

Sixty-first  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2184

Introduced by

Senators Olafson, Krauter

Representatives Belter, D. Johnson, Kaldor, Vigesaa

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 from motor vehicle excise taxes; 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 amount paid by the purchaser to the seller at the time of purchase. If a motor  
11 vehicle or other tangible personal property that will be subject to a sales or use tax  
12 imposed by chapter 57-39.2 or 57-40.2 when sold or used is taken in trade as a  
13 credit or as part payment on a motor vehicle taxable under this chapter, the credit  
14 or trade-in value allowed by the person selling the motor vehicle shall be deducted  
15 from the total selling price to establish the purchase price of the vehicle being sold  
16 and the trade-in allowance allowed by the seller on a motor vehicle accepted as a  
17 trade-in shall constitute the purchase price of a motor vehicle accepted as a  
18 trade-in. If a motor vehicle is purchased by an owner who has had a motor vehicle  
19 stolen or totally destroyed, a credit or trade-in credit shall be allowed against one  
20 or more replacement motor vehicle purchases in a cumulative amount not to  
21 exceed the total amount the purchaser has been compensated by an insurance  
22 company for the loss but not to exceed the total amount of motor vehicle excise tax  
23 paid. The purchaser must provide the director of the department of transportation  
24 with a notarized statement from the insurance company within three years from the

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

23 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after

24 June 30, 2009.