

**2023 SENATE FINANCE AND TAXATION**

**SB 2176**

# 2023 SENATE STANDING COMMITTEE MINUTES

**Finance and Taxation Committee**  
Fort Totten Room, State Capitol

SB 2176  
1/17/2023

Relating to motor vehicle purchase price adjustments and the provision of a motor vehicle excise tax credit against the purchase price of a replacement vehicle; relating to the purchase price of a motor vehicle
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**10:05 AM Chairman Kannianen** opens the meeting.

Senators Present: **Kannianen, Weber, Magrum, Patten, Rummel, Piepkorn.**

**Discussion Topics:**

- Child support
- Fiscal note
- Trading in vehicle process
- Time limit on tax credit
- Potential fraud
- 3-year window

**10:05 AM Senator Vedaa** introduced bill.

**10:21 AM Brad Shaffer, North Dakota Department of Transportation,** neutral. #13593

**10:31 AM Chairman Kannianen** closes hearing.

*Nathan Liesen, Committee Clerk*

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Relating to motor vehicle purchase price adjustments and the provision of a motor vehicle excise tax credit against the purchase price of a replacement vehicle; relating to the purchase price of a motor vehicle.

**3:33 PM Chairman Kannianen** opened meeting.

**Senators Present: Kannianen, Weber, Magrum, Patten, Rummel, Piepkorn.**

**Discussion Topics:**

- “In and out” term
- Current practice

**3:38 PM Senator Rummel** moved a Do Not Pass on SB 2176.

**3:38 PM Senator Patten** seconded.

Roll call taken.

<b>Senators</b>	<b>Vote</b>
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motion passed. 6-0-0

Senator Rummel will carry the bill.

**3:41 PM Chairman Kannianen** adjourns meeting.

*Nathan Liesen, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2176: Finance and Taxation Committee (Sen. Kannianen, Chairman)** recommends **DO NOT PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2176 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.

**TESTIMONY**

**SB 2176**

**Senate Bill No. 2176****Finance and Taxation Committee**

Fort Totten Room | January 17, 2023, 10 a.m.

Brad Schaffer, Motor Vehicle

Good morning, Mr. Chairman and members of the committee. I'm Brad Schaffer, Interim Director of Motor Vehicle for the North Dakota Department of Transportation (NDDOT). I'm here to provide neutral testimony to SB 2176.

Senate Bill 2176 will change the motor vehicle purchase price credit calculation. Section 2 #5 adds an allowance for a credit to the purchase price for a vehicle sold in a private sale, similar to the trade-in credit allowed by motor vehicle dealers and also allows this credit to be used for a period of 3 years from the date of sale.

Currently, a trade-in credit is allowable only on retail (dealer) motor vehicle sales. The trade-in credit eligibility for a North Dakota titled vehicle is validated by entering the VIN of the traded vehicle in our database to verify ownership. Out-of-state vehicle ownership is validated by the motor vehicle dealer accepting the trade-in vehicle they are purchasing for resale. Motor vehicle excise tax is then collected on the resulting dealer sale.

This bill allows for a purchase price credit on a private party sale upon submission of a motor vehicle purchaser's certificate. The expected result of this change is a significant increase in NDDOT staff time researching ownership and eligibility for the credit. A minimum of two additional FTEs would be required to accommodate the changes based on an estimate of 25% of the new eligible transactions requiring research and review.

This bill will also remove the insurance deductible amount for inclusion in calculating credit on vehicles destroyed. This would require a form revision and for NDDOT to communicate the change to insurance providers.

Mr. Chairman, that concludes my testimony. I would be happy to answer any questions you may have.