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10/16/03
Date

2003 HOUSE POLITICAL SUBDIVISIONS

HB 1411

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1411

House Political Subdivisions Committee

Conference Committee

Hearing Date: January 31, 2003

Tape Number	Side A	Side B	Meter #
1		X	25.7-52.4
2	X		0.0-12.4
Committee Clerk Signature <i>Mikki Schmidt</i>			<i>2-18-03</i>

Minutes:

TAPE 1; SIDE B:

(25.7) REP. GLEN FROSETH: We will open the hearing on HB 1411.

(25.7) REP. GEORGE KEISER: (Testimony in support) (See attachment #1-amendment)

Explains the amendment. It is a hog house amendment to this Bill. The Bill originally allowed the cities to collect and deposit in the city's general fund a 1 percent sales tax if they want to, for rental cars that were rented for less than thirty days. the State Tax Dept. looked at the Bill they said that this will require us to redo every state tax form that we report to community with and the fiscal note would have been astronomical. However, the alternative way to do that is to create the new section and put it in with the visitor's promotion fund section and incorporate it in that. That would require no change in all of the forms and the policies and procedures that the State Tax Dept. uses and as a result we are offering a Hog house amendment. I believe economic development occurs at the local level. The state can do certain things to facilitate that. This past

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year for the first time, Tourism has become the second largest industry in our state, and it is the industry in our state that is really growing. Talked about the groups coming into Bismarck like the Women Bowlers. This Bill is to help Tourism to help tell our statehood. This will create jobs, revenue and help our state grow and prosper.

(33.0) REP. GLEN FROSETH: The home rule charter cities can charge tax if they have rentals longer than thirty days?

(33.2) REP. GEORGE KEISER: Yes, they can charge which go into promotion funds on rooms and food, but not on rental cars. Last session we had a Bill that enacted the rental car industry, because if you were to drive out to the Bismarck Airport, you would have seen about 100 rental cars out there with 65 to 70 with Idaho license plates on them. The reason was that Idaho has a certain tax condition that you can register and pay taxes in Idaho, so they would buy their cars here, license them in Idaho to defer the tax. It doesn't help support the community or the state. This is an attempt to develop the monies that help go out and sell the state of North Dakota and have those who are benefiting participate in that. The one downside is getting in a wreck.

(35.3) REP. MARY EKSTROM: Was there any consideration of going to a higher rate and have we looked at the states around us to see what they are doing and what kind of revenues they have generate from this?

(35.8) REP. GEORGE KEISER: ???

(36.4) REP. GLEN FROSETH: We have a fiscal note here that says that's on the original bill but HB 1411 is expected to increase city sales tax by an estimated by \$365,000 for the biennium.

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(37.5) TERRY HARIZINSKI; EXECUTIVE DIRECTOR OF THE CONVENTION

VISITORS BUREAU IN BISMARCK/MANDAN: (testimony in support) (See attachment #2)

(41.5) DAN HOUSE; OWNER/OPERATOR OF AVIS RENT A CAR FRANCHISE:

(Testimony in support) I support this because Tourism is important, revenue from out of state people, and looking at the total of taxes and rental fees on contracts. Right now we have an 11.5 percent airport fee, 5 percent state tax and 3 percent for ND surcharge.

(51.7) BILL WOOKEN; CITY ADMINISTRATOR OF BISMARCK: (Testimony in

support) The board of City Administrators do support this. The hog house amendment won't change any of the items supporting the state. We believe this promotion is critical for our success in ND. (52.7)

TAPE 2; SIDE A

(0.0) BILL WOOKEN: Continued testimony in support.

(0.8) CONNIE SPRYNCZYNATYK; LEAGUE OF CITIES: (Testimony in support)

(1.4) REP. GLEN FROSETH: On the original Bill, line 9, the overstricken language, apparently home rule cities were allowed to charge the sales taxes before. Is that what this says?

(1.5) CONNIE SPRYNCZYNATYK: No.

(3.1) REP. GLEN FROSETH: Now this is enabling the legislation. If this ere to be put in place by a city, they would specify who would be charged?

(3.4) CONNIE SPRYNCZYNATYK: It indicates rental of any motor vehicles less than thirty days.

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House Political Subdivisions Committee

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Hearing Date: January 31, 2003

(4.5) GARY ANDERSON; DIRECTOR OF SALES AND TAX OF STATE TAX

COMMISSION: (Testimony in support)

(6.6) JACK McDONALD; ON BEHALF OF INTERPRISE CAR COMPANY:

(Testimony in opposition) Our statistics show that only fifty percent of the business's locally, so you're actually adding a tax to the local people in the state. We have a nineteen and a half percent on our taxes right now. Maybe consider and distinguishing between airport rentals and city rentals. Most do operate out of the airports.

(10.2) REP. GLEN FROSETH: Any more in opposition? Hearing none, I will close the hearing on HB 1411.

Before we recess, our intern said she could handle this amendment that was offered for 1337.

The only thing we can adopt it to 1338 by just changing the top two lines. That's the refund of Kelly's and interest to the owner on a abated property tax. We need to pass this amendment by the State Tax Dept.

(11.2) REP. ANDREW MARAGOS: I WOULD MOVE THE AMENDMENT

(11.4) REP. NANCY JOHNSON: I SECOND IT.

(11.5) REP. GLEN FROSETH: This amendment has the number- 30558.0100 Any discussion on the amendment? If not, I will take a voice vote on the amendment. 14-y; 0-n
We have the amended Bill before us.

(12.1) REP. RON IVERSON: I MOVE A DO PASS AS AMENDED.

(12.1) REP. NANCY JOHNSON: I SECOND IT.

(12.3) REP. GLEN FROSETH: I will have the clerk call the Roll Call Vote: 13-y; 1-n; 0
absent; Carrier: Rep. Iverson.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1411

House Political Subdivisions Committee

Conference Committee

Hearing Date: January 31, 2003

Tape Number	Side A	Side B	Meter #
2	X		18.0-25.3
Committee Clerk Signature <i>Mickie Schmidt</i>			<i>2-18-03</i>

Minutes:

TAPE 2; SIDE A:

(17.5) REP. GLEN FROSETH: We will open the hearing on HB 1411. Committee discussion on HB 1411.

(17.8) REP. RON IVERSON: I like this, the only thing wrong is it's too low.

(18.6) REP. NANCY JOHNSON: The sponsor of this Bill said they wouldn't go over one percent.

(18.7) REP. MIKE GROSZ: I think one percent is way too high, we're not taxing the out of stators, we're taxing ourselves.

(19.0) REP. MARY EKSTROM: We're taxing us right now to get others to spend (out of stators.) We're not finding money anywhere else. I too would love to see an increase. We need that money.

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(19.6) REP. ANDREW MARAGOS: I think you made an excellent point. The other states that we go to don't hesitate for one moment. I don't think we should be ashamed one bit. I will support this Bill.

(20.0) REP. GIL HERBEL: I agree with them.

(20.5) REP. WILLIAM KRETSCHMAR: The Bill may go further than the sponsors intent. In the proposed amendment, the new language, " the rental of any motor vehicle". I couldn't find a definition of motor vehicle and the definition is very broad. It pertains to anything that has an engine that runs on wheels except a snowmobile. There are tractors rented out in the rural farm community. **(21.9)** Under Title 39, a motor vehicle is includes every vehicle that is self propelled.

(23.7) REP. GLEN FROSETH: There is a stipulation for renting farm equipment, they have to use it for so many hours. We'll hold this until next week. **(24.9)**

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1411

House Political Subdivisions Committee

Conference Committee

Hearing Date: February 6, 2003

Tape Number	Side A	Side B	Meter #
3	X		0.0-5.1
Committee Clerk Signature <i>Mickie Schmidt</i>			<i>2/20/03</i>

Minutes:

TAPE 3; SIDE A:

(0.1) CHAIRMAN GLEN FROSETH: We will open the hearing on HB1411. (Handed out amendment; attachment #1) The amendment was read and discussed.

(0.6) REP. ANDREW MARAGOS: I WOULD MOVE THE AMENDMENTS.

(0.6) REP. DALE SEVERSON: I SECOND IT.

(0.7) CHAIRMAN GLEN FROSETH: Discussion on the amendment. We'll take a voice vote on the amendments. All in favor say I, 14-y; 0-n. The amendment carries.

(2.3) REP. DALE SEVERSON: I MOVE A DO PASS AS AMENDED.

(2.3) REP. MARY EKSTROM: I SECOND IT.

(2.4) CHAIRMAN GLEN FROSETH: Any further discussion? Rep. Grosz was in opposition. I will have the clerk take the Roll Call Vote: 13-y; 1-n; 0-absent; Carrier; Rep.

Iverson. (5.1)

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