampshire, Delaware, and Oregon. When a title came in from any other state we never did collect an excise tax, because we had the reciprocal excise tax agreement with those states. So, we collected a \$5.00 title fee and no excise tax.

Chairman Ruby: Before the Senate changed the language, would we have also lost the funds from the non-reciprocal states?

Linda Sitz: Yes.

Chairman Ruby: Where do you get the \$116,000?

Linda Sitz: We took the dollar amount of what we had been collecting in the previous year. We calculated the dollar amount that we would have lost, if we wouldn't have taken into consideration those states that didn't have the reciprocal agreement. On the IT changes we have two systems that we have to be updated, and we have to get the systems to work together. That is what our expense is going to be.

Representative Onstad: Is there a timeline, or do they have to register their vehicles before they do any business in the state? We are trying to speed up the process. If they do not register, is there a violation?

Frank LaQua: These people might be registered already in North Dakota through the IRP in Wisconsin. So, they may be able to operate here with an out-of-state plate if they have North Dakota on their cab card. If they come here with a base plate from another jurisdiction, like Minnesota, and they need to work in North Dakota, they can get temporary registration or transfer the Minnesota registration to a North Dakota registration. They should do that as quickly as they can.

Representative Onstad: We see a lot of out-of-state plates, but because of the work schedules, it is always a question of whether those vehicles do get registered with the state. If they do not, is there a violation? Does someone have to report it?

Frank LaQua: Right now it is a twenty dollar fine. There is a bill to increase it to a \$100 fine if they do not register and are gainfully employed in North Dakota.

Representative Delmore: Since it is called the INTERNATIONAL registration, what is our policy with the Canadian Provinces?

Frank LaQua: It is named the International Registration Plan because there are 48 states that are required to be in the plan, and there are ten Canadian Provinces. So, a North Dakota based carrier can be licensed to run in Saskatchewan, Alberta, etc. as their carriers can be licensed to run in North Dakota.

Representative Delmore: Is there a reciprocal excise tax with the Canadian Provinces?

Frank LaQua: There is no reciprocal excise tax agreement with Canada. So, we do collect excise tax from every Canadian vehicle that comes down here.

Representative Heller: What is the motor vehicle excise tax based on? Is it weight?

Frank LaQua: It is based on the value of the vehicle when it is purchased.

Representative Frantsvog: If the bill passes and there is no appropriation, what happens?

Linda Sitz: We would have to come up with the funding somehow. If the law passes, we have to follow the letter of the law.

There was no further support for SB 2188.
There was no opposition to SB 2188.
The hearing was closed on SB 2188.

Representative R. Kelsch moved a DO PASS on SB 2188, and it will be rereferred to Appropriations.

Representative Gruchalla seconded the motion.

A voice vote was taken. Aye 11 Nay 0 Absent 3

The motion passed.

Representative Gruchalla will carry SB 2188.

Date: 3-10

Roll Call Vote #: _____

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2188

House TRANSPORTATION Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass Amended Adopt Amendment

Rerefer to Appropriations Reconsider

Motion Made By Kelsch Seconded By Gruchalla

| Representatives | Yes | No | Representatives | Yes | No |
|--------------------------|-----|----|--------------------------|-----|----|
| Chairman Ruby | X | | Representative Delmore | X | |
| Vice Chairman Weiler | X | | Representative Gruchalla | X | |
| Representative Frantsvog | X | | Representative Hogan | X | |
| Representative Heller | X | | Representative Onstad | X | |
| Representative R. Kelsch | X | | | | |
| Representative Louser | | | | | |
| Representative Owens | | | | | |
| Representative Sukut | X | | | | |
| Representative Vigesaa | | | | | |
| Representative Weisz | X | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Total (Yes) 11 No 0

Absent 3

Floor Assignment Gruchalla

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

REPORT OF STANDING COMMITTEE

SB 2188, as engrossed: Transportation Committee (Rep. Ruby, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (11 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING). Engrossed SB 2188 was rereferred to the Appropriations Committee.

2011 HOUSE APPROPRIATIONS

SB 2188

2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

SB 2188
3/17/11
15559

Conference Committee

Committee Clerk Signature

Meredith Trachoff

Explanation or reason for introduction of bill/resolution:

A BILL for an Act relating to exclusions from the certificate of title requirement for vehicles regularly engaged in interstate transportation of persons or property.

Minutes:

You may make reference to "attached testimony."

Chairman Delzer: We'll discuss SB 2188.

Representative Dan Ruby, District 38: This bill will allow for a truck to not have to be titled in this state if we have a reciprocal agreement with a state that also has excise tax. Currently if an owner operator from, say, Colorado, wanted to come up and work for a company here, and would sign on with their truck, that company of course would be registered in several different states and have their ties to those states, he could then fall under that distinction with that company. Currently, though, ND would require that trucker to retitle his truck with a ND title. Then if he's got a loan, he'll have to try to get that from the bank, get it titled, and then get it back to the bank he has it financed with. This would allow them to not title it, if we have that reciprocal agreement; we could receive a certificate that would show it was titled in another state and we could just accept and register that truck. They have to pay the registration fees. As they go inter-state, they pay a percentage of fees in every state they drive in. It doesn't cost us anything on what we would get for registering the vehicle for the weight here, it would just be that they wouldn't have to go through that onerous step of messing with the titles. DOT said there would be a one-time expenditure of \$116,000, they have two systems they would have to update, and we passed the bill out with an 11-0 Do Pass recommendation. They did say they don't have the funds for this in their budget, so they would be in favor of it only if they have the funds given to them for this.

Chairman Delzer: Questions by the committee?

Representative Brandenburg: If they come from another state, wouldn't they have a pro plate? Don't we recognize a pro plate? Is the problem if they have a (different) state commercial plate?

Representative Ruby: If they're driving through here, yes, they have that tag or state plate on their truck, but they're with whatever company they're from, or they themselves, if

they've got themselves entered into the registration of different states; but once they sign on with that one company, if that company had the agreements or all the permits paid from all the other states, they'd be able to attach onto that. For your information, the states that we don't have the reciprocal excise agreement with are Alaska, Delaware, Montana, New Hampshire, and Oregon.

Representative Brandenburg: So these other states could be a part of the pro, how many miles they drive in each state, and they'd pay a percentage to each state?

Representative Ruby: That's pretty much being done already. It's just basically the ability for their system to recognize this certificate, and then have that truck registered; right now, we require the titling to be inputted into their system before they could register it here.

Chairman Delzer: If they have authority in the state, or tie on with someone with the authority, they still need to change their registration and title the way our law is written? I thought if they had authority, you could run point to point in states without changing your registration.

Representative Ruby: As I understand it, in their testimony they said if their vehicle is registered in the international registration plan (IRP), and had the certificate of title from another state, they may fit into this inclusion. Vehicles in the IRP program pay a proportional registration fee in each state in which they do business, based on the miles.

Chairman Delzer: Did you get into the Fiscal Note at all, ask them how they came up with the \$116,000?

Representative Ruby: Probably not to the extent you're looking at right now.

Chairman Delzer: The issue we have is the DOT bill is now in the Senate. Did the Senate say anything about doing anything with it over there? All we can do anymore is support or not support the bill, and look at it in conference.

Representative Ruby: There was no discussion as to what the Senate was thinking about this, other than they had passed the bill on their side and showed their support that way.

Representative Brandenburg: Did any of the companies show up at all, or agencies come in?

Representative Ruby: Motor Carriers came in and they were all in support of it.

Representative Brandenburg: I'm trying to understand why. I thought the pro plate addressed that, but maybe it's the in state commercial plates that could be the problem, I don't know. You almost need to ask DOT.

Chairman Delzer: Was this put in at the request of the Motor Carriers Association, or at the request of the DOT?

Representative Ruby: I don't know, it was sponsored by Senator Lee. I'll just read this from Tom Balzer's (ND Motor Carriers Association) testimony: See attachment 1.

Chairman Delzer: Committee members, we're having discussion on the policy side, and we can choose whether or not to get into that. The question is the fiscal effect, and we really can't do anything about that, we'll have to see what the Senate does with that. I would question the need for \$116,000 for this, but with that, I think the bill is probably about ready to go.

Representative Skarphol: I don't have an issue with the bill, but I'm not familiar with the implications of it, when you talk about the Fiscal Note. With all of the activity we have going on, and all of the trucks moving into the state, working here on a 'pro-rated' basis, should we be comfortable with the fact that we are getting credit for the pro-rated status we should have by the industry, and how do we get reassured of that? As far as fuel taxes and everything associated with it.

Representative Ruby: We didn't tie into that, since the road didn't go into the road taxes, but it would be useful I guess to have some of the numbers that the state actually gathers from all of that.

Representative Skarphol: That's why I'm concerned about rushing this through, we should ask some questions, if someone hasn't already addressed that issue. There are an awful lot of out of state plates operating out there on a commercial basis.

Chairman Delzer: If they are not working under authority and just come in, all of the road tax then comes to ND for the fuel that they're buying, unless they buy that out of state. We certainly hold this if you have an interest, and visit with DOT.

Representative Ruby: They get their checks, their weight and DOT checks, and their log books are reviewed and all their permits and registrations need to be up to date, but how aggressive they are going after all of those trucks, I don't know.

Chairman Delzer: We'll have to get with DOT and ask them those questions.

Representative Nelson: I was alerted to the statement that Montana is not a reciprocal state. Was that question asked as to why? What advantage is there in a neighboring state being or not being reciprocal?

Representative Ruby: I believe the main criteria for that is they don't charge an excise tax on trucks, so if a vehicle comes over here that has to be titled, they then have to pay an excise tax in this state. They could buy their truck in Montana and not pay the excise tax, but if they come here, they have to title it, and pay the excise tax. If another state has an excise tax, then we're in that reciprocal agreement that we title it, but then we don't charge the excise tax. Montana would have to change and become an excise tax state.

Representative Skarphol: Montana doesn't charge an excise tax, but they charge an excessively high license fee, so when a ND truck goes to Montana, they end up paying a

big license fee. A Montana truck comes here, they pay a very small license fee, our license fees are much less than Montana's.

Chairman Delzer: Thank you, we'll move to the next bill.

2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

SB 2188
3/23/11
15856

Conference Committee

Committee Clerk Signature

Meredith Tracholt

Explanation or reason for introduction of bill/resolution:

A BILL for an Act relating to exclusions from the certificate of title requirement for vehicles regularly engaged in interstate transportation of persons or property.

Minutes:

You may make reference to "attached testimony."

Chairman Delzer: Opened discussion on SB 2188. This is about people bringing trucks in having to reregister them so we get the use tax; this would allow them to not have to change titles.

Representative Brandenburg: I did some checking on this because I had some questions about it. It appears to be fine. I visited with DOT and I don't see a problem with it. The issue is that we have contractors coming from Minnesota, they come in and do a project with somebody, they have to retitle their vehicles and pay sales tax on them. This allows that they have to pay sales tax.

Chairman Delzer: They'll still receive the same compensation that they had, the outside entities just don't have to retitle with a ND title?

Representative Brandenburg: That's right. It's also an issue where if you have a lien on your vehicle with the bank and you have to go through retitling your vehicle, and the people at the loan agency or the bank are wondering why you're doing these steps again, the liens have to be changed, etc.

Chairman Delzer: So the trucks will be registered in both states.

Representative Brandenburg: That's how it appears. It makes sense.

Representative Skarphol: But it doesn't affect the licensing aspect of it, it's just the registration that this affects?

Representative Brandenburg: That's right. We have reciprocity with Minnesota, but not with Montana. If you go to Montana, you have to buy a plate over there. It takes care of

the east and south side, but there may be some issues with the west side. That's a work in process until we get reciprocity with them.

Representative Glassheim: This would cost the general fund \$133,000, and it would also cost the \$116,000 to update the computer system as a one-time expense?

Chairman Delzer: The Fiscal Note from 2/1/11 shows it to be a cost. This does not put any money anywhere. I don't know if the Senate would put this in the DOT budget on the Senate side or not, we can't affect that budget anymore. Apparently when it went through the Senate it cost \$133,000 to the general fund. There are two different Fiscal Notes. The one you're looking at from 1/24 shows that reduction, but the one from 2/1 does not show that reduction, though it does show the same cost for the software update. Apparently when the bill came to the Senate, it would have cost \$133,000 to the general fund, and an amendment they put on in the Senate must have taken that off. Any further discussion?

Representative Brandenburg: I move Do Pass.

Representative Kempenich: Second.

Chairman Delzer: Discussion? Seeing none, we'll call the roll for a Do Pass. Motion carries 19-0-2. This came from the Transportation Committee; as we didn't make any changes, we'll leave Representative Gruchalla as the carrier.

Date: 3/23
 Roll Call Vote #: 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2188

House Appropriations Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Brandenburg Seconded By Rep. Kempenich

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------------|-----|----|--------------------------|-----|----|
| Chairman Delzer | X | | Representative Nelson | X | |
| Vice Chairman Kempenich | X | | Representative Wieland | X | |
| Representative Pollert | X | | | | |
| Representative Skarphol | X | | | | |
| Representative Thoreson | X | | Representative Glassheim | X | |
| Representative Bellew | X | | Representative Kaldor | | |
| Representative Brandenburg | X | | Representative Kroeber | X | |
| Representative Dahl | X | | Representative Metcalf | X | |
| Representative Dosch | X | | Representative Williams | X | |
| Representative Hawken | X | | | | |
| Representative Klein | X | | | | |
| Representative Kreidt | X | | | | |
| Representative Martinson | | | | | |
| Representative Monson | X | | | | |

Total (Yes) 19 No 0

Absent 2

Floor Assignment: Rep. Gruchalla

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

REPORT OF STANDING COMMITTEE

SB 2188, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)
recommends **DO PASS** (19 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING).
Engrossed SB 2188 was placed on the Fourteenth order on the calendar.

2011 TESTIMONY

SB 2188

SB 2188 -Relates To The Exclusions From The Certificate Of Title Requirements For Vehicles Regularly Engaged In Interstate Transportation.

Transportation – Lewis & Clark, 9:30 AM, 1/21/11

Good Morning Committee Members. I am Gary A. Lee, Senator from District 22.

SB 2188 is brought forward in a cooperative effort between the DOT & the ND Motor Carriers Association.

Currently, ND has been a title holding State. This requires an out of State CMV owner/operator to transfer their vehicle title to ND, if they are going to work regularly in our State. That process can create delays for putting a trucker to work. Lien holders may be reluctant to release a title. Mail can be slow. The internal process can be inefficient.

SB 2188 would simplify the process. It would exempt these out of State owner/operators from the title transfer requirement if registered in accordance with the international registry plan. ND would accept a title copy. The owner/operator would pay a proportionate registration fee based on miles traveled in ND.

The Bill will benefit ND carriers who hire the service of an out of State owner/operator to transport goods & services. It improves work efficiency for the State & Motor Carrier.

Mr. Chairman & Members of the Committee, that is a brief summary of the Bill. Members of both groups are here to discuss the Bill. I hope you will give it favorable consideration.

**TESTIMONY
SENATE BILL 2188
TRANSPORTATION COMMITTEE
JANUARY 20, 2011**

Mr. Chairman and members of the Senate Transportation committee my name is Tom Balzer, executive vice president of the North Dakota Motor Carriers Association. I am here this morning to testify in support of Senate Bill 2188.

Senate Bill 2188 establishes more flexibility for the Department of Transportation to provide registration to those engaged in interstate commerce by not requiring a title transfer if they provide proof of a valid title in another state.

Owner operators who sign on with a carrier are required to register their vehicle under the carrier's authority and if that owner operator is an out of state resident are required, because North Dakota is a title holding state, to do a title transfer of the vehicle to a North Dakota title.

Currently under law those engaged in interstate commerce are exempt from the requirement to title. This law dates back to the days when motor carriers were required to register in each state in which they did business individually. Obviously it would be egregious to expect a motor carrier to change their title multiple times for the purpose of registration in individual states and they were exempted from the titling process.

This section of law became obsolete when North Dakota joined the International Registration Plan but was never removed from the books. The International Registration Plan is a registration reciprocity agreement among states of the United States, the District of Columbia and provinces of Canada providing for payment of license fees on the basis of fleet distance operated in various jurisdictions.

In recent years the tightening of the banking industry and the short duration of owner operator contracts there has been reluctance by banks to release the title for re-titling and considerable down time in the process which makes getting out of state owner operators to work more difficult.

In response to this problem the Department of Transportation developed a temporary registration process, but we feel this is only a stop gap measure that does not address the true problem. Passage of this legislation would allow for the Department of Transportation to issue registration for vehicles upon receiving a copy of a valid title from another state as long as the carrier is participating in the International Registration Plan.

We have worked with the Department of Transportation to develop this language and I would ask that you give SB 2188 a DO PASS recommendation.

Mr. Chairman, this concludes my testimony, I would be happy to answer any questions the committee members may have.

HOUSE TRANSPORTATION COMMITTEE
Date: January 21st – 9:30 a.m. – Lewis and Clark

North Dakota Department of Transportation
Linda Sitz, Director, Motor Vehicle Division

SB2188

Mr. Chairman and members of the committee. I'm Linda Sitz, Director of the Motor Vehicle Division at the North Dakota Department of Transportation (DOT). I have with me, Frank LaQua, who heads our Motor Carrier section. Thank you for giving me the opportunity to present information to you today.

The DOT currently requires ND based interstate motor carriers to title vehicles before they can register these vehicles.

Senate Bill 2188 creates an exemption from this requirement. If the vehicles are registered in the International Registration Plan (IRP) and have a certificate of title from another state, they fit into this exemption. Vehicles in this IRP program pay a proportional registration fee to each state in which they do business based on miles traveled in that respective state. The carrier has a cab card which shows the states in which they are licensed to operate.

The DOT and the North Dakota Motor Carrier Association (NDMCA) have met several times and have agreed on the proposed language assuming DOT Motor Vehicle receives the funding in the fiscal note to make the necessary IT changes.

DOT has two registration systems, Vehicle Registration Titling System (VRTS) and Commercial Vehicle Information Systems Network (CVISN). Both are programmed such that they need a title to create a registration. Because of this legislative proposal, both systems will need programming changes. ITD estimates these system updates will cost \$116,987.

This bill will also change the motor vehicle excise tax collection with a reduction of approximately \$133,000 per biennium, based on 2010 information. Excise tax collections will be reduced on IRP registered vehicles from Alaska, Delaware, Montana, New Hampshire and Oregon, because all other states have reciprocal excise tax agreements with ND.

Thank you, Mr. Chairman, I would be happy to answer any questions.

TESTIMONY
SENATE BILL 2188
TRANSPORTATION COMMITTEE
FEBRUARY 4, 2011

Mr. Chairman and members of the House Transportation committee my name is Tom Balzer, executive vice president of the North Dakota Motor Carriers Association. I am here this morning to testify in support of Senate Bill 2188.

Senate Bill 2188 establishes more flexibility for the Department of Transportation to provide registration to those engaged in interstate commerce by not requiring a title transfer if they provide proof of a valid title in another state.

Owner operators who sign on with a carrier are required to register their vehicle under the carrier's authority and if that owner operator is an out of state resident are required, because North Dakota is a title holding state, to do a title transfer of the vehicle to a North Dakota title.

Currently under law those engaged in interstate commerce are exempt from the requirement to title. This law dates back to the days when motor carriers were required to register in each state in which they did business individually. Obviously it would be egregious to expect a motor carrier to change their title multiple times for the purpose of registration in individual states and they were exempted from the titling process.

This section of law became obsolete when North Dakota joined the International Registration Plan but was never removed from the books. The International Registration Plan is a registration reciprocity agreement among states of the United States, the District of Columbia and provinces of Canada providing for payment of license fees on the basis of fleet distance operated in various jurisdictions.

In recent years the tightening of the banking industry and the short duration of owner operator contracts there has been reluctance by banks to release the title for re-titling and considerable down time in the process which makes getting out of state owner operators to work more difficult.

In response to this problem the Department of Transportation developed a temporary registration process, but we feel this is only a stop gap measure that does not address the true problem. Passage of this legislation would allow for the Department of Transportation to issue registration for vehicles upon receiving a copy of a valid title from another state as long as the carrier is participating in the International Registration Plan.

We have worked with the Department of Transportation to develop this language and I would ask that you give SB 2188 a DO PASS recommendation.

Mr. Chairman, this concludes my testimony, I would be happy to answer any questions the committee members may have.

HOUSE TRANSPORTATION COMMITTEE
March 10, 2011 – 9:00 a.m. – Fort Totten

North Dakota Department of Transportation
Linda Sitz, Director, Motor Vehicle Division

SB2188

Mr. Chairman and members of the committee. I'm Linda Sitz, Director of the Motor Vehicle Division at the North Dakota Department of Transportation (DOT). I have with me, Frank LaQua, who heads our Motor Carrier section. Thank you for giving me the opportunity to present information to you today.

The DOT currently requires N.D. based interstate motor carriers to title vehicles in N.D. before they can register these vehicles.

Senate Bill 2188 creates an exclusion from this requirement. If the vehicles are registered in the International Registration Plan (IRP) and have a certificate of title from another state, they may fit into this exclusion. Vehicles in the IRP program pay a proportional registration fee to each state in which they do business based on miles traveled in that respective state. The carrier has a cab card which shows the states in which they are licensed to operate.

This bill change will affect all IRP transactions from states which have a reciprocal excise tax agreement with the state of North Dakota. Vehicles titled from states who do not have a reciprocal excise tax agreement with North Dakota will be required to title these vehicles in North Dakota. The non reciprocal excise tax states are Alaska, Delaware, Montana, New Hampshire and Oregon.

NDDOT expressed guarded support for this legislation IF we get the funding to make the necessary IT changes. If the necessary appropriation is not made, we will be unable to support this change. Currently as our budget now stands, it does not contain the funding for this IT modification.

DOT has two registration systems, Vehicle Registration Titling System (VRTS) and Commercial Vehicle Information Systems Network (CVISN). Both are programmed such that they need a ND title to create a registration. Because of this legislative proposal, both systems will need programming changes. ITD estimates the system updates will cost \$116,987.

Thank you, Mr. Chairman, I would be happy to answer any questions.

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**TESTIMONY
SENATE BILL 2188
APPROPRIATIONS COMMITTEE
FEBRUARY 4, 2011**

Mr. Chairman and members of the Senate Appropriations committee my name is Tom Balzer, executive vice president of the North Dakota Motor Carriers Association. I am here this morning to testify in support of Senate Bill 2188.

Senate Bill 2188 establishes more flexibility for the Department of Transportation to provide registration to those engaged in interstate commerce by not requiring a title transfer if they provide proof of a valid title in another state.

Owner operators who sign on with a carrier are required to register their vehicle under the carrier's authority and if that owner operator is an out of state resident are required, because North Dakota is a title holding state, to do a title transfer of the vehicle to a North Dakota title.

Currently under law those engaged in interstate commerce are exempt from the requirement to title. This law dates back to the days when motor carriers were required to register in each state in which they did business individually. Obviously it would be egregious to expect a motor carrier to change their title multiple times for the purpose of registration in individual states and they were exempted from the titling process.

This section of law became obsolete when North Dakota joined the International Registration Plan but was never removed from the books. The International Registration Plan is a registration reciprocity agreement among states of the United States, the District of Columbia and provinces of Canada providing for payment of license fees on the basis of fleet distance operated in various jurisdictions.

In recent years the tightening of the banking industry and the short duration of owner operator contracts there has been reluctance by banks to release the title for re-titling and considerable down time in the process which makes getting out of state owner operators to work more difficult.

In response to this problem the Department of Transportation developed a temporary registration process, but we feel this is only a stop gap measure that does not address the true problem. Passage of this legislation would allow for the Department of Transportation to issue registration for vehicles upon receiving a copy of a valid title from another state as long as the carrier is participating in the International Registration Plan.

We have worked with the Department of Transportation to develop this language and I would ask that you give SB 2188 a DO PASS recommendation.

Mr. Chairman, this concludes my testimony, I would be happy to answer any questions the committee members may have.

SB 2188
March 17, 2011
Attachment 1

**TESTIMONY
SENATE BILL 2188
TRANSPORTATION COMMITTEE
FEBRUARY 4, 2011**

Mr. Chairman and members of the House Transportation committee my name is Tom Balzer, executive vice president of the North Dakota Motor Carriers Association. I am here this morning to testify in support of Senate Bill 2188.

Senate Bill 2188 establishes more flexibility for the Department of Transportation to provide registration to those engaged in interstate commerce by not requiring a title transfer if they provide proof of a valid title in another state.

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We have worked with the Department of Transportation to develop this language and I would ask that you give SB 2188 a DO PASS recommendation.

Mr. Chairman, this concludes my testimony, I would be happy to answer any questions the committee members may have.