

FISCAL NOTE
Requested by Legislative Council
01/14/2019

Amendment to: HB 1472

- 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).*

HB1472 will require off highway vehicles to obtain a certificate of title upon purchase.

- 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.*

HB1472 will require off highway vehicles to obtain a certificate of title upon purchase. There is no fiscal impact of this bill as the Motor Vehicle Division already titles off-highway vehicles.

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.*

There is no fiscal impact for this bill since this process is already in place and no programming changes are necessary.

- 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.*

There is no fiscal impact for this bill since this process is already in place and no programming changes are necessary.

- 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.*

There is no fiscal impact for this bill since this process is already in place and no programming changes are necessary.

Name: Lindi Michlitsch

Agency: NDDOT

Telephone: 328-2734

Date Prepared: 01/16/2019

FISCAL NOTE
Requested by Legislative Council
01/14/2019

Bill/Resolution No.: HB 1472

- 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).*

HB1472 will require off highway vehicles to obtain a certificate of title upon purchase.

- 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.*

HB1472 will require off highway vehicles to obtain a certificate of title upon purchase. There is no fiscal impact of this bill as the Motor Vehicle Division already titles off-highway vehicles.

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.*

There is no fiscal impact for this bill since this process is already in place and no programming changes are necessary.

- 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.*

There is no fiscal impact for this bill since this process is already in place and no programming changes are necessary.

- 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.*

There is no fiscal impact for this bill since this process is already in place and no programming changes are necessary.

Name: Lindi Michlitsch

Agency: NDDOT

Telephone: 328-2734

Date Prepared: 01/16/2019

2019 HOUSE TRANSPORTATION

HB 1472

2019 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee
Fort Totten Room, State Capitol

HB 1472
1/25/2019
#31504

- Subcommittee
 Conference Committee

Committee Clerk Signature Jeanette Cook

Explanation or reason for introduction of bill/resolution:

A BILL relating to title certificates for off highway vehicles; and to provide a penalty.

Minutes:

Vice Chairman Rick C. Becker opened the hearing on HB 1472.

Chairman Ruby, District 38 in Minot, spoke to support and explain HB 1472. This bill came to me from an RV Dealer. When you buy a four-wheeler, you get a form that is your title. If you just intend to use it on your own property, you don't get charged the excise tax. There is no requirement to put the title in your name. If you decide to trade it in after a number of years, there may be some issues, if the dealer will take the trade-in. The dealer has issues with the off-set on the excise tax, because it hasn't been paid. If the dealer gives an off-set, they receive the title and then realize it wasn't titled in that person's name. That is an issue. In some cases, the seller may not even have the title. There is nothing on record with the Department of Transportation. In this bill the buyer will receive the title at the time of purchase. It makes it simple. The buyer pays the taxes, the RV is titled in the buyer's name, and it is on record. I am hoping that this is a bill that we can use to clear up the confusion between the different types of vehicles and water craft.

Representative Paulson: Is the intention to no longer allow people to operate them on their private property without titling?

Chairman Ruby: Yes.

Representative Jones: I hear in my area that these vehicles are being stolen. I think this might help that problem.

Chairman Ruby: It may ease with tracking the unit.

Kim Cannole, dealership owner in Minot, spoke to support HB 1472. We have been dealing quite a bit with this situation over the past five years. If a customer buys an OHV (Off the Highway Vehicle), and states that he will only use it on his property, then he doesn't have to title it or license it. What comes with that unit is a Manufacturer's State of Origin. It is like

a title, titled in the dealership's name. If that MSO is given to the customer, we are not sure that they will take the MSO to Motor Vehicle and license and title it properly. When we take an MSO and send it to the Department of Transportation for licensing and titling, we submit it with a 28-72 (form from Motor Vehicle). That is how an off-set is created, and the excise tax is calculated and remitted. If the MSO goes directly to the customer, there is no way to know that the MSO is filed. If the MSO is lost, there is no way to get it back, without coming to the original dealer. It is a problem. We have contacted Motor Vehicle, and they tell us to try to get it titled for the first year. As far as licensing, it is on a two-year period and is \$20. The biggest problem we have is with OHVs. We have had two instances that people have traded in an OHV. In the past we would be able to take the off-set, and if there was no tax collected on those units, they would turn it over to the tax department. On the latest one, the tax department told us we couldn't use the off-set. Since the unit had already left the store, we ended up paying the sales tax to get the titles. We now tell customers that if they don't have a clear title, we can't take the trade in.

The other problem is on trailers. If they are 15,000 pounds or more, they do not have to be licensed or titled. All the boat trailers and recreational trailers do not have to be licensed and titled. If there is a theft, there is no way to trace it down. Going across state lines and into Canada can also be a problem without a license. I think that there should at least be registration and title required for OHVs. There are a lot of motor vehicle excise taxes that are not being collected. That is a huge issue. Another issue is that if you buy an OHV in December and pay the license, you will have to pay another \$20 in January because the fee is not prorated. It would be helpful to change that.

Representative Jones: Have you ever seen an instance that an accident has happened involving an OHV that is still in the dealer's name, and the dealer is liable?

Kim Cannole: We have not experience it, but it could be a potential problem.

Chairman Ruby: (inaudible-no mic)

Kim Cannole: Motor vehicles have an excise tax, but a boat has sales tax which gets remitted to the tax department.

Chairman Ruby: Where is the section of code that tells about not licensing while riding on your own property?

Kim Cannole: In the part about exemption from the fees, there are five cases.

Discussion about snowmobile trails.

There was no further support for HB 1474.

There was no opposition to HB 1474.

Lindi Michlitsch, Motor Vehicle Director, North Dakota Department of Transportation, stood to address questions of the committee.

Chairman Ruby: There was discussion about the off-set on a boat, if it was traded in. (no mic)

Lindi Michlitsch: In our discussion I was talking more about the motor vehicle side. Then when I asked the tax department, we were talking strictly about boats. If you are trading in a boat, you can get an off-set for another boat. It doesn't cross over from boats to OHVs.

Chairman Ruby: (inaudible)

Lindi Michlitsch: I'm not sure.

Chairman Ruby: Is there an issue when people don't title the vehicle?

Lindi Michlitsch: We would only know about them when they submit an application to title the OHV. Yes, we don't see the issues the dealerships are seeing as often. Usually the dealers end up taking care of the paperwork, and then submit it to us.

Chairman Ruby: How often are you receiving the 28-72 form, and then you have to reject the off-set because it wasn't paid?

Lindi Michlitsch: I'm not sure of those numbers. It is something that we don't usually track.

Chairman Ruby: Would we need an update on the fiscal to show more revenue. Does that excise tax go into the same as the vehicle excise tax for roads?

Lindi Michlitsch: That goes into the Motor Vehicle Excise Tax.

Chairman Ruby: So, it goes into the State Distribution Fund which is shared by the state, cities, counties, and townships.

Lindi Michlitsch: Some of it does come back to the Department of Transportation, but I don't know what percentage that is. It is different than the Highway Tax Distribution Fund. There is a different formula for the excise tax.

Representative Jones: Do you think the registration and titles for these vehicles would be helpful to track stolen vehicles? Could the data base be queried by dealers and individuals?

Lindi Michlitsch: If they were all titled, it would be a lot easier to find a stolen vehicle, if they could be tracked in our system.

Chairman Ruby: Are the vehicle fees prorated when they are purchased since the fee is for two years?

Lindi Michlitsch: The OHV expire December 31st of the even years. No matter when you purchase it, it is \$20 for that two years. It is not prorated.

The hearing on 1472 was closed.

2019 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee
Fort Totten Room, State Capitol

HB 1472
1/31/2019
#31945

- Subcommittee
 Conference Committee

Committee Clerk Signature Jeanette Cook

Explanation or reason for introduction of bill/resolution:

A bill relating to title certificates for off-highway vehicles; and to provide a penalty.

Minutes:

Chairman Ruby brought HB 1472 back before the committee.

Chairman Ruby reviewed the bill and information from the hearing.

Representative Weisz: What is the actual definition of an Off High Vehicle? Does it include watercraft or jet skis?

Chairman Ruby: No.

Chairman Ruby: We could make an amendment that made sure this was just for future purchases and transfer of ownership.

Representative Weisz: Do you pay sales tax on a 4-wheeler?

Chairman Ruby: No, you don't. You either get the title transferred and pay the excise tax, or if you tell them you are only going to drive it on your own property, you don't pay it. You just get a MSO. If that form never gets transferred into your name, you sell it to someone else, and they try to trade it in. If there has never been tax paid on that, there is no off-set. The dealer that takes it in for a trade sometimes get stuck with that. That is the problem.

Chairman Ruby said he would move an amendment.

There was discussion on the wording. A decision was made to wait until the amendment was back from LC.

2019 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee
Fort Totten Room, State Capitol

HB 1472
2/1/2019
#32008

- Subcommittee
 Conference Committee

Committee Clerk Signature Jeanette Cook

Explanation or reason for introduction of bill/resolution:

A BILL relating to title certificates for off-highway vehicles; and to provide a penalty.

Minutes:

Attachment #1

Chairman Ruby brought HB 1472 back before the committee. An amendment was provided for the committee. See attachment #1.

Representative Weisz moved amendment #19.1029.01001. See attachment #1.

Representative Grueneich seconded the motion.

A voice vote was taken. The motion carried.

Representative Westlind: I will vote no on this bill. We have two vehicles set up for spraying two small areas in our fields. They are very seldom used on roads, never on a highway. To me this would just be an additional cost. We just use it as a farm implement, and this would be another \$500 tax.

Representative Kading: If I have a 4-wheeler or a Ranger, and I just drive it on my property, now would I be required to register and title it?

Chairman Ruby: Yes, this will change the code, so you will title the vehicle when you buy it.

Representative Owens: This says the OHV has to be registered every year, even if I am not using it. Even automobiles are not like that.

Chairman Ruby: That is a flaw with this; that was not my intention. It could be worded so it requires titling at the original purchase, but not requiring them to be renewed every year. The real issue is that the vehicle needs to be titled in the buyer's name at the time of purchase.

Chairman Ruby: Travis do you have an idea?
Travis read his amendment – inaudible.

Representative Weisz : That may solve the problem, but it takes it right back to the original intent.

The amendment was worked on.

The bill does not need to go to Appropriations because it has a positive effect.

Travis Brown, House Transportation Intern: “An individual must register an Off Road Vehicle with a biannual registration required for use on a highway.”

Representative Weisz: That won’t work. The whole point of the registration was initially for the parks and trails the OHVs had to be registered. Now that is taken away. It is supposed to be on Public Land.

Representative Jones: It just has to be registered at purchase, no matter what. Then it only has to be registered for those that are riding on the highway bi-annually.

Chairman Ruby: The language always seems to go to the use. That is not the intent.

Representative Nelson: It already says if you are going to be on the road, you have to have the registration. What we need is, “Any new purchases will be titled.”

Representative Nelson moved the amendment to HB 1472.

Representative Grueneich seconded the motion.

A voice vote was taken. The motion carried.

Representative Owens moved a DO PASS as amended on HB 1472.

Representative Jones seconded the motion.

A roll call vote was taken. Aye 6 Nay 7 Absent 1

The motion failed.

Representative Nelson moved a DO NOT PASS as amended on HB 1472.

Representative Kading seconded the motion.

A roll call vote was taken on HB 1472. Aye 7 Nay 6 Absent 1

The motion carried.

Representative Kading will carry HB 1472.

19.1029.01001
Title.

Prepared by the Legislative Council staff for
Representative D. Ruby
January 31, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1472

Page 1, line 2, remove "and"

Page 1, line 2, after "penalty" insert "; and to provide for application"

Page 1, after line 9, insert:

"SECTION 2. APPLICATION. This Act applies to all sales and transfers of ownership of off-highway vehicles after the effective date of this Act. "

Renumber accordingly

19.1029.01002
Title.02000

Adopted by the Transportation Committee

DP 2/6/19

February 6, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1472

Page 1, after line 6 insert "1."

Page 1, line 7, after "chapter" insert "and subject to subsection 2"

Page 1, after line 9, insert:

"2. An individual may operate an off-highway vehicle if the vehicle was purchased or had a transfer of ownership after July 31, 2019, and the vehicle is titled in accordance with chapter 39-05."

Renumber accordingly

Date: 2-1-19
 Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. # B1472**

House Transportation Committee

Subcommittee

Amendment LC# or Description: 19.1029.01001

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 Weisz Seconded By Grueneich

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

Vote carried

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
Attach. 1
* to cover new transfers of ownership.

Date: 2-1-19
 Roll Call Vote #: 2

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1472**

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 Nelson Seconded By Brueneich

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

Vote Carried

Total (Yes) _____ No _____
 Absent _____
 Floor Assignment _____

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

Any new purchases or transfers will be titled.

Date: 2-1-19
 Roll Call Vote #: 3

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1472**

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 Owens Seconded By Jones

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	A				
REP MARK OWENS	X				
REP BOB PAULSON		X			
REP GARY PAUR		X			
REP ROBIN WEISZ		X			
REP GREG WESTLIND		X			

Total (Yes) 6 No 7

Absent 1

Floor Assignment _____

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

Motion failed.

Date: 2-1-19
 Roll Call Vote #: 4

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1472**

House Transportation Committee

Subcommittee

Amendment LC# or Description: 19. 1029.01002

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 Nelson 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	A				
REP MARK OWENS		X			
REP BOB PAULSON	X				
REP GARY PAUR	X				
REP ROBIN WEISZ	X				
REP GREG WESTLIND	X				

Total (Yes) 7 No 6

Absent 1

Floor Assignment Kading

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

REPORT OF STANDING COMMITTEE

HB 1472: Transportation Committee (Rep. D. Ruby, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (7 YEAS, 6 NAYS, 1 ABSENT AND NOT VOTING). HB 1472 was placed on the Sixth order on the calendar.

Page 1, after line 6 insert "1."

Page 1, line 7, after "chapter" insert "and subject to subsection 2"

Page 1, after line 9, insert:

"2. An individual may operate an off-highway vehicle if the vehicle was purchased or had a transfer of ownership after July 31, 2019, and the vehicle is titled in accordance with chapter 39-05."

Renumber accordingly

2019 TESTIMONY

HB 1472

HB1472 #1
2-1-19

19.1029.01001
Title.

Prepared by the Legislative Council staff for
Representative D. Ruby
January 31, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1472

Page 1, line 2, remove "and"

Page 1, line 2, after "penalty" insert "; and to provide for application"

Page 1, after line 9, insert:

"SECTION 2. APPLICATION. This Act applies to all sales and transfers of ownership of off-highway vehicles after the effective date of this Act. "

Renumber accordingly