

2009 HOUSE TRANSPORTATION

HB 1153

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1153

House Transportation Committee

☐ Check here for Conference Committee

Hearing Date: 01/15/09

Recorder Job Number: 7064

Committee Clerk Signature

*Jeanette Cook*

Minutes:

**Shannon Sauer, Financial Management Director for the North Dakota Department of Transportation**, introduced and provided testimony on HB 1153. The bill clarifies language in the North Dakota Century Code pursuant to recommendations from the State Auditor's Office.

See attached testimony. (#1)

**Representative Schmidt:** Do you believe that the North Dakota Century Code allows Home Rule Cities to assess motor vehicle fees?

**Shannon Sauer:** Yes, I do. It appears that that section of code does that. It is a relatively short section of code. If you give me time, I can tell you what it says.

**Representative Schmidt:** Just a comment, I hope we don't give them any ideas.

**Chairman Ruby:** That was my question also. I don't know how many of them know that, or if they just made the conscious decision not to charge that. I suppose they go through the process of some kind of sales tax.

**Shannon Sauer:** The first sentence of 39-04-39.3 says, "The governing body of the incorporated city that has adopted the home rule provisions of chapter 40-05.1 and the department may enter into contractual agreements under which the department may collect any motor vehicle registration fees assessed by the city."

**Chairman Ruby:** In section three, do you have the change where it shows that the funds are coming out of the motor vehicle registration fund instead of the tax distribution fund? In your testimony, you say that this is just clarifying where it has been coming from already. Why have they been coming out of a different fund than what is stated in code?

**Shannon Sauer:** The motor vehicle fund is sort of a clearing fund that pretty much all of the motor vehicle revenues that are collected in North Dakota deposit into. Then at a point in time in the month they are transferred to the treasurer, who disperses them to the appropriate funds that it specifies. But, the administrative costs of the motor vehicle division are deducted from that before it is advanced to the treasurer for distribution. In reality, it comes out of that fund first. Then, the net proceeds are transferred. So, the net proceeds are not distributed out of the highway tax distribution fund. They are distributed out of the motor vehicle fund right up front.

**Chairman Ruby:** If they weren't, I suppose that you would just put those funds into that fund to be extracted anyway. So it would be the same?

**Shannon Sauer:** Yes.

**Representative Delmore:** Can you tell me about the license security deposit? I'm not sure that I understand what that is.

**Shannon Sauer:** That is when a driver must file a SR22 with the department, it is basically a proof of insurance. Generally you see that with a DUI. So, instead of paying the drastically increased insurance costs, they provide a \$25,000 CD. That gets deposited at the Bank of North Dakota in the form of a security. That is the security deposit that this is referring to.

**Representative Delmore:** They pay a premium for that to the Bank of North Dakota?

**Shannon Sauer:** They basically provide a CD.

**Chairman Ruby:** What section is that in?

**Shannon Sauer:** Section 4.

**Chairman Ruby:** Any other questions for Mr. Sauer? Is there any other support for HB 1153? There was none.

**There was no opposition for HB 1153.**

The hearing was closed.

**Chairman Ruby:** We will take up this bill, since we have time. Is there anything that the committee would like to look into further? Is there any reason to hold this bill? What are the wishes of the committee?

**Representative Weisz:** Before, we weren't all that excited about having the cities being able to get into the registration area. Now that they could actually collect funds, which they couldn't prior, because if they did something it would go into the department fund. Now, if there is an agreement to be made, I'm not sure we even want this. You are now saying that if they are trying to assess the registration fees, then they are going to get to keep some of it.

**Representative Weiler:** I may be wrong, but it says that the department **may** enter into contractual agreement. So, wouldn't the department have to enter into an agreement **first**?

**Representative Weisz:** I have some concerns that we have now opened up the revenue for cities to charge for registration. It says it has to be agreed upon, but the language implies that you probably couldn't charge more than it cost to do the service. Maybe I'm reading something into it that isn't there.

**Keith Magneson, former DOT employee:** That language was always there. The only thing that is new, is the **fund** that it is put in. That has been allowed by cities for years. We have always had the authority at the DOT and cities to do this. This **just** changes the **fund**.

**Glen Jackson, DOT:** The change is being made so it is procedurally accurate. If you look on page two, it took that language and moved it onto page one.

**Representative Delmore:** It has been in Code. It wasn't added; it was there.

**Chairman Ruby:** In relation to what the bill is doing and what it is clarifying, is there any opposition to it today?

**Representative R. Kelsch** moved a **Do Pass** on HB 1153.

**Representative Gruchalla:** Seconded the motion.

A roll call vote was taken: **Yea 14 Nay 0 Absent 0**

**Representative Thorpe** will carry the HB 1153.

**FISCAL NOTE**  
**Requested by Legislative Council**  
12/23/2008

Bill/Resolution No.: HB 1153

**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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**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 is a minor "housekeeping" bill to clarify language. It has no fiscal impact.

**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 has no fiscal impact.

**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.*

**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.*

<b>Name:</b>	Shannon L. Sauer	<b>Agency:</b>	NDDOT
<b>Phone Number:</b>	328-4375	<b>Date Prepared:</b>	01/05/2009

Date: 1-9-09

Roll Call Vote #: 1

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES**

**BILL/RESOLUTION NO.** 1153

House TRANSPORTATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken ☒ Do pass ☐ Don't Pass ☐ Amended

Motion Made By R. Kelsch Seconded By Rep. Gruchalla

Representatives	Yes	No	Representatives	Yes	No
Representative Ruby - Chairman	✓		Representative Delmore	✓	
Rep. Weiler - Vice Chairman	✓		Representative Griffin	✓	
Representative Frantsvog	✓		Representative Gruchalla	✓	
Representative Heller	✓		Representative Potter	✓	
Representative R. Kelsch	✓		Representative Schmidt	✓	
Representative Sukut	✓		Representative Thorpe	✓	
Representative Vigesaa	✓				
Representative Weisz	✓				

Total Yes 14 No 0

Absent 0

Bill Carrier Rep. Thorpe

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

**REPORT OF STANDING COMMITTEE (410)**  
January 15, 2009 3:48 p.m.

**Module No: HR-08-0401**  
**Carrier: Thorpe**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1153: Transportation Committee (Rep. Ruby, Chairman) recommends DO PASS**  
(14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1153 was placed on the  
Eleventh order on the calendar.



2009 SENATE FINANCE AND TAXATION

HB 1153

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1153

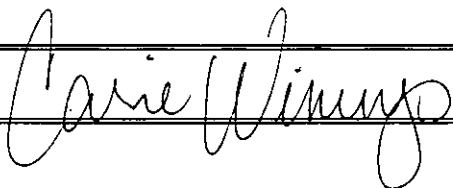
Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Hearing Date: 03/04/2009

Recorder Job Number:

Committee Clerk Signature



Minutes:

**Chairman Cook:** Opened hearing on HB 1153.

**Shannon Sauer, Financial Management Division Director, North Dakota Department of Transportation:** See Attachment #1 for testimony in support of the bill.

**2.25 Chairman Cook:** Am I to understand that a home rule city could if they so chose have a motor vehicle registration fee on top of the state fee?

**Shannon Sauer:** That is correct.

**Chairman Cook:** Is that because they are a home rule city and we gave that to them?

**Shannon Sauer:** (Reads that section of code)

**Senator Triplett:** It must be in the authorizing language of home rule cities.

**Chairman Cook:** Any further questions?

**Chairman Cook:** Any further testimony? (no) Closed hearing.

**Senator Dotzenrod:** As far as the home rule charters there is a bundle of privileges that they have. I guess it kind of rang a bell with me but it in most cases it would have to go on the ballot to be approved. I can't imagine the voters voting for that.

**Chairman Cook:** My thought that if a city ever did this it would end the home rule city situation.

**Senator Anderson:** Whapeton looked at it because they had no money.

**Senator Anderson: Moved a Do Pass.**

**Senator Triplett: Seconded.**

**A Roll Call vote was taken: Yea 7, Nay 0, Absent 0.**

**Senator Anderson will carry the bill.**

Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. : 1153

Senate Finance and Taxation

## Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

### Action Taken

☒ Do Pass☐ Do Not Pass☐ Amended

**Motion Made By**

Motion Made By Senator Anderson Seconded By Senator Triplett

Seconded By

[illegible]

**Total: Yes**

No

**Absent**

## Floor Assignment

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

**REPORT OF STANDING COMMITTEE (410)**  
March 4, 2009 12:03 p.m.

**Module No: SR-38-4020**  
**Carrier: Anderson**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1153: Finance and Taxation Committee (Sen. Cook, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1153 was placed on the Fourteenth order on the calendar.**

2009 TESTIMONY

HB 1153

Attach  
#1

## HOUSE TRANSPORTATION COMMITTEE

January 15, 2009

9:00 a.m. – Fort Totten Room

Same given  
to Senate.

North Dakota Department of Transportation  
Shannon Sauer, Financial Management Division Director

### HB 1153

Good morning, Mr. Chairman and members of the committee. My name is Shannon Sauer; I'm the Financial Management Director for the North Dakota Department of Transportation.

House Bill 1153 clarifies language in a number of areas of the North Dakota Century Code. These amendments are all relatively minor, have no fiscal impact, and are being made pursuant to recommendations from the State Auditor's Office. The specific details of these amendments are as follows:

- **Section one** changes the fund reference from the Highway Construction Fund to the State Highway Fund. There is no such fund as the Highway Construction Fund; the State Highway Fund is the correct fund into which these revenues are being deposited.
- **Section two** clarifies that the DOT is to deposit certain fees directly into the Motor Vehicle Registration Fund instead of first transferring them to the State Treasurer who would then deposit the fees into the Motor Vehicle Registration Fund. This amendment will result in the century code reflecting the proper procedures as currently followed by the DOT. Incidentally, this section of code (39-04-39.3) refers to motor vehicle registration fee collection agreements with home rule cities. The DOT has no such agreements in place at this time, as there are no cities in North Dakota that have assessed their own motor vehicle registration fees.
- **Section three** changes Century Code so that it reflects the correct fund from which motor vehicle program operating costs are being paid.
- **Section four** changes Century Code so that it reflects the proper procedure for refunds of driver's license security deposits as currently followed by the DOT.

Mr. Chairman, I would be happy to answer any questions at this time. Thank you.