

Sixtieth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1245

Introduced by

Representatives Vigesaa, Belter, Dietrich, S. Meyer, Ruby

Senator Wardner

1 A BILL for an Act to amend and reenact subsection 5 of section 57-40.3-01 of the North Dakota
2 Century Code, relating to exclusion of motor vehicle manufacturers' incentives or discounts
3 under the motor vehicle excise tax; and to provide an effective date.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Subsection 5 of section 57-40.3-01 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 5. "Purchase price" means the total amount paid for the motor vehicle whether
8 received in money or otherwise; ~~provided, however, that when.~~ The purchase
9 price excludes the amount of a manufacturer's incentive or discount that reduces
10 the total cost of a motor vehicle to a purchaser. If a motor vehicle or other tangible
11 personal property that will be subject to a sales or use tax imposed by chapter
12 57-39.2 or 57-40.2 when sold or used is taken in trade as a credit or as part
13 payment on a motor vehicle taxable under this chapter, the credit or trade-in value
14 allowed by the person selling the motor vehicle shall be deducted from the total
15 selling price to establish the purchase price of the vehicle being sold and the
16 trade-in allowance allowed by the seller on a motor vehicle accepted as a trade-in
17 shall constitute the purchase price of a motor vehicle accepted as a trade-in. If a
18 motor vehicle is purchased by an owner who has had a motor vehicle stolen or
19 totally destroyed, a credit or trade-in credit shall be allowed against one or more
20 replacement motor vehicle purchases in a cumulative amount not to exceed the
21 total amount the purchaser has been compensated by an insurance company for
22 the loss but not to exceed the total amount of motor vehicle excise tax paid. The
23 purchaser must provide the director of the department of transportation with a
24 notarized statement from the insurance company verifying the fact that the original

1 vehicle was a total loss and stating the amount compensated by the insurance
2 company for the loss. The statement from the insurance company must
3 accompany the purchaser's application for a certificate of title for the replacement
4 vehicle. If the full amount of the credit under this subsection has not been used,
5 the director of the department of transportation shall record on the face of the
6 notarized statement the necessary information to identify the partial use of the
7 credit and shall retain a copy and return the original to the purchaser. In instances
8 in which a licensed motor vehicle dealer places into the dealer's service a new
9 vehicle for the purpose of renting, leasing, or dealership utility service, the
10 reasonable value of the vehicle replaced shall be included as trade-in value
11 provided the vehicle replaced has been subject to motor vehicle excise tax under
12 section 57-40.3-02 and if the new vehicle is properly registered and licensed.
13 "Purchase price" when the motor vehicle is acquired by gift or by any other transfer
14 for a nominal or no monetary consideration also includes the average value of
15 similar motor vehicles, established by standards and guides as determined by the
16 director of the department of transportation. "Purchase price" when a motor
17 vehicle is manufactured by a person who registers it under the laws of this state
18 means the manufactured cost of such motor vehicle and manufactured cost means
19 the amount expended for materials, labor, and other properly allocable costs of
20 manufacture except that, in the absence of actual expenditures for the
21 manufacture of a part or all of the motor vehicle, manufactured cost means the
22 reasonable value of the completed motor vehicle.

23 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
24 June 30, 2007.