

1999 SENATE TRANSPORTATION

SB 2440

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2440

Senate Transportation Committee

Conference Committee

Hearing Date March 25, 1999

Tape Number	Side A	Side B	Meter #
1	x		1-2765
2	x		1-1990
2	x		4,400
Committee Clerk Signature <i>Roni D. Schaffbauer</i>			

Minutes:

SENATOR COOK opened the hearing on SB 2440. Committee members present included: Sens. Bob Stenehjem, R. Schobinger, D. Mutch, D. Cook, D. O'Connell, and V. Thompson. Senator Bercier was absent.

SENATOR B. STENEHJEM, DISTRICT 30 testified in support of SB 2440. This bill says a used motor vehicle dealer may not renew the dealer's license unless the dealer provides taxable sales of motor vehicles in excess of \$50,000 for the preceding year. People are obtaining used dealer licenses and are using those vehicles for their own personal use. There is an excess of 600 used car dealers and we estimated maybe 25% of them are using them for personal use. When someone has a used car dealer's license, they may purchase vehicles and not have to pay the excise tax. They do not pay the normal registration that will be due on that vehicle and they may drive those cars around as their own vehicle. This is a small part of what we can do to clamp

down on this. Let's say 25% of the used car dealers doing this is correct. Out of 600, 125 are driving these vehicles around for personal use. That would mean \$3.6 million of taxable values which means \$180,000 of excise tax due per year. Also, they are not paying the registration fees which could be another \$50,000. We may want to do a study resolution for this. This is not an attempt to affect legitimate used car dealers in North Dakota. I would think they should be able to sell \$50,000 worth of cars.

SENATOR COOK Right now, does the used car dealer report the volume of their sales to any state agency?

SENATOR B. STENEHJEM No.

SENATOR COOK Is any profit they make only reported to the IRS?

SENATOR B. STENEHJEM Any profit should be reported to both federal and state on their income tax.

BOB LAMP, AUTO DEALERS ASSOCIATION OF ND testified in support of SB 2440. Over the past 18 months, we have been doing extensive work with the dealer licensing laws and realize there are some problems with this particular law. It needs revision and updating. This is one area that we are looking at.

SENATOR MUTCH When a used car dealer buys a car, does he have to pay tax on it?

BOB LAMP Yes, there is a provision in state law that says unless you have a franchise for that new motor vehicle you must pay tax on it. In order to sell new cars, you need a franchise.

SENATOR MUTCH The idea of the license not being paid on that car, does the used car dealer have to retitle it in his name?

BOB LAMP The bill is relating to people who are able to obtain a dealer's license and use them for personal use.

SENATOR B. STENEHJEM (He explained the bill).

SENATOR THOMPSON How many dealers are in ND?

BOB LAMP There are approximately 140 new car dealers and over 600 used car dealers.

SENATOR THOMPSON Of those 600, how many are in the implement business?

BOB LAMP Less than a dozen.

SENATOR THOMPSON I personally know of some example that this bill would get at but the individuals are implement dealers and used car dealers. Is that an example of the law we have on the books?

BOB LAMP This would address that.

KEITH KISER, ND DEPARTMENT OF TRANSPORTATION testified in a neutral position on SB 2440. Administratively, we could do this. The dealer license laws were written in 1963 and have not been substantially changed since then. This deals with one aspect of what we looked at as potential changes. Because this applies to renewals, this would not apply to a new applicant and someone could get around it by reapplying under another business name or principal owner, things of that nature.

SENATOR COOK You would have to create a form that they would report to you on.

KEITH KISER We do have a form now that is a renewal form; we would probably use the back side of it to provide a place for dealers to list their retail sales up to the threshold.

SENATOR COOK They are paying \$50 for the used dealer license now?

KEITH KISER They are paying \$50 per year for a new or used car dealer license. That is their license to do business and one dealer plate. Additional dealer plates are \$15 each and we have some smaller limited usage plates that are available for \$3 each.

SENATOR COOK Is there a limit to how many plates a used car dealer can have?

KEITH KISER No.

SENATOR COOK Do you have a record on how many plates each one of these car dealers have?

KEITH KISER Not with me but I'd guess two or three a piece.

SENATOR B. STENEHJEM Can you give an example of limited plates?

KEITH KISER There are two plates that provide limited usage and each sell for \$3 a plate per year. The first one is a "Dealer Demonstrator" plate where one can try out a car and operate it on public streets and highways, you can use that within a 50 miles range of the dealership. The second plate is called an in-transit plate and it's use is for dealers to transport vehicles from point of purchase to back to their dealership.

SENATOR B. STENEHJEM Are the "dealer demonstrator" plates available to a used car dealer also or just a new car dealer?

KEITH KISER The laws that relate to new and used car dealers are identical. The only difference between the two is in order to get a new car dealer's license, you must have a franchise.

SENATOR THOMPSON What are the restrictions?

KEITH KISER There are restrictions that say that dealer plates can be used by vehicles owned by the dealership and held for sale in the normal course of business.

SENATOR THOMPSON How do you check if dealer plates are on family vehicles?

KEITH KISER It is an enforcement issue. We try through education to make them aware.

SENATOR O'CONNELL Rather than having a dollar value on it, would it work better if there was a number of vehicles sold per year.

KEITH KISER My personal philosophy would be that it would be easier to do. The concern I would have is if you look strictly at dollars, you could have somebody who sells two \$25,000 cars but if you are in the used car business you could be selling cars within the \$2,000-\$5,000 mark and there are lots of people in that market, they'd have to sell a lot more cars to meet the dollar threshold. Maybe a combination of both would be good.

SENATOR MUTCH So there is really no enforcement.

KEITH KISER Law enforcement agencies have the authority to enforce laws that relate to vehicle registration and dealer plates are a form of vehicle registration.

SENATOR MUTCH Do you have any record of the sales?

KEITH KISER Dealers are not legally responsible for taking care of your paper work when you buy a car from them. Most of them do it as a courtesy for you to help you through the process nor are they required to report their sales to our office.

There was some discussion.

SENATOR B. STENEHJEM What if the new applicant would have to pay \$200 instead of the \$50 the first year and prove sales and be refunded \$150?

KEITH KISER Philosophically, I don't have a problem with setting a higher threshold for initial applicants. However, the refunding the next year would be difficult for me. If you want to set a higher fee initially and keep it at that, I wouldn't have a problem with that.

SENATOR B. STENEHJEM The intent of this legislation is not to keep anyone out of the used car business.

KEITH KISER The costs for this license are very low and we have looked at raising the fees to get into this business.

SENATOR THOMPSON On a \$10,000 pickup, what does the excise tax and title fee run?

KEITH KISER The excise tax would be 5% which is \$500 and the titling fee is \$5 and there is a \$30 license fee.

SENATOR THOMPSON As a dealer of the used vehicle, what of those figures are they not paying?

KEITH KISER If the dealer bought that \$10,000 pickup and held it for resale or used it for his own use, he would avoid paying all of those fees.

SENATOR MUTCH A used car dealer wouldn't need over one or two plates, why not raise the price of those plates?

KEITH KISER We looked at that issue. The fact is when we enacted the platelet owner legislation a couple of sessions ago, it has driven up the need for dealer plates for dealers because now all the used cars that sit on dealers' lots have no license on them. So now a dealer that has twenty cars on his lot and five customers walk in needs at least five dealer plates in order to demonstrate those vehicles.

SENATOR B. STENEHJEM What if it was a car instead of a pickup as far as licensing?

KEITH KISER The cars are generally \$5 to \$10 more.

SENATOR COOK We will close the hearing on SB2440.

SENATOR MUTCH I think we are opening ourselves up in the method they want to use in getting rid of.

SENATOR B. STENEHJEM The intent was not to do anything to legitimate used car dealers.

SENATOR O'CONNELL I'd like to see 10 to 12 cars or \$50,000.

SENATOR B. STENEHJEM If you leave it at 10 cars and two have used car dealer licenses, you may sell to each other and nobody ever pays the excise tax. We should have it at \$50,000 or ten taxable car sales.

SENATOR MUTCH This law will accommodate them to where there will be very few dealerships in small towns.

SENATOR COOK How does auto insurance come into play?

SENATOR THOMPSON I believe they have a liability amount and it covers them all.

KEITH MAGNUSSON A dealer is going to have some kind of policy that covers all inventory.

SENATOR SCHOBINGER Why do we issue regular sized license plates? Why don't we go to a DD plate?

KEITH MAGNUSSON The DD plate is designed to be temporary.

SENATOR SCHOBINGER What is the history on why we do that?

KEITH MAGNUSSON They drew those some thirty years ago. We can try to deal with that.

SENATOR MUTCH How much does it cost to get a used dealer's license?

KEITH MAGNUSSON \$50 and an initial \$50 inspection fee.

SENATOR B. STENEHJEM What if instead of \$50,000 we make it where they have to sell ten cars with taxable sales for \$20,000? I'd like to add to the bill a study resolution.

SENATOR SCHOBINGER We could require they register the vehicle they drive like everyone else has to.

SENATOR B. STENEHJEM They always say they are only driving it to show it.

SENATOR MUTCH Why not raise the license fee to \$300 to \$400?

SENATOR COOK We could require from the initial point when they get their dealer's license, they only get one plate. When they come back after a year, they must report their taxable sales. Then tie the number of license plates to the number of their taxable sales.

There was committee discussion.

SENATOR THOMPSON I agree with Senator Cook. Maybe we should limit it to one plate and use the DD plates.

Tape 2

SENATOR O'CONNELL I'll move 90844.0101.

SENATOR THOMPSON I second.

SENATOR B. STENEHJEM These amendments provide for a study resolution. It replaces \$50,000 with \$25,000. It includes the sale of at least 10 motor vehicles for the preceding year.

SENATOR SCHOBINGER This doesn't preclude a first time buyer in getting a dealer's license?

SENATOR B. STENEHJEM No, but part of the deal is the first time buyer's cost is \$100 for the used car license and \$50 is used to inspect.

The amendment 90844.0101 passed by a voice vote.

SENATOR THOMPSON I move for a Do Pass as Amended.

SENATOR O'CONNELL I second.

There was committee discussion.

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Senate Transportation Committee

Bill/Resolution Number Sb2440

Hearing Date March 25, 1999

The roll call vote was taken (6 Yeas, 0 Nays and 1 Absent and Not Voting).

Senator Thompson will carry SB 2440.

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: _____ Amendment to: SB 2440

Requested by Legislative Council _____ Date of Request: 3-18-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. .

Narrative:

It is anticipated this bill will result in increased collection of Motor Vehicle Excise Tax. However, it is not possible to accurately estimate the revenue gain as it is not known how many dealers would not meet the minimum sales required in this bill. It is possible this bill could result in increased revenue of up to \$300,000 to \$600,000 per biennium for the General Fund. It is also possible this bill could result in no additional revenue for the General Fund.

2. State fiscal effect in dollar amounts:

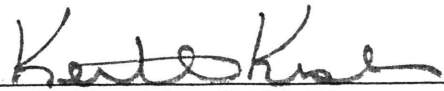
	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						

What, if any, is the effect of this measure on the budget for your agency or department:

- a. For rest of 1997-99 biennium: None
- b. For the 1999-2001 biennium: None
- c. For the 2001-03 biennium: None

4. County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

Signed: 
 Typed Name: Keith Kiser, Motor Vehicle Director
 Department: Department of Transportation
 Phone Number: 328-2725
 Date Prepared: 3-29-99

FISCAL NOTE

(Return original and 10 copies)

/Resolution No.: SB 2440 Amendment to: _____

Requested by Legislative Council Date of Request: 3-18-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. .

Narrative:

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2. State fiscal effect in dollar amounts:

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	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						

What, if any, is the effect of this measure on the budget for your agency or department:

- a. For rest of 1997-99 biennium: None
- b. For the 1999-2001 biennium: None
- c. For the 2001-03 biennium: None

4. County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

Signed: Keith Kiser

Typed Name: Keith Kiser, Motor Vehicle Director

Department: Department of Transportation

Phone Number: 328-2725

Date Prepared: 3-23-99

FISCAL NOTE

(Return original and 10 copies)

Resolution No.: SB 2440 Amendment to: _____

Requested by Legislative Council Date of Request: 3-18-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. .

Narrative:

It is anticipated this bill will result in increased collection of Motor Vehicle Excise Tax. It is possible this bill could result in increased revenue of \$300,000 to \$600,000 per biennium for the General Fund. However, it is not possible to accurately estimate the revenue gain as it is not known how many dealers would not meet the minimum sales required in this bill.

2. State fiscal effect in dollar amounts:

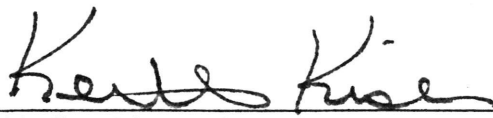
	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$300,000 to \$600,000		\$300,000 to \$600,000	
Expenditures						

What, if any, is the effect of this measure on the budget for your agency or department:

- a. For rest of 1997-99 biennium: None
- b. For the 1999-2001 biennium: None
- c. For the 2001-03 biennium: None

4. County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

Signed: 
 Typed Name: Keith Kiser, Motor Vehicle Director
 Department: Department of Transportation
 Phone Number: 328-2725
 Date Prepared: 3-19-99

PROPOSED AMENDMENTS TO SENATE BILL NO. 2440

Page 1, line 1, after "to" insert "provide for a study of the licensing of used motor vehicle dealers; and"

Page 1, line 7, after "proves" insert "for the preceding year"

Page 1, line 8, replace "fifty" with "twenty-five" and replace "for the preceding year" with "and the sale of at least ten motor vehicles"

Page 1, after line 8, insert:

"SECTION 2. Legislative council study of used motor vehicle dealers.
During the 1999-2000 interim, the licensing of used motor vehicle dealers including fees, dealer plates, and insurance coverage."

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2440

Page 1, line 1, after "to" insert "provide for a study of the licensing of used motor vehicle dealers; and" ^{to}

Page 1, line 7, after "proves" insert "for the preceding year"

Page 1, line 8, replace "fifty" with "twenty-five" and replace "for the preceding year" with "and the sale of at least ten motor vehicles"

Page 1, after line 8, insert:

SECTION 2. Legislative council study of used motor vehicle dealers.

During the 1999-2000 interim, the licensing of used motor vehicle dealers including fees, dealer plates, and insurance coverage.

Renumber accordingly

If the study is conducted, the (4C) shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the (SIF) (ca).

the (1C) shall consider studying

Date: March 25, 1999
Roll Call Vote #:

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2440

Senate Transportation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 90844.0102

Action Taken As Pass as Amended

Motion Made By Sen. Thompson Seconded By Sen. O'Connell

Senators	Yes	No	Senators	Yes	No
Sen. B. Stenejem-Chairman	✓				
Sen. R. Schobinger-V. Chair	✓				
Sen. Duane Mutch	✓				
Sen. Dwight Cook	✓				
Sen. David O'Connell	✓				
Sen. Vern Thompson	✓				
Sen. Dennis Bercier					

Total (Yes) 6 No 0

Absent 1

Floor Assignment Senator Thompson

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

REPORT OF STANDING COMMITTEE

SB 2440: Transportation Committee (Sen. B. Stenehjem, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2440 was placed on the Sixth order on the calendar.

Page 1, line 1, after "to" insert "provide for a study of the licensing of used motor vehicle dealers; and to"

Page 1, line 7, after "proves" insert "for the preceding year"

Page 1, line 8, replace "fifty" with "twenty-five" and replace "for the preceding year" with "and the sale of at least ten motor vehicles"

Page 1, after line 8, insert:

"SECTION 2. LEGISLATIVE COUNCIL STUDY OF USED MOTOR VEHICLE DEALERS. During the 1999-2000 interim, the legislative council shall consider studying the licensing of used motor vehicle dealers including fees, dealer plates, and insurance coverage. If the study is conducted, the legislative council shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the fifty-seventh legislative assembly."

Renumber accordingly

1999 HOUSE TRANSPORTATION

SB 2440

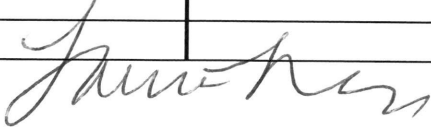
1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2440

House Transportation Committee

Conference Committee

Hearing Date March 31, 1999

Tape Number	Side A	Side B	Meter #
1	x		0-45
Committee Clerk Signature 			

Minutes:

CHAIRMAN KEISER OPENED THE HEARING ON SB 2440; A BILL RELATING TO SALES REQUIREMENTS FOR USED MOTOR VEHICLE DEALERS.

SENATOR BOB STENEHJEM, District 30, introduced SB 2440. He said that the bill relates to the selling of vehicles and the licensing of those selling them. This new bill will address the requirements that the dealers must meet, including \$25,000 of sales and ten vehicles per year. Hopefully, he said, this will help to eliminate those dealers that are using the used vehicles for their own personal use.

REP. JENSEN asked how this bill came to the attention of the Senate.

SEN. STENEHJEM said that the increase in federal funding of highway dollars made them wonder where the excise tax avoidance's were taking place. This was an area that was discovered.

REP. KEMPENICH noted the Seller's Certificate legislation passed last Session. How come this test is a two pronged one instead of either / or?

SEN. STENEHJEM said that they didn't want just 10 cars because someone could easily transfer the cars between families or friends numerous times and avoid the excise tax. Having both prongs will punish those who are cheating the system but work in favor of those who are abiding by the rules. He noted that they realize that this won't cover all people, but that he hoped that it would help to some level.

REP. WEISZ questioned how you get your license back once it has been taken away?

SEN. STENEHJEM was unsure - he referred the question to Keith Kiser.

REP. MEYER asked if two licenses are needed to deal in used cars or if one will cover it.

SEN. STENEHJEM said that there is one that covers both.

SENATOR VERN THOMPSON, District 12, testified in support of SB 2440. He noted the two primary reasons for his support that we are losing excise tax and that we are losing the proper registration fees from this.

REP. MAHONEY asked how this would affect the small towns. Will it impede on their dealership abilities?

SEN. THOMPSON noted that he too was concerned about that as he comes from a small town, but that ten vehicles a year and \$25,000 is less than one vehicle per month and that it was moved down to that. He didn't think that it was unreasonable.

BOB LAMP, Auto Dealers Association of North Dakota, testified in support of SB 2440. He said that they had been working with the DOT, new and used auto dealers for the past 18 months and that they had been discussing the problems with the dealer licensing law. The dealers hold

the licenses for their own personal use of the vehicles and that is causing the problems with the excise tax.

REP. MAHONEY asked if the problem was abuse rather than misuse. Aren't there other solutions?

BOB said that until we see a situation where it is more expensive to be in business than not, we are going to continue to have this problem.

REP. SVEEN asked at what point you need to buy a license.

BOB said that if you are in the business of buying and selling vehicles, you should buy a license. There is no clear point where that "stage" is reached. Just a point of information, over half of the sales of vehicles in North Dakota are common sales where no dealer is involved.

REP. SCHMIDT questioned the dealers license requirements. Don't you need to have a garage?

BOB said that there are several requirements to it, and some of them include a garage or repair facility. Other requirements include a surety bond, signage, and a publicly listed phone number among others.

REP. MAHONEY asked how long the \$50 dealer fee has been in place? Would you consider raising it to \$500 to kick out some of the abusers?

BOB said it has been in place since 1963 but raising may be an option.

KEITH KISER, Director of Motor Vehicles, rose to answer questions posed of SB 2440. He said that the DOT is neutral on the bill. They feel that they can handle it and it does attempt to address the issue of those not truly in the business of dealing cars. He did feel that they would need to rewrite it for the next session.

REP. THORPE addressed the issue of inequities and Keith agreed with him. He wondered how much good it would do and if it would be worth the effort.

REP. BELTER asked if they could only use the plate to transfer a vehicle from place to place.

KEITH said yes.

REP. LEMIEUX asked if the license needed to be renewed on January 1 or every 12 months?

KEITH said that the year always ends on January 1, but that they would prorate the number of cars to be sold by the number of months in operation.

REP. MAHONEY asked how much a \$25,000 surety bond costs?

KEITH said between \$100 and 200 based on their financial standing.

CHAIRMAN KEISER asked what in the statute addresses the abuse?

KEITH said that the motor vehicle excise tax loss provides an exemption for the dealers that abide. The Dealer License Plate law also helps.

CHAIRMAN KEISER CLOSED THE HEARING ON SB 2440.

REP. MAHONEY moved the attached amendments to develop the bill into a resolution. REP.

SVEEN seconded the motion. The motion carried. A voice vote was taken: 14 YEA, 1 NAE, 0

ABSENT AND NOT VOTING.

REP. SVEEN moved a DO PASS as amended. REP. MAHONEY seconded the motion. The motion carried.

ROLL CALL - 10 YEA, 5 NAE, 0 ABSENT AND NOT VOTING.

FLOOR ASSIGNMENT: REP. THORPE

90844.0201
Title.0300

Adopted by the Transportation Committee
March 31, 1999

VR
3/31/99

House AMENDMENTS TO ENGROSSED SENATE BILL NO. 2440 3/31/99
HTRN

Page 1, line 1, replace "; and to" with a period

Page 1, remove lines 2 and 3

Page 1, remove lines 5 through 10

Renumber accordingly

Am. 0201
Title 0300

Date: 3/31
Roll Call Vote #:

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2440

House Transportation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken move am.

Motion Made By Rep Mahoney Seconded By Rep Sveen

Representatives	Yes	No	Representatives	Yes	No
Representative Keiser, Chair			Representative Thorpe		
Representative Mickelson, V. Ch.					
Representative Belter					
Representative Jensen					
Representative Kelsch					
Representative Kempenich					
Representative Price					
Representative Sveen					
Representative Weisz					
Representative Grumbo					
Representative Lemieux					
Representative Mahoney					
Representative Meyer					
Representative Schmidt					

Total (Yes) 14 No 1

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent: change 1, 2, 3
Remove lines 5 - 10
Line 11 - change #2 to #1

Date: 3/31
 Roll Call Vote #: 2

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2440

House Transportation Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DP as amended

Motion Made By Rep Green Seconded By Rep Mahoney

Representatives	Yes	No	Representatives	Yes	No
Representative Keiser, Chair	✓		Representative Thorpe	✓	
Representative Mickelson, V. Ch.		✓			
Representative Belter		✓			
Representative Jensen	✓				
Representative Kelsch	✓				
Representative Kempenich	✓				
Representative Price		✓			
Representative Sveen	✓				
Representative Weisz		✓			
Representative Grumbo	✓				
Representative Lemieux		✓			
Representative Mahoney	✓				
Representative Meyer	✓				
Representative Schmidt	✓				

Total (Yes) 10 No 5

Absent 0

Floor Assignment Rep. Thorpe

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

REPORT OF STANDING COMMITTEE

SB 2440, as engrossed: Transportation Committee (Rep. Keiser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2440 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "; and to" with a period

Page 1, remove lines 2 and 3

Page 1, remove lines 5 through 10

Renumber accordingly

1999 SENATE TRANSPORTATION

CONFERENCE COMMITTEE

SB2440

1999 SENATE CONFERENCE COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2440

Senate Conference Committee

Conference Committee

Hearing Date March 7, 1999

Tape Number	Side A	Side B	Meter #
Tape 2			
Committee Clerk Signature <i>Aori B. Schaeffauer</i>			

Minutes:

SENATOR SCHOBINGER opened the meeting on SB 2440. Members present included: Sens. Schobinger, Bob Stenehjem, Thompson and Reps. Kempenich, Sveen, and Mahoney.

SENATOR B. STENEHJEM I understand the problem is in Section 1.

REPRESENTATIVE MAHONEY I carried it with a Do Pass when it came on the floor. There was strong opposition even to the study. Section 1 is likely to kill the bill because a lot of people have concerns about the legitimate people in small towns.

REPRESENTATIVE SVEEN They are concerned about small operators.

SENATOR B. STENEHJEM Is there anything that can be done in Section 1 at all?

REPRESENTATIVE KEMPENICH We thought why not just put a fee out there and whoever wants to do it can do it, but the problem is that the fee is an arbitrary number. The study can help us pick a number.

SENATOR THOMPSON We were trying to capture some lost revenue. We can do a study but there are a number of people abusing the used dealer plate and we're losing the excise tax. If we just do a study now, we are losing the opportunity for money coming in. I am sympathetic in not hurting small towns.

SENATOR SCHOBINGER Why don't we get rid of the normal sized dealer plates and go with the "dealer demonstrator" plate? Although the problem is that you run up against the large dealers.

SENATOR B. STENEHJEM I really want to get at those buying cars without the intention of selling. They're escaping the excise tax.

REPRESENTATIVE MAHONEY We need to try to come up with a compromise number. Ten vehicles is high but maybe if we drop it to five. I don't know about the dollar amount.

SENATOR SCHOBINGER The amount is arbitrary.

REPRESENTATIVE SVEEN Who is abusing this most?

SENATOR B. STENEHJEM Someone with a shop facility. (He gave an example) The dollars were put in with the number of cars because people might trade amongst themselves.

REPRESENTATIVE SVEEN How many licenses do they have?

SENATOR B. STENEHJEM There is no set amount. \$50 is first license plate and then \$20 a piece.

There was committee discussion.

REPRESENTATIVE MAHONEY How about if we put it at 5 bona fide car sales then the amount really wouldn't matter?

SENATOR B. STENEHJEM They may sell \$100 cars.

There was committee discussion.

SENATOR THOMPSON If it were to be at 5 cars and \$12,500 or whatever, it is an important issue to try to clean up.

REPRESENTATIVE SVEEN I can see on trying to do something.

SENATOR SCHOBINGER Shouldn't everyone be paying the excise tax on a vehicle they're driving full time anyway?

SENATOR THOMPSON In my home area, there are people that are constantly skirting the excise tax. Also, since we are struggling to find funds for education and highway funding, this is one way we can do that.

REPRESENTATIVE MAHONEY How about five cars and \$15,000?

There was committee discussion.

SENATOR B. STENEHJEM Would those numbers 5 and \$15,000 sound reasonable?

SENATOR SCHOBINGER At least if we get this through we will have some data from the study resolution.

There was committee discussion.

REPRESENTATIVE MAHONEY I motion for the House to recede from the House amendments and make an amendment- on page 1, line 9 replace "\$25,000" with "\$15,000" and replace "ten" with "five".

SENATOR B. STENEHJEM I second.

The roll call vote was taken (6 Yeas, 0 Nays and 0 Absent and Not Present).

(Bill Number) SB 2440 (, as (re)engrossed):

Your Conference Committee

For the Senate:

Sen. Schobinger yes
Sen. B. Hinchey yes
Sen. Thompson yes

For the House:

Rep. Kempenich yes
Rep. Green yes
Rep. Mahoney yes

[] recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
the (Senate/House) amendments on (SJ/HJ) page(s) 1009 -

[] and place on the Seventh order.

[x] , adopt (further) amendments as follows, and place
SB 2440 on the Seventh order:

[] having been unable to agree, recommends that the committee be discharged
and a new committee be appointed.

((Re)Engrossed) SB 2440 was placed on the Seventh order of business on the
calendar.

DATE: 04 1 07 99

CARRIER:

LC NO. of amendment

LC NO. of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

SB 2440, as engrossed: Your conference committee (Sens. Schobinger, B. Stenehjem, Thompson and Reps. Kempenich, Sveen, Mahoney) recommends that the **HOUSE RECEDE** from the House amendments on SJ page 1009, adopt amendments as follows, and place SB 2440 on the Seventh order:

That the House recede from its amendments as printed on page 1009 of the Senate Journal and pages 1082 and 1083 of the House Journal and that Engrossed Senate Bill No. 2440 be amended as follows:

Page 1, line 9, replace "twenty-five" with "fifteen" and replace "ten" with "five"

Renumber accordingly

Engrossed SB 2440 was placed on the Seventh order of business on the calendar.