

Sixty-sixth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1292

Introduced by

Representatives Schmidt, Dockter, B. Koppelman

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 the definition of purchase price for motor vehicle excise tax purposes.

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

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

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

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