

FISCAL NOTE
Requested by Legislative Council
01/07/2019

Bill/Resolution No.: HB 1196

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 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).*

HB1196 would allow for a motor vehicle excise tax credit when a vehicle is purchased by a third party other than a dealer. This credit will be allowed for the amount of the vehicle sale price for a period of 3 years.

- 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.*

HB1196 would result in a loss of general fund revenue for the state as a credit on the vehicle sale price is not currently allowed. The loss would be expanded for a period of three years as allowed by the bill. This bill would also require a one-time programming cost of \$20,000.

We cannot reliably quantify the fiscal impacts of this bill as we have no way to determine how many persons may take advantage of the provisions of this bill.

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.*

HB1196 would result in a loss of general fund revenue for the state as a credit on the vehicle sale price is not currently allowed. The loss would be expanded for a period of three years as allowed by the bill.

We cannot reliably quantify the fiscal impacts of this bill as we have no way to determine how many persons may take advantage of the provisions of this bill.

- 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.*

We cannot reliably quantify the fiscal impacts of this bill as we have no way to determine how many persons may take advantage of the provisions of this bill. We do know that the Motor Vehicle Division will incur one-time costs of approximately \$20,000 for computer programming costs; costs that may be incurred beyond that are unknown at this time.

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

We cannot reliably quantify the fiscal impacts of this bill as we have no way to determine how many persons may take advantage of the provisions of this bill. We do know that the Motor Vehicle Division will incur one-time costs of approximately \$20,000 for computer programming costs; costs that may be incurred beyond that are unknown at this time. These additional costs (\$20,000) were not included in NDDOT's appropriation request for the 2019-2021 biennium; accordingly NDDOT would need an addition to the 2019-2021 appropriation.

Name: Lindi Michlitsch

Agency: NDDOT

Telephone: 328-2734

Date Prepared: 01/11/2019

2019 HOUSE TRANSPORTATION

HB 1196

2019 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee
Fort Totten Room, State Capitol

HB 1196
1/17/2019
#30970

- Subcommittee
 Conference Committee

Committee Clerk: Jeanette Cook

Explanation or reason for introduction of bill/resolution:

A BILL relating to motor vehicle purchase price adjustments; and relating the purchase price of a motor vehicle; and to provide and effective date.

Minutes:

Attachment #1

Chairman Ruby opened the hearing on HB 1196.

Rep. George Keiser spoke to support HB 1196. This bill deals with excise tax; the tax you pay when you purchase a car. If a person buys a \$50,000 car, takes their car to the dealer to trade in, and they get \$10,000 for the trade in. When they go to the Department of Transportation to pay their excise tax, they pay on the \$50,000 less \$10,000 or \$40,000. The dealer will sell the car. At some point the purchaser of that car will pay excise tax on it. That makes the transaction whole. It may also be more than \$10,000 when the dealer sells the car. However, if the person buys the car for \$50,000 and decides to sell their car outright for \$10,000. Then when you go to register the new car, there is no off-set on the private sell. You pay taxes on the full \$50,000. Then there will also be a transfer and registration on the old car when it sells with taxes paid on it. That is the current situation. Currently dealers tell buyers that if they sell outright, they will not get an off-set on taxes. It has been a sales tool for dealers at the expense of consumers. I don't think that is a good policy for North Dakota to have. This is a fair policy for North Dakotans.

5:44

Rep Keiser: What does the bill do? Rep. Keiser went over the changes in the bill Section by Section. It corrects what I think is an injustice, and it has a purchase price adjustment.

Section 2 PURCHASER'S CERTIFICATION AND APPLICATION was provided to the committee as attachment #1.

There is a fiscal note because the Department of Transportation will take a little bit of a hit.

Representative Nelson: Wouldn't it be easier to charge excise tax on new vehicles and no excise tax on used vehicles? Then \$50,000 would be collected in one transaction. When a

used vehicle is purchased the buyer wouldn't have to pay the 5%, and then the price of a used vehicle might come up a little bit. It would be a simple merchant collection done once.

Rep. Keiser: You can submit that bill if you would like to. It won't pass because the fiscal note would be terribly unreasonable. The used vehicle will use the roads and needs to help pay for them as well.

Chairman Ruby: The fiscal note says that they can't quantify the effect of the change, but there is \$20,000 in programming costs.

Rep. Keiser: That seems like a low cost to do the right thing.

Chairman Ruby: The certificate is for three years, but is it transferable, or only for the person whose name is on the title?

Rep. Keiser: It is only for the person on the title.

Representative Owens: Why did you use three years?

Rep. Keiser: Most people will use the credit right away. Some people may just realize later that they can have a tax credit. To be consistent with the Code, the Department of Transportation will allow three years for the certificate to be used.

Representative Owens: It seems like it should be used within the year. It doesn't make sense.

There was no further support for HB 1196.

There was no opposition to HB 1196.

Chairman Ruby called for any neutral speakers.

Myles Vosberg, Tax Commissioner's Office: **Representative Owens,** I think you are talking about an annual fee. It is not the same as this. We are talking the 5% motor vehicle excise tax. If I sell my vehicle and get this statement completed, when I purchase a new one, it will reduce the 5% tax that I have to pay. The reason we selected three years for the limitation on how long someone has to use the credit, is because the statute of limitations for refunds of tax is three years. We thought it would be appropriate that this should be equal.

There was no further testimony on HB 1196.

Representative Paur moved a DO PASS on HB 1196.

Representative Kading seconded the motion.

Chairman Ruby: I think this is a good bill, and it makes sense.

Representative Jones: If I sell a vehicle one year and then another the next, can I use both certificates when I buy a new car?

House Transportation Committee

HB 1196

1-17-19

Page 3

Chairman Ruby: Yes.

A roll call vote was taken: Aye 13 Nay 0 Absent 1

The motion carried.

Representative Grueneich will carry HB 1196.

Date: 1-17-19
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1196

House Transportation Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Paur Seconded By Kading

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN RUBY	X		REP LAURIEBETH HAGER	X	
VICE CHAIR BECKER	X		REP KARLA ROSE HANSON	X	
REP JIM GRUENEICH	X		REP MARVIN NELSON	X	
REP TERRY JONES	X				
REP TOM KADING	X				
REP EMILY O'BRIEN	X				
REP MARK OWENS	X				
REP BOB PAULSON	X				
REP GARY PAUR	X				
REP ROBIN WEISZ	A				
REP GREG WESTLIND	X				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Grueneich

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

REPORT OF STANDING COMMITTEE

HB 1196: Transportation Committee (Rep. D. Ruby, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1196 was placed on the Eleventh order on the calendar.

2019 SENATE FINANCE AND TAXATION

HB 1196

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

HB 1196
March 13, 2019
Job #33659

- Subcommittee
 Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact section 57-40.3-01.1 of the North Dakota Century Code, relating to motor vehicle purchase price adjustments; to amend and reenact subsection 5 of section 57-40.3-01 of the North Dakota Century Code, relating to the purchase price of a motor vehicle; and to provide an effective date.

Minutes:

Attachments: 3

Chairman Cook: Called the hearing to order on HB 1196.

Representative George Keiser, District 47, Bismarck: Introduced the bill. This bill comes from a number of my constituents who raised a concern about a policy that the state of ND has relative to the excise tax associated with car sales. In the bill, you will see there is a large amount of language struck on page 1 and 2. That is from legislative council. That is a technical thing that placed that same language in a later portion of the bill. When the first constituent contacted me, I thought they could not possibly be right. I later found out that he was in fact correct.

On page 2, line 26, there are purchase price adjustments relative to the tax you pay on a car. If I buy a \$50,000 and I go to a dealership and they take it in and trade it and give me \$10,000, they will sell that car for some amount. The person who purchases it will pay an excise tax. They will take my \$50,000, minus the \$10,000 trade in, and my excise tax will be based on the \$40,000. If I have incentives when I trade it in, we have also addressed that.

If your vehicle is stolen or totaled in an accident your price is the price of the car, minus compensation for the loss. You have to provide D.O.T. with a notarization statement from the insurance company within three years. If my car gets totaled for \$10,000 and I buy a car for \$50,000, I have to have a notarized statement saying the car was worth \$10,000 and I will pay an excise tax on \$50,000. If the dealer places a vehicle for rent, lease, or a utility service, the reasonable replacement value is used at the trade in value. There is a correction. Now we come to the dilemma. It has happened to me before where I have found a car I want to purchase and the dealer has been a friend of mine. They have said they will give me \$10,000 for the car but if I want to sell it on the market myself, I might get \$12,000. In that situation, I go and buy the \$50,000 car, then sell it for \$12,000, it will be on the title transfer that I sold it

for \$12,000. They re-register the car and they will pay the tax on the \$12,000. I turn around and go buy a new car, and I pay on \$50,000. There is no offset if I have a personal sale. This bill is an attempt to correct that. We would give people the opportunity to have a private sale and to be able to take advantage of that and eliminate the double taxation.

I worked with the Tax Department and D.O.T. Distributed **attachment #1**. This is the purchaser's certification application. They recommend we use this in this situation so that if I sell my car on the street and the title transfer says \$12,000 and I purchase a car, I can take this form into the dealership and get that credit on the \$12,000 so I only pay tax on \$38,000 versus \$62,000.

When this bill was heard on the House side, there was no opposition. I want to thank Matthew from the Auto Dealers Association. He is a good guy. He told me he was going to oppose it. We talked about it and he said the reason he is opposing it is because it opens up a lot of fraud opportunities. I want you to tell me where the fraud is. Let us say I sell my kid a car and it really is worth \$10,000 but I give it to my kid on the title transfer for \$3,000. He is going to pay tax on \$3,000 and I am going to pay tax on \$4,700. There is no difference in that situation.

Chairman Cook: I do believe your son would not pay any tax.

Representative Keiser: Okay, fine. Say I sell it to a different relative or someone. You are right, Mr. Chairman. I would probably just end up giving it to my kid. If it adventitious sell for the buyer, we still are going to get the \$50,000 cover. The real problem is the auto dealers have a really good deal going. One our committee members said that when they bought their new truck, they went in and they asked what if they were to sell their car themselves? The dealer explained the law and said you can do that, but you are going to end up paying tax on this truck for the full amount. We are offering you the difference of what you are going to pay in tax and it is a lot easier to have you do it right here. It should really be our constituent's decision.

My job is not to protect the auto dealers in the state. I want them to be a successful business. My job is to be fair to my constituents and not create a situation where there is some degree of double taxation in one scenario and it is different in another. It takes away an option for me. In my case, we tend to buy SUVs and drive them for a long time. In all cases, when we have sold them privately, we have made \$3,000 - \$4,000 more than they would give me for a trade in. Then I lost the advantage of the tax. The state was not harmed in either way. They would come out a little bit ahead.

This bill is simply trying to create the fairness in our excise tax system for people who want to go to the dealership and trade it in, or have a private sell. I would be happy to answer any questions.

Chairman Cook: I would say if you got \$3,000 - \$4,000 more than they would give you, you made out very well on the deal. That has more than covered the sales tax.

Representative Keiser: They told me it was too old for them to have it on their lot.

Chairman Cook: I would say you are only touching a part of double taxation. The real problem began when we started taxing cars.

Representative Keiser: I agree. That is our model and that is what we do. I just hope the committee will look favorably on this suggestion. It gives our constituents the ability to make either decision and not be forced one way because of the tax advantage.

Chairman Cook: Do you have any idea what this is going to cost? I see there is no fiscal note.

Representative Keiser: The tax department is here. The original fiscal note was not a significant amount.

Senator Dotzenrod: About 1.5 years ago, I sold a guy a pickup. I got \$5,000 for it. The next time I buy a vehicle, can I get that credit on the vehicle I sold?

Representative Keiser: No. This bill was not law. The effective date of the law is June 30, 2019.

Senator Dotzenrod: What if I do it a year from now?

Representative Keiser: The car I trade in and the car I buy are not related other than I get some value for the old one and I pay something for the new one.

Chairman Cook: Any further testimony in support? Any testimony opposed?

(12:05) Matthew Larsgaard, ND Automobile Dealers Association of North Dakota: Testified in opposition of the bill. See attachment #2.

(14:27) I have a letter from Jim Fleming who is the division director for ND Child Support. See attachment #3. Matthew read a few excerpts from the letter to the committee.

(16:32) If you turn to page 3 in my testimony, this is the form that the section of code references. This is an application for certificate of title and registration of a vehicle. The legislation requires the purchaser of the replacement vehicle to hand to the seller, I motor vehicle purchaser certificate. As you look on the bottom left hand side of page 3, section 4, this motor vehicle purchaser certificate that is required in the bill, is actually embedded within the title application. As you look on the right hand side, there are two signature blocks. They only apply to the co-applicants for the vehicle title. There are no signature blocks for the individual buying the vehicle to write down the price. Under this bill, it means the individual is supposed to hold onto this application for title for up to three years and the only one that signs this is the individual that is applying for a title and who is claiming that they sold a vehicle.

(18:05) Matthew continued reading from his testimony at the top of page 2.

(19:05) Please turn to page 5. This is data and statistics that have been gathered from the ND Department of Transportation. It consists of motor vehicle sale statistics for passenger vehicles and trucks. Matthew referred to page 6 for key information and definitions.

(20:10) Matthew went back to page 5 and walked the committee through the numbers. Referring to the highlight number of \$42,043,824 under the totals column, obviously that tax will not be that full amount as there are tax exemptions, total loss, and some of the things I have already covered. We are not suggesting that the loss revenue will be \$42 M. We do not know what it will be. In visiting with the D.O.T and Tax, Department, you would almost have to go transaction by transaction to look if there was an exemption. It would be extremely difficult to ascertain the true lost revenue.

Chairman Cook: Where did this data come from?

Matthew Larsgaard: The North Dakota Department of Transportation.

(22:05) Matthew continued reading his testimony on the middle of page 2.

Senator Kannianen: Can you help me understand how it works for child support services to place a lien on the vehicle but not on the title?

Matthew Larsgaard: Several sessions ago, legislation was passed that automatically places a lien, on any individual who is in the rears of their child support, on any of their titled or real property. The lien is created automatically without being perfected or filed. Any time an individual comes to a dealership and wants to trade or sell us their vehicle, we have to go online to the child support enforcement lien registry and type in "Jordan Kannianen" and see if Jordan owes child support.

Let us say you are trading in a \$10,000 vehicle and you are upside down in the rears of your child support by \$3,000. We would give you \$10,000 for the vehicle, and take \$3,000 out of the vehicle deal and cut a check to child support and send that \$3,000 to child support. We are required to do that on every single trade.

Senator Kannianen: So you said \$10,000 but do you mean \$7,000?

Matthew Larsgaard: \$3,000 would go to child support. You now have \$7,000 left to use for the purchase of your replacement vehicle.

Senator Kannianen: So then you are saying it is a general lien on any property? It is not sighting any specific property rather than just a general lien not that anyone needs to look at.

Matthew Larsgaard: That is exactly right.

Senator Patten: As a point of clarification, that also applies to banks as well. When we do the lien, the banks have to go verify the registry prior to taking the lien.

Senator Dotzenrod: I am thinking about people like myself who sell a vehicle every now and then and do not tell very many people. A year later, if you want to buy a car from a dealer, in

the process of trying to claim the credit for something I sold a year ago, how would I document that that sale took place or that I received so many dollars? If you sold an old pickup for \$5,000, that would be \$250 of a 5% credit. If I buy a car a year later, how am I supposed to prove that took place?

Matthew Larsgaard: That is exactly one of the flaws within the bill. There is no exact way to validate the sale took place or what the purchase value of the sale was. In a private sale, it is a common joke, one of the last questions asked is what do you want me to write for the purchase price on this vehicle. Senator Dotzenrod, that is a great question.

Chairman Cook: Any other testimony opposed? Can I have D.O.T. come up here.

Lindi Michlitsch, Motor Vehicle Division Director, ND Department of Transportation: Testified neutrally for the bill.

Chairman Cook: Have you seen the chart Mr. Larsgaard showed us showing the potential loss of \$40 M?

Lindi Michlitsch: As far as the potential loss, there are too many unknowns to know if this is an actual amount. As Mr. Larsgaard mentioned, there are so many different scenarios with a purchase of a vehicle. You can have tax exemptions, total loss, etc. When we provided the data to Matthew, he had asked for a number of dealer sales and purchase amount. That is what we gave him. We gave him the number of sales within our system and the purchase price. It does not include any of the other factors that may be included.

Chairman Cook: It gets a little risky passing a bill that could potential cost the state a lot of money.

Lindi Michlitsch: It would all depend on who would all take advantage of that process.

Chairman Cook: I suppose we could subtract any loss the state had out of the D.O.T. budget. I wonder if that would get us a fiscal note.

Lindi Michlitsch: It might change, yes.

Chairman Cook: We will close the hearing on HB 1196.

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

HB 1196
3/19/2019
Job #33867

- Subcommittee
 Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact section 57-40.3-01.1 of the North Dakota Century Code, relating to motor vehicle purchase price adjustments; to amend and reenact subsection 5 of section 57-40.3-01 of the North Dakota Century Code, relating to the purchase price of a motor vehicle; and to provide an effective date.

Minutes:

Attachments: 0

Chairman Cook: Called the committee to order on HB 1196. This is the tax on casual sale of motor vehicles. Can we kick that out tomorrow?

Senator Dotzenrod: When you say kick that out I do not know if you mean we are going to pass it or fail it. Maybe that is up to us to talk about tomorrow.

Chairman Cook: It is up to you.

Senator Dotzenrod: It seems to me this bill has got some problems. How do you document the value that you have some credit you can use? You may have made a casual sale a year prior. I think this gives up the three years. I am not sure how you would be able to demonstrate that. I guess we can go into discussion about it tomorrow.

Chairman Cook: I am not arguing with you.

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

HB 1196
3/19/2019
Job #33922

- Subcommittee
 Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact section 57-40.3-01.1 of the North Dakota Century Code, relating to motor vehicle purchase price adjustments; to amend and reenact subsection 5 of section 57-40.3-01 of the North Dakota Century Code, relating to the purchase price of a motor vehicle; and to provide an effective date.

Minutes:

Attachments: 0

Chairman Cook: Called the committee to order on HB 1196.

Chairman Cook: This bill would exempt casual sales of automobiles from excise tax.

Senator Meyer: Moved a Do Not Pass on HB 1196.

Senator Dotzenrod: Seconded.

Chairman Cook: Any Discussion?

Senator Unruh: If they tried to do this in a way that worked, I could have supported it. It left too much ambiguity in the process and too many opportunities to do things not quite the right way.

Senator Dotzenrod: In the hearing, I learned that when the vehicle gets sold, the person that ends up with the new vehicle is the one that does all the work. They do the registration, do the application, and get the new title. The person that sold the vehicle ends up with a check in his hand with no documentation. It seems like it would be hard to make this work because that person that is selling, really has to document. If we are going to take advantage of what this bill says, the seller is really going to have to provide some documentation. In the way we currently do vehicle sale, all the work and documentation is done by the buyer. I think it is making things hard.

Chairman Cook: I agree. Have you ever sold a vehicle where the owner of the vehicle asks you to leave the spot of the amount of what you sold it for blank?

Senator Dotzenrod: Yes.

Senator Patten: In 33 years of banking, the predominant method of transferring titles from private sales, was just to sign the bottom as the seller and leave everything else blank.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent

Motion Carried.

Senator Cook will carry the bill.

Date: 3-19-19
 Roll Call Vote #: 1

**2019 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1196**

Senate Finance and Taxation Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Meyer Seconded By Dotzenrod

Senators	Yes	No	Senators	Yes	No
Chairman Cook	✓		Senator Dotzenrod	✓	
Vice Chairman Kannianen	✓				
Senator Meyer	✓				
Senator Patten	✓				
Senator Unruh	✓				

Total (Yes) 6 No 0
 Absent 0
 Floor Assignment COOK

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

REPORT OF STANDING COMMITTEE

HB 1196: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **DO NOT PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1196 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

HB 1196

PART 3. PURCHASER'S CERTIFICATION AND APPLICATION

North Dakota Department of Transportation, Motor Vehicle
SFN 2475 (1-2018)

HB1196
1-17-19
#1

MOTOR VEHICLE DIVISION
ND DEPT OF TRANSPORTATION
608 E BOULEVARD AVE
BISMARCK ND 58505-0780
Telephone (701) 328-2725
Website: <https://dot.nd.gov>

SUBMIT TO DEPARTMENT OF TRANSPORTATION WITH 30 DAYS

Note:
This form cannot be used to replace SFN 2872 - APPLICATION FOR CERTIFICATE OF TITLE AND REGISTRATION OF A VEHICLE.

Year	Make	Model	Vehicle Identification Number	Title Number
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Motor Vehicle Excise Tax Exemptions

Enter exemption number from the list below if applicable:

<p>1. Gift from: <input type="checkbox"/> Spouse <input type="checkbox"/> Parent(s) <input type="checkbox"/> Child <input type="checkbox"/> Sibling(s) <input type="checkbox"/> Grandparent(s) <input type="checkbox"/> Grandchild Gift to (Specify relationship between ALL NEW owners) <input type="text"/></p> <p>2. Joint Tenants with Right of Survivorship and now vehicle is being put in one name only</p> <p>3. Inheritance</p> <p>4. Change of name by <input type="checkbox"/> Marriage <input type="checkbox"/> Adoption <input type="checkbox"/> Court Order</p> <p>5. Vehicle acquired through a lease purchase agreement (Check one)</p> <p><input type="checkbox"/> A. If tax was paid on the total lease consideration, tax is due on the lease buyout amount.</p> <p><input type="checkbox"/> B. If tax was paid on the full purchase price and you have been in possession of the vehicle over one year, no tax is due.</p> <p><input type="checkbox"/> C. If tax was paid on the full purchase price and you have been in possession of the vehicle for less than one year, tax is due on the lease buyout amount.</p> <p>6. State Fleet</p> <p>7. Lien change --- CURRENT ODOMETER READING <input type="text"/></p> <p>8. Interstate carriers --- Account Number <input type="text"/></p> <p>9. Tax paid to state that grants reciprocity to North Dakota (Proof required)</p> <p>11. Dealer resale - USED vehicle</p> <p>12. Dealer resale - NEW vehicle</p>	<p>13. Tribal (form SFN 18085 required)</p> <p>14. Disabled American Veteran or former Prisoner of War - Letter of Eligibility from VA</p> <p>15. Non-profit senior citizens' or mobility impaired person's corporation owned buses</p> <p>16. Mobility impaired persons purchasing specially equipped vehicles</p> <p>17. Homemade vehicles</p> <p>18. Newly formed <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation Date formed: <input type="text"/></p> <p>19. Dissolved <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation Date dissolved: <input type="text"/></p> <p>20. Parochial or private non-profit school buses</p> <p>21. Assembled vehicles by motor vehicle dealer (form SFN 22056 required)</p> <p>22. Transfer into family trust</p> <p>23. Military home of record: <input type="checkbox"/> Entry <input type="checkbox"/> Discharge (SFN 17147 required)</p> <p>24. Mobile Home (form SFN 3004 required)</p> <p>25. North Dakota political subdivisions</p> <p>26. Repossession (form SFN 2880 required)</p> <p>27. Non-resident military lease</p> <p>28. Total loss settlement or Salvaged</p> <p>29. Other - Specify <input type="text"/></p>
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<table border="0"> <tr><td>Full Purchase Price (Less Rebate)</td><td><input type="text"/></td></tr> <tr><td>Less Trade-In Allowance</td><td><input type="text"/></td></tr> <tr><td>Less Total Loss Allowance</td><td><input type="text"/></td></tr> <tr><td>Difference / Subtotal</td><td><input type="text"/></td></tr> <tr><td>Tax (5% of Difference / Subtotal)</td><td><input type="text"/></td></tr> <tr><td>Title Fee (\$5.00)</td><td><input type="text"/></td></tr> <tr><td>License Fee</td><td><input type="text"/></td></tr> <tr><td>License Plate Credit Amount</td><td><input type="text"/></td></tr> <tr><td>Plate or Credit Transfer Fee (\$5.00)</td><td><input type="text"/></td></tr> <tr><td>TOTAL FEES DUE:</td><td><input type="text"/></td></tr> </table>	Full Purchase Price (Less Rebate)	<input type="text"/>	Less Trade-In Allowance	<input type="text"/>	Less Total Loss Allowance	<input type="text"/>	Difference / Subtotal	<input type="text"/>	Tax (5% of Difference / Subtotal)	<input type="text"/>	Title Fee (\$5.00)	<input type="text"/>	License Fee	<input type="text"/>	License Plate Credit Amount	<input type="text"/>	Plate or Credit Transfer Fee (\$5.00)	<input type="text"/>	TOTAL FEES DUE:	<input type="text"/>	<p>First Lien Holder (title will be mailed to first lien holder)</p> <p>Mailing Address</p> <p>City <input type="text"/> State <input type="text"/> ZIP Code <input type="text"/></p> <p>Second Lien Holder</p> <p>Mailing Address</p> <p>City <input type="text"/> State <input type="text"/> ZIP Code <input type="text"/></p>
Full Purchase Price (Less Rebate)	<input type="text"/>																				
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Year of Trade-In	Make of Trade-In	Model of Trade-In																			
<input type="text"/>	<input type="text"/>	<input type="text"/>																			
<p>Vehicle Identification Number of Trade-In <input type="text"/></p> <p>NOTE: A guide published by the automobile industry may be used to check values.</p> <p>PENALTY: Persons making a false entry or altering a government document are guilty of a class A misdemeanor.</p>																					
<p>Signature of Applicant/Buyer/Transferee <input type="text"/></p> <p>Signature of Applicant/Buyer/Transferee <input type="text"/></p>		<p>Date <input type="text"/></p> <p>Date <input type="text"/></p>																			

PART 3. PURCHASER'S CERTIFICATION AND APPLICATION

North Dakota Department of Transportation, Motor Vehicle
2475 (1-2018)

3/13 HB 1196
1 pg. 1

MOTOR VEHICLE DIVISION
ND DEPT OF TRANSPORTATION
608 E BOULEVARD AVE
BISMARCK ND 58505-0780
Telephone (701) 328-2725
Website: <https://dot.nd.gov>

SUBMIT TO DEPARTMENT OF TRANSPORTATION WITH 30 DAYS

Note:
This form cannot be used to replace SFN 2872 - APPLICATION FOR CERTIFICATE OF TITLE AND REGISTRATION OF A VEHICLE.

Vehicle Information

Year	Make	Model	Vehicle Identification Number	Title Number
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Motor Vehicle Excise Tax Exemptions

Enter exemption number from the list below if applicable:

<p>1. Gift from: <input type="checkbox"/> Spouse <input type="checkbox"/> Parent(s) <input type="checkbox"/> Child <input type="checkbox"/> Sibling(s) <input type="checkbox"/> Grandparent(s) <input type="checkbox"/> Grandchild Gift to (Specify relationship between ALL NEW owners) <input type="text"/></p> <p>2. Joint Tenants with Right of Survivorship and now vehicle is being put in one name only</p> <p>3. Inheritance</p> <p>4. Change of name by <input type="checkbox"/> Marriage <input type="checkbox"/> Adoption <input type="checkbox"/> Court Order</p> <p>5. Vehicle acquired through a lease purchase agreement (Check one)</p> <p><input type="checkbox"/> A. If tax was paid on the total lease consideration, tax is due on the lease buyout amount.</p> <p><input type="checkbox"/> B. If tax was paid on the full purchase price and you have been in possession of the vehicle over one year, no tax is due.</p> <p><input type="checkbox"/> C. If tax was paid on the full purchase price and you have been in possession of the vehicle for less than one year, tax is due on the lease buyout amount.</p> <p>6. State Fleet</p> <p>7. Lien change --- CURRENT ODOMETER READING <input type="text"/></p> <p>8. Interstate carriers --- Account Number <input type="text"/></p> <p>9. Tax paid to state that grants reciprocity to North Dakota (Proof required)</p> <p>11. Dealer resale - USED vehicle</p> <p>12. Dealer resale - NEW vehicle</p>	<p>13. Tribal (form SFN 18085 required)</p> <p>14. Disabled American Veteran or former Prisoner of War - Letter of Eligibility from VA</p> <p>15. Non-profit senior citizens' or mobility impaired person's corporation owned buses</p> <p>16. Mobility impaired persons purchasing specially equipped vehicles</p> <p>17. Homemade vehicles</p> <p>18. Newly formed <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation Date formed: <input type="text"/></p> <p>19. Dissolved <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation Date dissolved: <input type="text"/></p> <p>20. Parochial or private non-profit school buses</p> <p>21. Assembled vehicles by motor vehicle dealer (form SFN 22056 required)</p> <p>22. Transfer into family trust</p> <p>23. Military home of record: <input type="checkbox"/> Entry <input type="checkbox"/> Discharge (SFN 17147 required)</p> <p>24. Mobile Home (form SFN 3004 required)</p> <p>25. North Dakota political subdivisions</p> <p>26. Repossession (form SFN 2880 required)</p> <p>27. Non-resident military lease</p> <p>28. Total loss settlement or Salvaged</p> <p>29. Other - Specify <input type="text"/></p>
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Full Purchase Price (Less Rebate) Less Trade-In Allowance Less Total Loss Allowance Difference / Subtotal Tax (5% of Difference / Subtotal) Title Fee (\$5.00) License Fee License Plate Credit Amount Plate or Credit Transfer Fee (\$5.00) TOTAL FEES DUE:	<input type="text"/>	First Lien Holder (title will be mailed to first lien holder)			
	<input type="text"/>	Mailing Address			
	<input type="text"/>	City	State	ZIP Code	
	<input type="text"/>	Second Lien Holder			
	<input type="text"/>	Mailing Address			
Year of Trade-In	Make of Trade-In	Model of Trade-In	City	State	ZIP Code
Vehicle Identification Number of Trade-In			The buyer (applicant), subject to the penalties of law, certifies the purchase price of the vehicle. They buyer makes application for certification of title to the vehicle, having acquired it subject to the liens stated. The buyer certifies the vehicle is and will continue to be insured while operating upon public streets and highways.		
Note: A guide published by the automobile industry may be used to check values.			Signature of Applicant/Buyer/Transferee		Date
PENALTY: Persons making a false entry or altering a government document are guilty of a class A misdemeanor.			Signature of Applicant/Buyer/Transferee		Date

House Bill 1196
Testimony before Senate Finance and Taxation Committee
Matthew C. Larsgaard, MBA
Automobile Dealers Association of North Dakota
10:30 a.m., March 13, 2019

3/12/19

Mr. Chairman and members of the committee, my name is Matthew Larsgaard, and I am appearing in opposition to House Bill 1196 on behalf of the Automobile Dealers Association of North Dakota that consists of our state's franchised new car dealers.

This bill provides a "replacement motor vehicle" excise tax credit to an individual who sells a vehicle to either a dealer or an individual in a private sale. The credit must be claimed by the purchaser of the replacement vehicle within three years of the date of sale.

We have several concerns and questions regarding this legislation.

Consumer Protection – Motor vehicle dealers are highly regulated by the government and must comply with many consumer protection laws *<regulatory maze handout>*; private sale transactions are not subject to those same regulations. HB 1196 incents individuals to sell their vehicles privately, which exposes consumer purchasers to many risks, such as fraud, misrepresented vehicles, overestimated prices, etc. These are just a few examples of why the consumer protection laws exist. Again, private sale transactions are not subject to these consumer protection laws. In addition, vehicle manufacturers adamantly require dealers to meet specific customer satisfaction goals which further compel dealers to ensure all customers are well treated and are taken care of.

Child Support – Child Support Enforcement (CSE) automatically places a lien on a motor vehicle owned by an individual who is past-due on their child support obligation. Every time an individual trades a vehicle in to a North Dakota dealer, the dealer is required, by law to identify whether there is a child support lien on that vehicle. If there is a lien, the dealer must pull the amount of the child support obligation out of the vehicle deal and send that money to Child Support. It is very important to understand that the child support lien is not effective in private sales unless the lien is marked on the title, which is extremely rare, or the buyer is aware of the lien, which is also rare. Without a doubt, this bill will further motivate individuals to sell their vehicles in a private sale and attempt to avoid paying their past-due child support.

Tax Fraud – Although there is a penalty for misrepresentation, the bill does not appear to provide a sound method to validate the purchase price or date, and thereby avoid tax fraud. On page 3, lines 30-31 the bill requires "[t]he purchaser of the vehicle being replaced shall provide the seller a copy of the *motor vehicle purchaser's certificate* required under section 57-40.3-05." This "certificate" is embedded within SFN 2872, which is an Application for Certificate of Title....not a bill of sale.

We also have several unanswered questions: is there a requirement to have a notary or third party authenticate the purchase price and date of sale? How would it be confirmed that a vehicle was even sold in the first place? How do you police an individual from using multiple copies of the same certificate throughout the three year period? What happens if the holder of the "certificate" claims that three years ago the vehicle was sold to someone who lives in California and now that someone cannot be found? What if the VIN was written down in error or a handwritten VIN is illegible and it cannot be confirmed that a vehicle was actually sold?

Lost Tax Revenue – HB 1196 will result in decreased motor vehicle excise tax collections.
<See handouts regarding potential fiscal effects>

There is already a partial solution to what this bill intends to accomplish. "In and Out" or "Paper Trade" are common terms in the retail motor vehicle industry for people who may want to purchase vehicles from a dealer, yet they want to sell their trade-in privately or to someone else *through the dealer*. Instead of selling directly to the third party, the dealer purchases the trade-in and immediately sells it to the third party at cost with zero fees. The benefit for the consumer is that they will be able to realize a tax credit on the trade-in. The benefit for the dealer is that they will sell a vehicle from their inventory. The benefit for the state is that the dealer fills out the true value of the private sale/trade, which allows the state to collect the proper amount of tax and past-due child support if applicable.

Mr. Chairman, due to the negative aspects and unknown consequences of HB 1196, we respectfully suggest a DO NOT PASS on HB 1196.

Matthew C. Larsgaard, MBA
President/CEO
Automobile Dealers Association of North Dakota

APPLICATION FOR CERTIFICATE OF TITLE & REGISTRATION OF A VEHICLE

North Dakota Department of Transportation, Motor Vehicle
SFN 2872 (1-2018)

3/13 HB 1196
2 pg. 3

MOTOR VEHICLE DIVISION
ND DEPT OF TRANSPORTATION
608 E BOULEVARD AVE
BISMARCK ND 58505-0780
Telephone (701) 328-2725
Website: https://dot.nd.gov

Application is for:

(Circle only one) SEE INSTRUCTIONS ON REVERSE SIDE.		<input type="checkbox"/> Duplicate plates, tabs & registration card \$5.00
<input type="checkbox"/> Title Process		<input type="checkbox"/> Duplicate tabs & registration card \$3.00
<input type="checkbox"/> Vehicle Registration		<input type="checkbox"/> Duplicate registration card only \$2.00
<input type="checkbox"/> Registration Change		<input type="checkbox"/> Duplicate title \$5.00
<input type="checkbox"/> Utility Trailer License \$5		REQUIRED: Reason for Duplicate (Circle: lost, stolen, mutilated)

II. Applicant Information

Applicant's Legal Name <input type="checkbox"/> Individual (first, middle, last) <input type="checkbox"/> Business <input type="checkbox"/> Lessor <input type="checkbox"/> Trust <input type="checkbox"/> Govt.		<input type="checkbox"/> Driver's License <input type="checkbox"/> FEIN	Telephone Number
Mailing Address	City	State	ZIP Code
Co-Applicant's Legal Name <input type="checkbox"/> Individual (first, middle, last) <input type="checkbox"/> Business <input type="checkbox"/> Lessee <input type="checkbox"/> Trust <input type="checkbox"/> Govt.		<input type="checkbox"/> Driver's License <input type="checkbox"/> FEIN	Telephone Number
Mailing Address	City	State	ZIP Code
Check One <input type="checkbox"/> Or <input type="checkbox"/> And <input type="checkbox"/> And/Joint Tenants with Right of Survivorship		<input type="checkbox"/> Vehicle is Leased	
North Dakota Title Number			

III. Vehicle Information

Year	Make	Model	Body Style
Vehicle Identification Number		Color	
Previous Weight	Motor Home/Trailer Length	ND License Plate Number	Credit Plate Number
Date 1st used on ND Highways	Odometer Reading	Odometer Indicator (Check One) <input type="checkbox"/> Actual Mileage <input type="checkbox"/> Exceeds Mechanical Limits <input type="checkbox"/> Not Actual	

IV. Motor Vehicle Purchaser's Certificate

Full Purchase Price (less Rebate)	
Less Trade-In Allowance	
Less Total Loss Allowance	
Difference / Subtotal	
Tax (5% of Difference / Subtotal)	
Abandoned Vehicle Disposal Fee (\$1.50)	
Title Fee (\$5.00)	
Vehicle License Fee	
SRP <input type="text"/> (\$25.00)	
License Plate Credit Amount	
Plate or Credit Transfer Fee (\$5.00)	
Branch Fee	
Duplicate Plate Fee (\$5.00)	
TOTAL FEES DUE:	
Year and Make of Trade-In <input type="text"/>	
VIN of Trade-In <input type="text"/>	
<input type="checkbox"/> Tax Exempt (see instructions on reverse)	

V. Dealer and Lienholder Information

Date Acquired	Check One <input type="checkbox"/> New Vehicle <input type="checkbox"/> Used Vehicle
Acquired From	ND Dealer No.
First Lienholder (title will be mailed to first lienholder)	
Mailing Address	
City	State
ZIP Code	
Second Lienholder	
Mailing Address	
City	State
ZIP Code	

ATTENTION TRUCK OWNERS HAULING HAZARDOUS MATERIALS:
I declare, with my signature on my registration application that I am knowledgeable of the Federal or State Motor Carrier and Hazardous Materials Safety Regulations.

Signature	Date
Signature	Date

VI. NDCC Chapters 39-04 and 39-05. Applicant certifies this vehicle will be insured as required by law. The applicant, under penalties of law and as rightful owner of the vehicle described on this application declares that the information set forth is correct.

If vehicle is company owned, company name and title of authorized agent signing the application must be noted.

NDCC Chapter 57-40.3-08. Submitting this application presumes this vehicle is being driven on North Dakota streets and highways.

PENALTY: Any person making any false statement on this application for license or title for which another penalty is not specifically provided is guilty of a class B misdemeanor.

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VII. Tax Exemption

(CONTINUATION OF MOTOR VEHICLE PURCHASER'S CERTIFICATE)

If the vehicle is exempt from tax, enter number corresponding to exemption in Section IV. (front of this form)

- | | |
|--|---|
| <p>1. Gift from: <input type="checkbox"/> Spouse <input type="checkbox"/> Parent(s) <input type="checkbox"/> Child <input type="checkbox"/> Sibling(s)
 <input type="checkbox"/> Grandparent(s) <input type="checkbox"/> Grandchild
 Gift to (Specify relationship between ALL NEW owners) <input type="text"/></p> <p>2. Joint Tenants with Right of Survivorship and now vehicle is being put in one name only</p> <p>3. Inheritance</p> <p>4. Change of name by <input type="checkbox"/> Marriage <input type="checkbox"/> Adoption <input type="checkbox"/> Court Order</p> <p>5. Vehicle acquired through a lease purchase agreement (Check one)
 <input type="checkbox"/> A. If tax was paid on the total lease consideration, tax is due on the lease buyout amount.
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|--|---|

VII Damage Disclosure NDCC 39-05-17.2

The damage disclosure law includes passenger cars, trucks, pickup trucks, motorcycles, and motor homes that are less than nine years old. It EXCLUDES all trailers, off-highway vehicles, and snowmobiles. A Damage/Salvage Disclosure Statement (SFN 18609) must be completed. Motor vehicle body damage disclosure requirements apply only to the transfer of certificate of title on vehicles of a model year released in the current calendar year and those vehicles of a model year manufactured in the seven years before the current calendar year.

If applicable, please submit SFN 18609 Damage Disclosure Statement with this application.

Any person who makes a false statement on this form is guilty of a Class A Misdemeanor.

Instructions:

SECTION NO.

- I. Check the type of application you are submitting (check only one).
- II. Complete applicant information in **FULL** for each owner.
- III. Complete **ALL** applicable vehicle information. Odometer reading required on all vehicles 10 years old and newer.
- IV. Complete **ALL** applicable purchaser's certificate information.
 - Abandoned vehicle disposal fee of \$1.50 is due on all new and out-of-state passengers, trucks, buses, and motorhomes when first titled in North Dakota.
 - Title fee is \$5.00
 - Enter license fee and pay applicable plate credit using the appropriate fee schedule.
 - If applying plate credit, enter \$5.00 plate transfer fee.
 - If a trade allowance, year, make, and VIN are required.
 - Enter the appropriate tax exemption number if an exemption for tax is claimed (see tax exemptions Section VII).
- V. Complete **ALL** applicable dealer and lienholder information.
- VI. Application must be signed with applicant's legal signature and dated.
- VII. Applicable tax exemptions.
- VIII. Damage Disclosure statement SFN 18609 must be completed for all vehicles less than 9 model years old.

NDDOT Motor Vehicle Sales Statistics - Passenger Vehicles and Trucks

3/12/19

2016-17 Fiscal Year														
Jul-16		Aug-16		Sep-16		Oct-16		Nov-16		Dec-16		Jan-17		
Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	
New Dealers	\$ 118,627,874	4,641	\$ 156,732,196	6,052	\$ 134,993,389	5,218	\$ 140,969,013	5,286	\$ 144,776,423	5,279	\$ 151,868,062	5,424	\$ 132,560,086	5,154
Used Dealers	\$ 10,977,004	871	\$ 16,989,542	1,408	\$ 16,077,487	1,368	\$ 15,597,583	1,309	\$ 13,452,733	1,193	\$ 14,723,995	1,128	\$ 15,058,058	1,170
Private Sales	\$ 93,701,922	11,025	\$ 69,751,319	10,426	\$ 70,829,930	9,598	\$ 77,828,775	9,603	\$ 66,786,739	8,446	\$ 74,824,114	7,580	\$ 62,813,155	7,840
	\$ 223,306,799	16,537	\$ 243,473,057	17,886	\$ 221,900,806	16,184	\$ 234,395,372	16,198	\$ 225,015,894	14,918	\$ 241,416,171	14,132	\$ 210,431,299	14,164

Feb-17		Mar-17		Apr-17		May-17		Jun-17		Total			
Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value (V)	= V*5%	Count	
New Dealers	\$ 135,986,901	5,137	\$ 158,021,972	6,059	\$ 139,789,344	5,375	\$ 146,591,302	5,678	\$ 150,152,030	5,693	\$ 1,711,068,591		64,996
Used Dealers	\$ 15,745,259	1,420	\$ 17,714,711	1,500	\$ 78,715,352	10,031	\$ 16,997,213	1,371	\$ 15,783,868	10,392	\$ 247,832,804		33,161
Private Sales	\$ 70,593,554	8,289	\$ 81,737,747	10,288	\$ 16,098,723	1,265	\$ 77,533,740	10,410	\$ 78,376,756	1,292	\$ 840,876,474	\$ 42,043,824	96,062
	\$ 222,325,714	14,846	\$ 257,474,430	17,847	\$ 234,603,419	16,671	\$ 241,122,254	17,459	\$ 244,312,654	17,377	\$ 2,799,777,870		194,219

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2017-18 Fiscal Year														
Jul-17		Aug-17		Sep-17		Oct-17		Nov-17		Dec-17		Jan-18		
Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	
New Dealers	\$ 149,819,123	5,548	\$ 162,790,429	6,082	\$ 158,272,357	5,564	\$ 156,183,405	5,568	\$ 161,259,147	5,481	\$ 171,444,294	5,554	\$ 136,175,611	4,986
Used Dealers	\$ 15,798,056	1,267	\$ 15,345,284	1,314	\$ 15,457,539	1,345	\$ 14,832,018	1,309	\$ 15,027,287	1,243	\$ 14,745,317	1,129	\$ 14,420,241	1,221
Private Sales	\$ 74,617,781	9,645	\$ 76,581,885	10,475	\$ 72,718,596	9,661	\$ 70,515,713	9,810	\$ 67,176,049	8,567	\$ 75,082,309	7,939	\$ 66,272,254	7,970
	\$ 240,234,959	16,460	\$ 254,717,598	17,871	\$ 246,448,492	16,570	\$ 241,531,136	16,687	\$ 243,462,483	15,291	\$ 261,271,920	14,622	\$ 216,868,105	14,177

Feb-18		Mar-18		Apr-18		May-18		Jun-18		Total			
Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value (V)	= V*5%	Count	
New Dealers	\$ 131,032,250	4,857	\$ 151,867,586	5,539	\$ 159,462,227	5,730	\$ 162,322,567	5,968	\$ 161,853,912	5,878	\$ 1,862,482,908		66,755
Used Dealers	\$ 16,528,734	1,509	\$ 16,149,327	1,361	\$ 16,192,823	1,296	\$ 17,009,731	1,372	\$ 16,929,273	1,340	\$ 188,435,629		15,706
Private Sales	\$ 69,919,688	8,042	\$ 79,166,421	9,349	\$ 87,911,039	10,001	\$ 89,069,412	10,531	\$ 88,291,700	10,262	\$ 917,322,848	\$ 45,866,142	112,252
	\$ 217,480,672	14,408	\$ 247,183,334	16,249	\$ 263,566,089	17,027	\$ 268,401,710	17,871	\$ 267,074,886	17,480	\$ 2,968,241,384		194,713

NDDOT Motor Vehicle Sales Statistics - Passenger Vehicles and Trucks

3/12/19

Key Information:

All Passenger Vehicles and Trucks within this analysis are subject to motor vehicle excise tax, notwithstanding tax exemptions, trade-in credit, or total loss.

Definitions:

New Dealers - ND dealers holding a New Motor Vehicle Dealer license. Must have a franchise to sell new motor vehicles. New dealers may also sell used motor vehicles.

Used Dealers - ND dealers holding Used Motor Vehicle Dealer Licenses. May not sell a new vehicle without first titling the vehicle and paying tax.

Private Sales - sales of any vehicles that were not purchased from a ND dealer.

Passenger Vehicle - any vehicle classified as a car.

Trucks - includes passenger truck (SUV), truck (pickup), tractor (semi), large truck (grain truck), buses, and house car (RV).

Value - purchase value of vehicles.

Count - number of vehicles titled.

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#18 1196

From: Fleming, James C. <jfleming@nd.gov>
Date: Tuesday, March 12, 2019 5:15 PM
To: Matthew Larsgaard
Subject: House Bill 1196

Dear Mr. Larsgaard:

House Bill 1196 has been brought to my attention, and I understand you will be testifying about the potential impact of the legislation on child support collections.

As you know, North Dakota law creates a lien by operation of law on any titled personal property held by a person who owes unpaid child support. For the protection of private buyers who are not in the business of buying and selling cars and thus not aware of the law, there is a good-faith purchaser exception which provides that the lien is not "effective" against any good faith purchaser. Over 870 child support payments are made each year based on the lien registry, either as a result of third-party payments to satisfy a lien or payments by delinquent parents in order to be relieved from the lien and be able to sell the vehicle without a cloud on the title.

I have a conflicting meeting and will not be able to attend the Senate hearing on this bill. The precise impact of the bill is hard to determine. However, it would be fair to say that any change in law that decreases trades at dealerships and increases private sales would have a negative impact on child support collections because of the good-faith purchaser provision in the lien registry law.

Should you choose to share this letter with the committee, you are free to do so. I will be available to the committee if you have any questions.

Sincerely,

JCF

James C. Fleming, Division Director



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