

2013 SENATE TRANSPORTATION

SB 2098

2013 SENATE STANDING COMMITTEE MINUTES

Senate Transportation Committee
Lewis and Clark Room, State Capitol

Senate Bill 2098
January 17, 2013
Recording job number 17326

Conference Committee

Norio E. Perez

Explanation or reason for introduction of bill/resolution:

This bill would permit the North Dakota Department of Transportation (DOT) to refund the unused portion of registration fees on vehicles transferred but not replaced with another vehicle.

Minutes:

Attached testimony: 1

Linda Sitz Director of Motor Vehicles North Dakota Department of Transportation (DOT) is not taking a position on this bill. See testimony 1

No additional testimony in favor. No testimony against.

Chairman Oehlke delayed decision until similar Bill SB 2133 is heard tomorrow. Hearing closed no discussion.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Transportation Committee
Lewis and Clark Room, State Capitol

Senate Bill 2098
January 18, 2013
Recording job number 17396, segment 12:14 to 15:23

Conference Committee

David E. Perez

Explanation or reason for introduction of bill/resolution:

This bill would permit the North Dakota Department of Transportation (DOT) to refund the unused portion of registration fees on vehicles transferred but not replaced with another vehicle.

Minutes:

Chairman Oehlke

Opened the discussion on SB 2098 similar to SB 2133 but preferred because it is more complete.

Senator Sinner Moved do pass and rerefer to Appropriations

Vice Chairman Armstrong Seconded

Roll call vote: Yes 7 No 0 Absent not voting 0

Carrier Senator Sitte

FISCAL NOTE
Requested by Legislative Council
12/21/2012

Bill/Resolution No.: SB 2098

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$140,000		\$105,000
Appropriations				\$140,000		\$105,000

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 provides for a refund of the unused portion of vehicle registrations when a vehicle is transferred and not replaced with another vehicle.

- 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.*

An accurate revenue impact for this bill cannot be determined at this time. To this point in time, NDDOT has not tracked the number of vehicles transferred and not replaced with another vehicle; we have no way of estimating the number of refunds that might result from this bill because we don't know how many vehicles are transferred without a "replacement" vehicle. Any motor vehicle registration fees refunded under this bill and related NDDOT expenditures would result in a loss of funding to the Highway Tax Distribution fund. The Highway Tax distribution fund is distributed between NDDOT (61.3%), cities (12.5%), counties (22%), townships (2.7%), and the Public Transportation Fund (1.5%); accordingly, those jurisdictions would realize an undetermined reduction in their revenues from the Highway Tax Distribution Fund. NDDOT would incur additional costs as a result of this bill including computer reprogramming, temporary help, form design, and printing.

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.*

An accurate revenue impact for this bill cannot be determined at this time. To this point in time, NDDOT has not tracked the number of vehicles transferred and not replaced with another vehicle; we have no way of estimating the number of refunds that might result from this bill because we don't know how many vehicles are transferred without a "replacement" vehicle. Any motor vehicle registration fees refunded under this bill and related NDDOT expenditures would result in a loss of funding to the Highway Tax Distribution fund. The Highway Tax distribution fund is distributed between NDDOT (61.3%), cities (12.5%), counties (22%), townships (2.7%), and the Public Transportation Fund (1.5%); accordingly, those entities would realize an undetermined reduction in their revenues from the Highway Tax Distribution Fund.

- 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.*

NDDOT would incur additional costs totaling \$140,000 the first biennium as a result of this bill. This includes computer reprogramming (\$30,000), temporary help (\$100,000), and form design and printing (\$10,000). Second biennium costs will be somewhat less because programming and form design will have been accomplished in the first biennium. Accordingly, the second biennium costs would consist of temporary help (\$100,000) and printing (\$5,000).

- 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 would require additional appropriation of \$140,000 for the first biennium and \$105,000 in subsequent bienniums to handle the provisions of this bill. These amounts were not included in the executive budget recommendation.

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 01/10/2013

**2013 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL NO. 2098**

Senate _____ TRANSPORTATION _____ Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass and Refer to Appropriations

Motion Made By Senator Sinner Seconded By Vice Chairman Armstrong

Senators	Yes	No	Senator	Yes	No
Chairman Dave Oehlke	X		Senator Tyler Axness	X	
Vice Chairman Kelly Armstrong	X		Senator George Sinner	X	
Senator Margaret Sitte	X				
Senator Tim Flakoll	X				
Senator Tom Campbell	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Sitte

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

REPORT OF STANDING COMMITTEE

SB 2098: Transportation Committee (Sen. Oehlke, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2098 was rereferred to the Appropriations Committee.

2013 SENATE APPROPRIATIONS

SB 2098

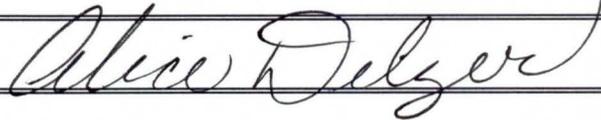
2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

SB 2098
January 30, 2013
Job # 17946

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact sections 39-04-36 and 39-04-39.2 of the North Dakota Century Code, relating to the return of vehicle registration fees.

Minutes:

See attached testimony #!

Chairman Holmberg called the committee to order on Wednesday, January 30, 2013 in regards to SB 2098. Roll call was taken. All committee members were present except Senator Warner. Tammy R. Dolan from OMB and Brady Larson from Legislative Council were also present. he stated some bills would be passed out of committee this morning.

Senator Mathern stated he had some bills he had to testify in so he would appreciate it if he could give his vote when he gets back. He was told yes, we would do that

Don Schaible, Senator District 31, Mott is sponsor of the bill and introduced the bill to the committee. This bill is a referral from Transportation. This bill is to refund these portions of registration fees of vehicles that are sold, transferred or no longer used as a motor vehicle such as one that is disposed of. The refund would be available if the registration is not transferred to another vehicle so if you trade it in or take your registration and transfer it to another vehicle, it's just a refund for registrations that are no longer needed. The application for this refund should apply within 30 days of the transfer, the license plates returned to the department a \$5.00 fee collected, the fee would be prorated for every month beginning with the first day of the next month so if your transfer is in June the refund won't start until July 1st and then prorated. (4.01) The next thing on the fiscal note does not give an estimate of how revenue would be lost from the refund but does include some software configuration and some temporary help to manage these funds. \$140,000 would be needed to update the software system, to whatever we need to track this and make these refunds available that's for the 13-15 biennium and then for the 15-17 biennium is \$105,000 for temporary help and manage that accounts. We feel this refund is appropriate because when you're no longer needing the registration it's like taxing something for what you don't need. (5.28)

Senator Krebsbach: Has this ever been done in the past?

Senator Schaible: I don't know. As far as my knowledge there is no tracking of how many of these registrations are in use so that's probably the biggest unknown right now.

Chairman Holmberg: It is possible it might go into the DOT subcommittee; **Senator Gary Lee, myself, Senator Wanzek and Senator O'Connell.**

Senator Wanzek: What was the thought behind the \$5 fee?

Senator Schaible: The \$5 fee was in section 39-04-06 before so it was just a transfer registration. You know it's the same fee that you use to transfer registration. Maybe that needs to be adjusted up.

Senator Gary Lee: So the \$5 fee would remain with the motor vehicle of whatever the refund would be?

Senator Schaible: When you want to get a refund for a vehicle you would take your license plates and your registration in and the \$5.00 fee and request the refund.

Senator Gary Lee: What's the typical registration fee total?

Senator Schaible: It depends on the value of the vehicle, I guess it's \$100.00 on up.

Chairman Holmberg: The age and weight, isn't it. He was told yes.

Linda Sitz, Director of the Motor Vehicle Division for the NDDOT. Testimony attached # 1. (08:27) DOT is not taking a position on this bill, however, we would like to discuss process if this bill were to pass. This bill would permit NDDOT to refund the unused portion of registration fees on vehicles transferred but not replaced with another vehicle. 10.39)

Senator Wanzek: In reading your testimony that would take money out of the fund if that vehicle is not re-registered, but say I sell my vehicle to Chairman Holmberg and I don't want to replace that can I request a refund on my registration fees then if this were to pass and then he would be obligated to re-register under his name. He was told that is correct. So when he re-registers we still would collect the registration fees for that vehicle. It would only be those vehicles not re-registered or titled or scrapped that we would lose money on.

Linda Sitz: The bill is stating if you sell a vehicle and you don't re-register another vehicle then you get the refund. That other person would end up definitely registering that vehicle.

Chairman Holmberg: Would there be double payments if he had 6 months left on the tabs, and he got the refund for those 6 months because he no longer has that vehicle, would I be paying for those 6 months when I re-register the vehicle?

Linda Sitz: Are you saying you as the new owner are you double paying for what that person paid? (12.28)

Chairman Holmberg: He has 6 months left. I get the vehicle and now I'm registering it and I have to pay for the next year, aren't I paying for 6 months, for the first 6 months that he's already paid for. Is there not a double payment?

Linda Sitz: The intent of the bill for those remaining 6 months he would get that money back. So when you purchase a vehicle it's based on the purchase date of the vehicle. So you would have to pay for your year's registration. So technically there is no double dipping on this.

Chairman Holmberg: Without this law there would be? If there was \$100.00 left on his registration fee and I had to pay that \$100.00 because I've registered it, there are \$200 then unless this bill passes which gives him back the \$100.00.

Linda Sitz: That is correct because the current law is plate with owner, so when you sell his vehicle he takes the plate off.

Vice Chairman Bowman I purchased a pickup, sold my other pickup, I received nothing back when I sold it, did you credit for that that you already paid in, how does that work?

Linda Sitz: The way the current law works is if you sell your vehicle and then purchase a new vehicle that remaining credit gets transferred to your new purchase. We did not refund if you sold it after the fact.

Vice Chairman Bowman: If this bill is implemented I could have gotten a refund on the balance remaining. He was told that is correct. (14.58)

Senator Gary Lee: You are saying that there would be \$140,000 cost or lost revenue plus in going forward \$100,00 that wouldn't be coming to the DOT because you would be keeping that registration amount that wasn't reimbursed plus you'd have to add some staff and some programming to accommodate this, is that correct? He was told that is correct.

Chairman Holmberg: Anyone else wishing to testify on SB 2098. There was none, the hearing was closed on SB 2098. We will put 2098 into our subcommittee which includes the people I already mentioned, Lee, Wanzek, myself and O'Connell.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

SB 2098 Subcommittee
02-05-2013
Job Number 18319

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A subcommittee hearing in reference to Vehicle Registration Fees

Minutes:

Chairman Lee called the subcommittee to order on Tuesday, February 05, 2013 at 3:30 pm in regards to SB 2098. All committee members were present: Sen. Lee, Sen. Holmberg, Sen. Wanzek, and Sen. O'Connell. Brady Larson from Legislative Council and Tammy R. Dolan from OMB were present.

This bill allows a vehicle registration refund if you sell a vehicle and don't replace it with another one. He explained the process. He said it's pretty hard to justify not being able to get your money back when find yourself in this situation.

I do have amendment # 13.0040.01001. It replaces the \$5 fee with a \$20 fee. They could use a little more time with implementation of this so my amendment would say July 1, 2014. Those are the two changes I would like to recommend in the bill.

Senator Wanzek: I would agree with you if I could ask a question of Linda. What would be an average 1/12 of an average registration fee on a personal auto?

Linda Butz, Deputy Director for Driver and Vehicle Services, responded that registration fees are on a sliding scale based on years and pound. An average car might be \$120 per year. That would be 10 per month for a refund.

Senator Wanzek If we only had 2 months left then \$20 probably wouldn't make it worth filing for a refund.

Ms. Butz As with all things that is probably true. There is a breakeven point where below a certain fee it isn't feasible and above it is. We haven't figured the break even.

Senator Wanzek I feel the bill as it is would be a lot better than what we have now for those in this situation.

Senator O'Connell The majority of these would be older vehicles with less coming back, wouldn't you estimate?

Ms. Butz Currently we can't estimate, because we don't track that at all.

Senator Holmberg Do you have a breakoff point that you don't refund?

Ms. Butz Currently our breakoff is \$3.00. We don't refund for \$3 and below.

Chairman Lee: Would those temporary registrations out in the oil fields be included in this?

Ms. Butz I would assume that they are not. They are a different type of registration. We don't refund those temporary registrations. Most are out of state.

Senator Holmberg I would move your amendment .01001

Second by **Senator Wanzek**.

Roll call vote: All yes. Amendment will be brought back to the full committee for consideration

The subcommittee meeting on SB 2098 was adjourned.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

SB 2098
02-07-2013
Job # 18471

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for Vehicle Registration (Do Pass as Amended)

Minutes:

See attached testimony

Chairman Holmberg opened the hearing on SB 2098. All committee members were present.

Brady Larson and Adam Mathiak - Legislative Council
Tammy R. Dolan - OMB

Senator Gary Lee stated the bill came from the Transportation Committee and explained the bill to the committee. He submitted Testimony attached #1 Amendment # 13.0040.01001 that would replace the \$5 fee with the \$20, simply because there is a cost in the work to generate the refund and a check and that we would move the date back to July 2014, just allow them more time they would need.

Senator Gary Lee moved the amendment .01001. 2nd by Senator Kilzer.

Vice Chairman Bowman asked about the refund.

Senator Gary Lee: As they indicated they don't know what the refunds will be but the average house car and pickup that are lumped in same category, the registration is based on weight and years of that vehicle and it could range from \$73 to 250 in registration fee so your refund would be based on that prorated amount you have left minus the \$20.00.

Chairman Holmberg all in favor of the amendment say aye. It carried.

Senator Gary Lee Moved Do Pass as Amended. 2nd by Senator Wanzek.

Chairman Holmberg: Call the roll on Moved Do Pass as Amended on 2098. **A Roll Call vote was taken. Yea: 10 Nay: 3 Absent: 0.**

Senator Schaible from Transportation will carry the bill. The hearing was closed on SB 2098

FISCAL NOTE
Requested by Legislative Council
12/21/2012

Bill/Resolution No.: SB 2098

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$140,000		\$105,000
Appropriations				\$140,000		\$105,000

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

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Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 provides for a refund of the unused portion of vehicle registrations when a vehicle is transferred and not replaced with another vehicle.

- 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.*

An accurate revenue impact for this bill cannot be determined at this time. To this point in time, NDDOT has not tracked the number of vehicles transferred and not replaced with another vehicle; we have no way of estimating the number of refunds that might result from this bill because we don't know how many vehicles are transferred without a "replacement" vehicle. Any motor vehicle registration fees refunded under this bill and related NDDOT expenditures would result in a loss of funding to the Highway Tax Distribution fund. The Highway Tax distribution fund is distributed between NDDOT (61.3%), cities (12.5%), counties (22%), townships (2.7%), and the Public Transportation Fund (1.5%); accordingly, those jurisdictions would realize an undetermined reduction in their revenues from the Highway Tax Distribution Fund. NDDOT would incur additional costs as a result of this bill including computer reprogramming, temporary help, form design, and printing.

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.*

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- 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.*

NDDOT would incur additional costs totaling \$140,000 the first biennium as a result of this bill. This includes computer reprogramming (\$30,000), temporary help (\$100,000), and form design and printing (\$10,000). Second biennium costs will be somewhat less because programming and form design will have been accomplished in the first biennium. Accordingly, the second biennium costs would consist of temporary help (\$100,000) and printing (\$5,000).

- 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 would require additional appropriation of \$140,000 for the first biennium and \$105,000 in subsequent bienniums to handle the provisions of this bill. These amounts were not included in the executive budget recommendation.

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 01/10/2013

February 4, 2013

2/7/13
TD

PROPOSED AMENDMENTS TO SENATE BILL NO. 2098

Page 1, line 2, after "fees" insert "; and to provide an effective date"

Page 2, line 3, replace "five" with "twenty"

Page 2, after line 26, insert:

"SECTION 3. EFFECTIVE DATE. This Act becomes effective on July 1, 2014."

Renumber accordingly

Sub-Committee

Date: 2-5

Roll Call Vote # 1

**2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 2098

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number # 13.0040-01001

Action Taken _____

Motion Made By Holmberg Seconded By Wanzek

Senators	Yes	No	Senator	Yes	No
Chairman Ray Holmberg	✓		Senator Tim Mathern		
Co-Vice Chairman Bill Bowman			Senator David O'Connell	✓	
Co-Vice Chair Tony Grindberg			Senator Larry Robinson		
Senator Ralph Kilzer			Senator John Warner		
Senator Karen Krebsbach					
Senator Robert Erbele	✓				
Senator Terry Wanzek	✓				
Senator Ron Carlisle					
Senator Gary Lee	✓				

Total (Yes) Holmberg No Wanzek

Absent _____

Floor Assignment motion carried.

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

Date: 2-7-13

Roll Call Vote # 1

**2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 2098

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 13.0040.01001

Action Taken Do Pass

Motion Made By Lee Seconded By Kilzer

Senators	Yes	No	Senator	Yes	No
Chariman Ray Holmberg			Senator Tim Mathern		
Co-Vice Chairman Bill Bowman			Senator David O'Connell		
Co-Vice Chair Tony Grindberg			Senator Larry Robinson		
Senator Ralph Kilzer			Senator John Warner		
Senator Karen Krebsbach					
Senator Robert Erbele					
Senator Terry Wanzek					
Senator Ron Carlisle					
Senator Gary Lee					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

*Voice Vote
Carried*

Date: 2-7-13

Roll Call Vote # 2

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2098

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amended

Motion Made By Lee Seconded By Wanzek

Senators	Yes	No	Senator	Yes	No
Chariman Ray Holmberg	✓		Senator Tim Mathern	✓	
Co-Vice Chairman Bill Bowman	✓	✓	Senator David O'Connell	✓	
Co-Vice Chair Tony Grindberg	✓		Senator Larry Robinson	✓	
Senator Ralph Kilzer	✓		Senator John Warner	✓	✓
Senator Karen Krebsbach	✓				
Senator Robert Erbele	✓	✓			
Senator Terry Wanzek	✓				
Senator Ron Carlisle	✓				
Senator Gary Lee	✓				

Total (Yes) 10 No 3

Absent _____

Floor Assignment Lee or F+T

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

Schaible

REPORT OF STANDING COMMITTEE

SB 2098: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). SB 2098 was placed on the Sixth order on the calendar.

Page 1, line 2, after "fees" insert "; and to provide an effective date"

Page 2, line 3, replace "five" with "twenty"

Page 2, after line 26, insert:

"SECTION 3. EFFECTIVE DATE. This Act becomes effective on July 1, 2014."

Renumber accordingly

2013 HOUSE TRANSPORTATION

SB 2098

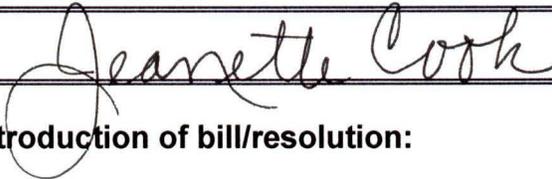
2013 HOUSE STANDING COMMITTEE MINUTES

House Transportation Committee Fort Totten Room, State Capitol

SB 2098
03-07-13
Job #19558

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A bill relating to the return of vehicle registration fees; and to provide an effective date.

Minutes:

Attachment 1.

Chairman Ruby opened the hearing on SB 2098.

Vice Chairman Owens asked for any testimony to support SB 2098.

Senator Donald Schaible, District 31, introduced SB 2098. It allows for refunds from the Department of Transportation for any unused registration fee that is no longer needed in the case that a vehicle is sold, destroyed, or disposed of. The application for this refund shall be applied for within thirty days of the transfer of the vehicle. The license plate would be returned to the department and a \$20 fee would be assessed. The motor vehicle registration fee would then be prorated by the month after the month of the transfer. The fiscal note does not give an estimate of the amount of revenue that would be lost from this refund. It does include some software configuration and temporary help to manage these funds. The effective date would be July 1, 2014.

There was no further support for SB 2098.

There was no opposition to SB 2098.

Linda Sitz, Director of Motor Vehicle Division, North Dakota Department of Transportation, testified in a neutral capacity on SB 2098. Written testimony was provided. See attachment #1.

There was no further testimony on SB 2098.

The hearing on SB 2098 was closed.

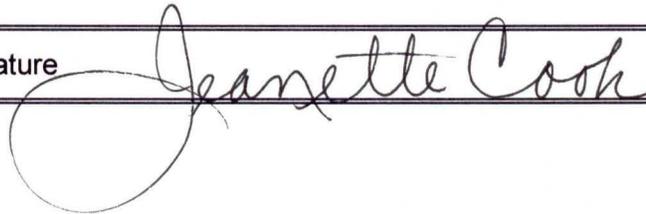
2013 HOUSE STANDING COMMITTEE MINUTES

House Transportation Committee
Fort Totten Room, State Capitol

SB 2098
03/07/13
Job # 19578

Conference Committee

Committee Clerk Signature



Minutes:

Chairman Ruby brought SB 2098 back before the committee and shortly reviewed the bill.

Representative Weisz moved a **DO NOT PASS** on SB 2098.

Representative Drovdal seconded the motion.

Representative Drovdal: This has high administrative costs, and it won't be used very often. Our registration fees already do not cover the costs of administration. I don't think this will help very many people, and it is an unnecessary expense for the motor vehicle department.

Chairman Ruby: Was there discussion about who might apply for these refunds?

Representative Kreun: I spoke with Linda Sitz, and she indicated that I may possibly be an advantage to an elderly person who has a new vehicle and can't drive it. The family might sell the car and the person may want to get the license fee back.

Representative Weisz: It is hard to even come up with a reason to have to get this refund. I don't think it is necessary, especially for the money that will be spent.

**A roll call vote was taken on SB 2098. Aye 12 Nay 1 Absent 1
The motion carried.**

Representative Kreun will carry SB 2098.

FISCAL NOTE
Requested by Legislative Council
02/08/2013

Amendment to: SB 2098

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This bill provides for a refund of the unused portion of vehicle registrations when a vehicle is transferred and not replaced with another vehicle.

- 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.*

Section 1 of this bill provides for a refund of the unused portion of vehicle registrations when a vehicle is transferred and not replaced with another vehicle, upon payment of a \$20 application fee. Section 3 provides for a delayed implementation date of July 1, 2014. A complete revenue impact for this bill cannot be determined at this time. To this point in time, NDDOT has not tracked the number of vehicles transferred and not replaced with another vehicle; we have no way of estimating the number of refunds that might result from this bill because we don't know how many vehicles are transferred without a "replacement" vehicle. Any motor vehicle registration fees refunded under this bill and related NDDOT expenditures would result in a loss of funding to the Highway Tax Distribution fund. The Highway Tax distribution fund is distributed between NDDOT (61.3%), cities (12.5%), counties (22%), townships (2.7%), and the Public Transportation Fund (1.5%); accordingly, those jurisdictions would realize an undetermined reduction in their revenues from the Highway Tax Distribution Fund. NDDOT would incur additional implementation and processing costs as a result of this bill including computer reprogramming, temporary help, form design, and printing.

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.*

A complete revenue impact for this bill cannot be determined at this time. To this point in time, NDDOT has not tracked the number of vehicles transferred and not replaced with another vehicle; we have no way of estimating the number of refunds that might result from this bill because we don't know how many vehicles are transferred without a "replacement" vehicle. The bill does provide for a \$20 fee to accompany the application for refund. Accordingly, in order to recover the implementation and processing costs costs identified in part 3B of this fiscal note, NDDOT would have to process 4,500 applications for refund from July 1, 2014 (the effective date of this bill) to June 30,

2015, and 5,250 per biennium thereafter (2,625 per year). If this volume of refunds is not realized, the remaining costs in excess of realized revenue would result in a loss of funding distributed through the Highway Tax Distribution Fund. Likewise, the fees associated with any applications processed beyond the 4,500 and 5,250 volume identified above would result in a \$20 increase per application in the amount of revenue available for allocation through the Highway Tax Distribution Fund. In addition to the fiscal impact associated with the \$20 fee and the implementation and processing costs, any motor vehicle registration fees refunded under this bill would result in a loss of funding to the Highway Tax Distribution fund. The Highway Tax distribution fund is distributed between NDDOT (61.3%), cities (12.5%), counties (22%), townships (2.7%), and the Public Transportation Fund (1.5%); accordingly, those entities would realize an undetermined reduction in their revenues from the Highway Tax Distribution Fund.

- 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.*

NDDOT would incur additional implementation and processing costs totaling \$90,000 the first biennium as a result of this bill. This includes computer reprogramming (\$30,000), temporary help (\$50,000 - this is 1/2 of the full biennium cost due to the delayed implementation date), and form design and printing (\$10,000). Second biennium costs would consist of temporary help (\$100,000) and printing (\$5,000).

- 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 would require additional appropriation of \$90,000 for the first biennium and \$105,000 in subsequent bienniums to handle the provisions of this bill. These amounts were not included in the executive budget recommendation.

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 02/08/2013

FISCAL NOTE
Requested by Legislative Council
12/21/2012

Bill/Resolution No.: SB 2098

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$140,000		\$105,000
Appropriations				\$140,000		\$105,000

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 provides for a refund of the unused portion of vehicle registrations when a vehicle is transferred and not replaced with another vehicle.

- 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.*

An accurate revenue impact for this bill cannot be determined at this time. To this point in time, NDDOT has not tracked the number of vehicles transferred and not replaced with another vehicle; we have no way of estimating the number of refunds that might result from this bill because we don't know how many vehicles are transferred without a "replacement" vehicle. Any motor vehicle registration fees refunded under this bill and related NDDOT expenditures would result in a loss of funding to the Highway Tax Distribution fund. The Highway Tax distribution fund is distributed between NDDOT (61.3%), cities (12.5%), counties (22%), townships (2.7%), and the Public Transportation Fund (1.5%); accordingly, those jurisdictions would realize an undetermined reduction in their revenues from the Highway Tax Distribution Fund. NDDOT would incur additional costs as a result of this bill including computer reprogramming, temporary help, form design, and printing.

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.*

An accurate revenue impact for this bill cannot be determined at this time. To this point in time, NDDOT has not tracked the number of vehicles transferred and not replaced with another vehicle; we have no way of estimating the number of refunds that might result from this bill because we don't know how many vehicles are transferred without a "replacement" vehicle. Any motor vehicle registration fees refunded under this bill and related NDDOT expenditures would result in a loss of funding to the Highway Tax Distribution fund. The Highway Tax distribution fund is distributed between NDDOT (61.3%), cities (12.5%), counties (22%), townships (2.7%), and the Public Transportation Fund (1.5%); accordingly, those entities would realize an undetermined reduction in their revenues from the Highway Tax Distribution Fund.

- 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.*

NDDOT would incur additional costs totaling \$140,000 the first biennium as a result of this bill. This includes computer reprogramming (\$30,000), temporary help (\$100,000), and form design and printing (\$10,000). Second biennium costs will be somewhat less because programming and form design will have been accomplished in the first biennium. Accordingly, the second biennium costs would consist of temporary help (\$100,000) and printing (\$5,000).

- 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 would require additional appropriation of \$140,000 for the first biennium and \$105,000 in subsequent bienniums to handle the provisions of this bill. These amounts were not included in the executive budget recommendation.

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 01/10/2013

Date: 3-7-13
 Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB2098**

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 Weisz Seconded By Drovdal

Representatives	Yes	No	Representatives	Yes	No
Chairman Dan Ruby	✓		Rep. Lois Delmore	✓	
Vice Chairman Mark Owens	✓		Rep. Edmund Gruchalla	✓	
Rep. Rick Becker	✓		Rep. Kylie Oversen	✓	
Rep. David Drovdal	✓				
Rep. Robert Frantsvog	✓				
Rep. Brenda Heller		✓			
Rep. Curtiss Kreun	✓				
Rep. Mike Schatz	A				
Rep. Gary Sukut	✓				
Rep. Don Vigesaa	✓				
Rep. Robin Weisz	✓				

Total (Yes) 12 No 1

Absent 1

Floor Assignment Kreun

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

REPORT OF STANDING COMMITTEE

SB 2098, as engrossed: Transportation Committee (Rep. Ruby, Chairman) recommends
DO NOT PASS (12 YEAS, 1 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed SB 2098 was placed on the Fourteenth order on the calendar.

2013 TESTIMONY

SB 2098

Senate Transportation COMMITTEE
January 17, 2013 – 9:45 a.m. – Lewis and Clark Room

North Dakota Department of Transportation
Linda Sitz, Director of Motor Vehicle Division
Senate Bill 2098

Mr. Chairman and members of the committee, I'm Linda Sitz, Director of the Motor Vehicle Division for the North Dakota Department of Transportation. Thank you for giving me the opportunity to present information to you today.

NDDOT is not taking a position on this bill; however, we would like to discuss process if this bill were to pass. This bill would permit NDDOT to refund the unused portion of registration fees on vehicles transferred but not replaced with another vehicle. This bill would require the party transferring the vehicle to submit an application within 30 days of the transfer of the vehicle for the refund.

SB2098 is similar to SB2133 which is scheduled for hearing on January 18 at 9:40 a.m. Today I will comment only on SB2098, tomorrow I will contrast the difference between the two bills.

Currently when a vehicle is sold and another purchased, DOT allows a credit on registration fees of the new purchase equal to the time left on the registration of the vehicle sold. If no replacement vehicle is purchased, that credit is lost.

This bill provides a mechanism by which the DOT could refund the unused portion of the registration if the vehicle is sold during that registration period and NOT replaced by another vehicle.

SB2098 states:

1. Request needs to be made within 30 days of sales or transfer
2. An application must be filled out and given to DOT
3. A fee of \$5 must be paid
4. License plates must be returned to DOT
5. Then DOT is to return a fee of 1/12 of the annual fee for each month remaining in the registration period.

Motor Vehicle registration fees are deposited into the Highway Tax Distribution Fund for use by the DOT, counties, cities, townships, and the Public Transportation Fund. This legislation would reduce the money available for distribution to these entities. We are unaware of the amount of revenue that would no longer be available for distribution as DOT currently does not track the number of vehicles transferred but NOT replaced with another vehicle. Consequently, we have no way to reasonably estimate the amount of refunds and loss of revenue that might result from this bill.

This bill would have an impact on Motor Vehicle operations by increasing the volume of mail received and transactions processed by an unknown quantity. Additionally, the Vehicle Registration and Titling System currently will not accommodate these refunds. Consequently, there would be IT costs incurred to modify the system to make such transactions possible. We estimate the total cost of additional temporary staffing, reprogramming, form design and printing will cost approximately \$140,000 the first biennium and \$105,000 thereafter.

Mr. Chairman, I'd be happy to answer your questions at this time.

**SENATE APPROPRIATIONS COMMITTEE
January 30, 2013 – 8:30 a.m. – Harvest Room**

**North Dakota Department of Transportation
Linda Sitz, Director of Motor Vehicle Division
Senate Bill 2098**

Mr. Chairman and members of the committee, I'm Linda Sitz, Director of the Motor Vehicle Division for the North Dakota Department of Transportation. Thank you for giving me the opportunity to present information to you today.

DOT is not taking a position on this bill; however, we would like to discuss process if this bill were to pass. This bill would permit NDDOT to refund the unused portion of registration fees on vehicles transferred but not replaced with another vehicle. This bill would require the party transferring the vehicle to submit an application to DOT within 30 days of the transfer of the vehicle to receive a refund.

Currently, when a vehicle is sold and another purchased, DOT allows a credit on registration fees of the new purchase equal to the time left on the registration of the vehicle sold. If no replacement vehicle is purchased, that credit is lost.

This bill provides a mechanism by which the DOT could refund the unused portion of the registration if the vehicle is sold during that registration period and was NOT replaced by another vehicle.

SB2098 states:

1. Request needs to be made within 30 days of sales or transfer
2. An application must be filled out and given to DOT
3. A fee of \$5 must be paid
4. License plates must be returned to DOT
5. Then DOT is to return a fee of 1/12 of the annual fee for each month remaining in the registration period.

Motor Vehicle registration fees are deposited into the Highway Tax Distribution Fund for use by the DOT, counties, cities, townships, and the Public Transportation Fund. This legislation would reduce the money available for distribution to these entities. We are unaware of the amount of revenue that would no longer be available for distribution as DOT currently does not track the number of vehicles transferred but which are not replaced with another vehicle. Consequently, we have no way to reasonably estimate the amount of refunds and loss of revenue that might result from this bill.

This bill would have an impact on Motor Vehicle operations by increasing the volume of mail and transactions processed by an unknown quantity. Additionally, the current Vehicle Registration and Titling System will not accommodate these refunds. Consequently, there would

be IT costs incurred to modify the system to make such transactions possible. We estimate the total cost of additional temporary staffing, reprogramming, form design and printing will cost approximately \$140,000 the first biennium and \$105,000 thereafter.

Mr. Chairman, I'd be happy to answer your questions at this time.

#1

HOUSE TRANSPORTATION COMMITTEE
March 7th, 2013 – 9:30 a.m. – Ft. Totten

North Dakota Department of Transportation
Linda Sitz, Director of Motor Vehicle Division
Senate Bill 2098

Mr. Chairman and members of the committee, I'm Linda Sitz, Director of the Motor Vehicle Division for the North Dakota Department of Transportation. Thank you for giving me the opportunity to present information to you today.

DOT is not taking a position on this bill; however, we would like to discuss process if this bill were to pass. This bill would permit DOT to refund the unused portion of registration fees on vehicles transferred but not replaced with another vehicle. This bill would require the party transferring the vehicle to submit an application to DOT within 30 days of the transfer of the vehicle to receive a refund.

Currently, when a vehicle is sold and another purchased, DOT allows a credit on registration fees of the new purchase equal to the time left on the registration of the vehicle sold. If no replacement vehicle is purchased, that credit is lost.

This bill provides a mechanism by which the DOT could refund the unused portion of the registration if the vehicle is sold during that registration period and was NOT replaced by another vehicle.

SB2098 states:

1. Request needs to be made within 30 days of sales or transfer.
2. An application must be filled out and given to DOT.
3. A fee of \$20 must be paid.
4. License plates must be returned to DOT.
5. Then DOT is to return a fee of 1/12 of the annual fee for each month remaining in the registration period.

Motor Vehicle registration fees are deposited into the Highway Tax Distribution Fund for use by the DOT, counties, cities, townships, and the Public Transportation Fund. This legislation would reduce the money available for distribution to these entities. We are unaware of the amount of revenue that would no longer be available for distribution as DOT currently does not track the number of vehicles transferred but which are not replaced with another vehicle. Consequently, we have no way to reasonably estimate the amount of refunds and loss of revenue that might result from this bill.

This bill would have an impact on Motor Vehicle operations by increasing the volume of mail and transactions processed by an unknown quantity. Additionally, the current Vehicle Registration and Titling System will not accommodate these refunds. Consequently, there would

be IT costs incurred to modify the system to make such transactions possible. We estimate the total cost of additional temporary staffing, reprogramming, form design and printing will cost approximately \$90,000 the first biennium and \$105,000 thereafter.

Implementation of this bill is scheduled for July 1, 2014 as determined by the Senate Transportation committee given the anticipated volume of work that Motor Vehicle could potentially get with the other legislation working its way through this session such as the new plate issue.

Mr. Chairman, I'd be happy to answer your questions at this time.