

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

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ROLL NUMBER

DESCRIPTION

22441

2007 SENATE TRANSPORTATION

SB 2244

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2244

Senate Transportation Committee

Check here for Conference Committee

Hearing Date: January 26, 2007

Recorder Job Number: 2060

Committee Clerk Signature

Jody Hauge

Minutes:

Senator Lee opened the hearing on SB 2244 relating to exemption from vehicle registration fees for military personnel.

There were five committee members present and one absent.

Senator Heitkamp, co-sponsor of SB 2244 said that this bill comes through one of his constituents he has in Hankinson who brought up the issue of how he was treated when he was in the military in certain other states with the vehicle registration fee. This bill only applies to people in active duty. For example if you are in the National Guard it does not apply unless you are called into active duty. He stated that the fiscal note was bigger then he expected but we do have two large air bases in ND.

Senator Lee questioned the way the bill was written. It doesn't seem like it really changes anything. He asked if the language was correct to do what they really wanted to do.

Senator Heitkamp said what they are doing is expanding it to people from North Dakota.

Senator Lee said that this would make it that not only out of state individuals but anyone living in North Dakota who is active in the military would qualify.

Senator Heitkamp clarified that he just wanted a bill that would help the members of his community that got pulled up for active duty. He said he could see where the confusion lies in the wording of the bill.

Senator Lee said the intent of the bill is like the language in the fiscal note.

Senator Fiebiger asked Senator Heitkamp to give some ideas of what other states are doing.

Senator Heitkamp said he could not name the states but he could say many states waive that registration fee as they go in.

Senator Potter said he was confused, the fiscal note says removing the cost of registering non resident military personal. It doesn't sound like that is Senator Heitkamp's intent.

Senator Heitkamp said we are doing some of that but the fiscal note is higher than expected and imagine if we would have addressed all military in ND, like the guard that is not active duty.

Senator Heitkamp said his intent is for active military personal within the state of ND.

Senator Netting said he is still not sure about how the bill is actually written and what it is actually saying.

Tom Horner, Deputy Director for Business Support at the NDDOT testimony was neutral on SB 2244. Written testimony enclosed. He explained how this would affect the Highway Tax Distribution Fund, the Counties and the Cities. The total revenue loss would be \$384.615. Also the department should have a more defined explanation of military personnel.

Senator Nething said currently the law talks about non resident military personnel DOT indicated that the fiscal note took in all of the population of the two bases.

Lorrie Pavlicek, NDDOT said we communicated directly with the two air bases and did the best we could to work out estimates. The estimate is those 70% non residents and 30% residents, so it is generally non-resident population.

Senator Nething said that it is his understanding that it is to be for residents as well as non residents in active duty.

Lorrie Pavicek said if we want to include residents and non residents she said she would recommend that this intent be in writing in the bill. We would have to add to the fiscal note some additional for the 30% and also get some numbers from the National Guard so we could estimate that cost of activated National Guard members.

Senator Nething said that when they do that the fiscal note should reflect the resident active duties members and not the non resident because the non resident is already covered under current law. He asked if he was correct in assume that.

Lorrie Pavicek said that is true up to a point. The non residents have been paying registration fees.

Senator Nething said, "Isn't this an exemption the way the law currently exists?"

Lorrie Pavicek said nonresidents do pay registration fee in ND like everyone else. Up to this point we have not required any ID or verification for individuals. This is their understanding of this bill from previous times is that they are paying those registration fees. So if we have a mis-interpretation we will have to go back to Motor Vehicles to see how that was handled.

Senator Nething said he would appreciate that because as he read the bill he was under the impression that if they were a non resident military personnel stationed in this state and operated such military personnel or dependents, provided such if the vehicle is registered in the state or territory (This is where the confusion lies.) The bill is difficult to read.

Senator Lee said his understanding is that the only additions to the exemptions would be added military guardsmen in the state who were activated.

Lorrie Pavicek said there is a disconnect there in what his intent was and what we may have been interpreting.

Senator Bakke said her understand is if you live on the Grand Forks Air Force base and you are from out of state you come in with your out of state plates from Tenn., and your o-kay. If you are living on the GF base and you are a non resident or a ND resident you have your ND plates and you pay for it. What this bill is suppose to do is just saying that if any of those people that are paying a registration fee to our state are activated or go overseas or deployed then they would not pay registration. Is that how you understand it?

Lorrie Pavicek answered that she felt that was about the closest that we have come to a good understanding.

Senator Bakke said so the fiscal note is probably accurate but we are not taking into consideration the National Guard or any servicemen or women that have deployed. She asked if the DOT considers those living on the base as active duty.

Lorrie Pavicek answered that it was their understanding if you are stationed on a base you are in active duty.

Senator Lee said that it looks like we need some clarification on this bill and Senator Lee asked that someone work with Senator Heitkamp to get an accurate description of what the sponsor really wants done and then they can deal with the fiscal note in a more appropriate manner. Senator Bakke will work with Senator Heitkamp.

Senator Lee closed the hearing on SB 2244.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2244

Senate Transportation Committee

Check here for Conference Committee

Hearing Date: February 1, 2007

Recorder Job Number: 2545

Committee Clerk Signature

Jody Hauge

Minutes:

Senator Gary Lee opened discussion on SB 2244 relating to exemption from vehicle registration fees for military personnel.

Senator Bakke reported back on her work of trying to get the language in the bill to match the intent of the sponsor. Senator Bakke brought to the committee amendment 70626.0101.

Senator Potter asked if she knew what effect this would have on the fiscal note.

Senator Bakke said that she did not believe it would change the fiscal note.

Senator Bakke moved a Do Pass on the amendment 70626.0101.

Senator Nething seconded.

Senator Potter asked if this was entirely new.

Senator Bakke said yes, that it was a Hog House.

Senator Potter asked what the amendment does.

Senator Bakke said it takes the language that was in the bill that was not the intent of the sponsor and puts in new language. It makes the bill what the sponsor intended it to be.

Senator Nething said that by adding the new sub-section it should say that if you are in the National Guard and you are activated this bill should cover you.

Senator Potter said that if that wording is correct the fiscal note should just go away.

Senator Fiebiger questioned the language of continuous federalized active military duty or if the language is clear enough.

Discussion followed on the confusion of the bill and the amendment.

There is confusion on what federalized active military duty means.

Senator Bakke will check with the author of the amendment from legislative council and Senator Heitkamp to clarify what they mean by federalized active military duty and who it covers.

Senator Lee said that the committee will continue discussion on SB 2244 after we get more information.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2244

Senate Transportation Committee

Check here for Conference Committee

Hearing Date: February 1, 2007

Recorder Job Number: 2618

Committee Clerk Signature

Jody Hauge

Minutes:

Senator Gary Lee opened committee work on SB 2244 relating to exemption from vehicle registration fees for military personnel.

Senator Bakke said she had done her research and she had asked what was meant by federalized active military duty. They told her that it referred to anyone who is in the military and has the potential of being activated. So it would include your National Guard and people on the base, it would include anyone in any given time that could be activated.

Senator Nething asked if they had to be residents.

Senator Bakke said yes.

Senator Lee said they have to be on active duty. So just because they are in the guard doesn't allow them to be exempted.

Senator Bakke said the way she understands it is that if they are in the guard and have the potential of being called up to active duty they would be included.

Senator Lee said that was different from what they had intended and asked who Senator Bakke had talked with.

Senator Bakke said that she had talked to Senator Heitkamp and he wants to include everyone.

Senator Nething said that he didn't think membership in the National Guard should qualify someone for a benefit that is the same as active duty. They already have a job and get paid for their weekends.

Tim Dawson was asked to come down from Legislative Council and explaining the meaning of federalized active military duty. He said it would mean the person was being paid by the Federal government on active military duty. When people are called up from the guard they are on Federalized Active duty. All people in the military, like on an Air Force base would be covered.

Senator Bakke said if someone was in the National Guard waiting to be called up they would not be included.

Mr. Dawson replied yes. In addition there are some employees of the National Guard that work for the Federal Government and they would qualify as continuous federalized active military duty.

Senator Nething said he needed to clarify that if he was a member of the National Guard and not activated he would not qualify.

Mr. Dawson said that is correct. They would have to be activated. They can be activated for several reasons other than training.

Senator Bakke asked if a recruiter would qualify.

Mr. Dawson replied that he would probably qualify if he was a resident.

Senator Lee said that this amendment goes beyond the National Guard.

Mr. Dawson said yes, it wouldn't take too much to change it in the language.

Discussion continued on what the committee wanted to do.

Senator Fiebiger moved for a Do Not Pass.

Senator Nething seconded the motion.

The clerk called the roll 5-0-1

Senator Fiebiger will carry the bill

FISCAL NOTE
 Requested by Legislative Council
 01/16/2007

Bill/Resolution No.: SB 2244

1A. **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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				(\$242,307)		(\$242,307)
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			(\$88,461)	(\$53,847)		(\$88,461)	(\$53,847)	

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill essentially removes the cost of registering vehicles for military non-resident personnel stationed here.

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.*

This bill would result in less revenue to the Highway Tax Distribution Fund from motor vehicle registrations for military non-resident personnel stationed here. The total revenue loss to the Highway Tax Distribution fund would be about \$384,615 per biennium. This revenue loss would impact the NDDOT (\$242,307), the counties (\$88,461) and the cities (53,846.10). This is anticipated direct registration fee revenue lost, and does not include potential loss of special fee revenue, such as Public Transportation Fees, ATV, snowmobile, safety or abandoned vehicle fees.

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.*

The revenue loss is based on current number of active duty military personnel stationed in North Dakota, divided by 4 (4 year USAF rotation policy), times 90% (number of those individual not ND residents) times 70% (number of remaining individuals electing to register their vehicle in ND) times 1.5 (Estimated number of vehicles per person) times \$125.00 (Estimated average cost of registration only). Based on these assumptions and formula, the impact would be a loss of \$384,615 per biennium of current registration fees. This does not include other special fee revenue.

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.*

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 is also included in the executive budget or relates to a continuing appropriation.*

Name:	Lorrie R. Pavlicek	Agency:	NDDOT
Phone Number:	328-2725	Date Prepared:	01/23/2007

PROPOSED AMENDMENTS TO SENATE BILL NO. 2244

Page 1, line 1, after "A BILL" replace the remainder of bill with "for an Act to create and enact a new subsection to section 39-04-19 of the North Dakota Century Code, relating to motor vehicle registration fees for residents on active military duty.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new subsection to section 39-04-19 of the North Dakota Century Code is created and enacted as follows:

A passenger motor vehicle or pickup truck owned by a resident who is serving on continuous federalized active military duty for reasons other than training and a motor vehicle operated by the resident or the resident's dependent is exempt from a payment of any registration fee."

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2244: Transportation Committee (Sen. G. Lee, Chairman) recommends DO NOT PASS (5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2244 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

SB 2244

SENATE TRANSPORTATION COMMITTEE

January 26, 2007

**North Dakota Department of Transportation
Tim Horner, Deputy Director for Business Support**

SB 2244

Good morning Mr. Chairman and members of the committee. My name is Tim Horner and I'm the Deputy Director for Business Support at the North Dakota Department of Transportation. Thank you for the opportunity to present information to you today.

Senate Bill 2244, as written, will have an impact on the Department of Transportation, as well as North Dakota's cities and counties. The proceeds of the vehicle registration fees are deposited in the Highway Tax Distribution fund. Sixty-three percent of this fund goes to the Department of Transportation and is used for matching federal funds, in addition to providing funding for state funded transportation activities. Twenty-three percent of the fund is distributed to the counties, with the remaining fourteen percent going to the cities.

This bill would result in less revenue to the Highway Tax Distribution Fund from motor vehicle registrations for military non-resident personnel stationed here. The total revenue loss to the Highway Tax Distribution Fund would be about \$384,615 per biennium. This revenue loss would impact the NDDOT with a loss of \$242,307, the counties with a loss of \$88,461 and the cities with a loss of \$53,846. This is anticipated direct registration fee revenue lost and does not include potential loss of special fee revenue.

It would be beneficial for the Department to have a more defined explanation of military personnel. We have conferred with the bill sponsor and were told this bill is intended for active military personnel, therefore, we request consideration of amending language. Our fiscal note is based on active military personnel.

Also, it would be beneficial for the Department to have the authority to request proof of active military status and that the individual is actually stationed in North Dakota. This should be required on initial registration and renewals. We again request consideration of amending language.

Transportation in our State is dependent on an appropriate level of State funding. Because of that, passage of this bill, as written, would necessitate finding an alternate revenue source to replace the \$384,615 of revenue that would no longer be available for transportation purposes.

Thank you again for the opportunity to address you today. I would be happy to answer any questions you may have at this time.