2011 SENATE TRANSPORTATION

SB 2328

2011 SENATE STANDING COMMITTEE MINUTES

Senate Transportation Committee
Lewis and Clark Room, State Capitol

SB 2328
February 10, 2011
14333

☐ Conference Committee

Explanation or reason for introduction of bill/resolution:

This bill is to raise the damage disclosure threshold to account for the increasing value of motor vehicles and the escalating costs of repair.

Minutes: *Attached testimony*

Chairman Senator G. Lee opened the hearing on SB 2328 relating to body damage disclosure on titles to motor vehicles.

Senator Larson, District 3, introduced SB 2328. He said that the bill had been resurrected from last session. It deals with the section on motor vehicle damage disclosures. Currently, if you receive eight thousand dollars damage on a vehicle, your title on your vehicle is tagged to have a damaged title. When the vehicle is resold the price is reduced because of the damage tag. As a result of inflation, eight thousand dollars damage isn't very much. This bill is to raise the damage disclosure threshold to account for the increasing value of motor vehicles and the escalating costs of repair. Also, there was a change to go from "forty" percent to "fifty" percent. After visiting with some different groups he is amending it back to "forty" because forty percent is in sequence with the twelve thousand dollar inflationary steps. Amendment #11.0774.01001

Jay Lundeen, Jerome's Body Shop INC., Minot, ND testified in support of SB 2328. He stated, "This bill does not affect me." "It affects the consumer." "I fix a car, whether it has a damage title or not." "I get my money either way." He believes that the way the law is presently written; it hurts the honest people and rewards the dishonest. The honest person checks the box if they have sustained damage over the eight thousand or 40%. The dishonest person doesn't check the box that they have had that damage. He passed out a copy of Minnesota Statutes and explained it. Attachment #1. He also gave examples of actual car damage estimate to show how little damage it takes to get to eight thousand dollars. He thinks it should be at 70 percent, the same as in Minnesota but at least the fifty percent and the twelve thousand dollars.

Senator Nodland asked that if we increase this, will that increase the price of repair.

Mr. Lundeen replied that it would not make any difference.

Matthew Larsgaard, Automobile Dealers Association of North Dakota testified in support of the proposed amendment for SB 2328. If not adopted, they oppose the bill as it currently exists. Written testimony #3

No opposing testimony on SB 2328.

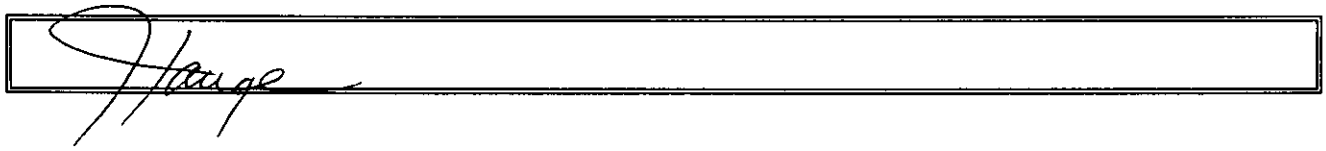
Senator Lee closed the hearing on SB 2328.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Transportation Committee
Lewis and Clark Room, State Capitol

SB 2328
February 11, 2011
14410

☐ Conference Committee



Minutes: *Discussion/Action*

Chairman Senator G. Lee opened the discussion on SB 2328 relating to body damage disclosure on titles to motor vehicles.

Senator Oehlke said that he isn't so sure that he disagrees with the way the laws are written now at eight thousand dollars damage and forty percent of pre-damaged retail value.

Senator Lee commented that an amendment has been offered to SB 2328 to bring it back to the forty percent.

Senator Sitte said that we might offer a compromise of ten thousand dollars and keep the forty percent.

Senator Nodland said that he would like to leave the law the way it is.

Senator Mathern was wondering if anyone could comment on the possibility of going to one variable like Minnesota does. What would the consequence of that be?

Senator Nething said that his insight on that is when he looks at the state of Minnesota and what they do; he doesn't know how much he really wants to mimic them. He clarified that this was just a comment.

Senator Oehlke said that he understood the theory behind it but personally, if there is eight thousand dollar damage to a vehicle that he wants to buy, he would like to know about it.

Senator Lee gave the history of when it started and when changes were made. The last time it changed was in 1999. He also said that he would like to know if he was buying a damaged vehicle.

Senator Nodland handed out a chart from Matthew Larsgaard and he showed what will happen if we increase that percentage. He believes this is wrong for consumers. He said

that with the value of vehicles today, maybe that percentage should be down to twenty or thirty percent.

Senator Mathern said that he was not promoting seventy percent he was wondering if there was any value in just using the one variable. He was not suggesting we go any higher.

Senator Oehlke moved a **Do Not Pass.**

Senator Nodland seconded the motion.

Roll call vote: 6-0-0. **Motion passed.**

Senator Oehlke is the carrier.

Date: 2-11-11
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2328

Senate Transportation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☒ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Oehlke Seconded By Senator Nodland

Senators	Yes	No	Senators	Yes	No
Chairman Gary Lee	✓		Senator Tim Mathern	✓	
Vice Chairman Dave Oehlke	✓				
Senator Dave Nething	✓				
Senator George Nodland	✓				
Senator Margaret Sitte	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Oehlke

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

REPORT OF STANDING COMMITTEE

SB 2328: Transportation Committee (Sen. G. Lee, Chairman) recommends **DO NOT PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2328 was placed on the Eleventh order on the calendar.

2011 TESTIMONY

SB 2328

#1

11.0774.01001
Title.

Prepared by the Legislative Council staff for
Senator Larsen
February 8, 2011

PROPOSED AMENDMENTS TO SENATE BILL NO. 2328

Page 1, line 10, remove the overstrike over "~~forty~~"

Page 1, line 10, remove "fifty"

Renumber accordingly

2010 Minnesota Statutes

325F.6641 DISCLOSURE OF MOTOR VEHICLE DAMAGE.

Subdivision 1. **Damage.** (a) If a motor vehicle has sustained damage by collision or other occurrence which exceeds 70 percent of its actual cash value immediately prior to sustaining damage, the seller must disclose that fact to the buyer, if the seller has actual knowledge of the damage. The amount of damage is determined by the retail cost of repairing the vehicle based on a complete written retail repair estimate or invoice, exclusive of the actual cost incurred to repair, replace, or reinstall inflatable safety restraints and other vehicle components that must be replaced due to the deployment of the inflatable safety restraints.

(b) The disclosure required under this subdivision must be made in writing on the application for title and registration or other transfer document, in a manner prescribed by the registrar of motor vehicles. The registrar shall revise the certificate of title form, including the assignment by seller (transferor) and reassignment by licensed dealer sections of the form, the separate application for title forms, and other transfer documents to accommodate this disclosure. If the seller is a motor vehicle dealer licensed pursuant to section 168.27, the disclosure required by this section must be made orally by the dealer to the prospective buyer in the course of the sales presentation.

(c) Upon transfer and application for title to a vehicle covered by this subdivision, the registrar shall record the term "rebuilt" on the first Minnesota certificate of title and all subsequent Minnesota certificates of title used for that vehicle.

Subd. 2. **Form of disclosure.** The disclosure required in this section must be made in substantially the following form: "To the best of my knowledge, this vehicle has ..... has not ..... sustained damage, exclusive of any costs to repair, replace, or reinstall air bags and other components that were replaced due to deployment of air bags, in excess of 70 percent actual cash value."

History: 1989 c 188 s 6; 1993 c 93 s 13; 2005 c 94 s 3,4

Vehicle 1-

2008 Honda Accord LX--4 Door 39,000 miles

1. $16,000--Current NADA retail value
2. $11,200 **(70% retail value)**--Amount of damage needed for insurance company to total
3. $8,524.52--Cost to repair vehicle **($8,000 rule)**
4. $11-12,000?--Vehicle value after repairs, **(with no salvage title)** but has ND damage disclosure
5. $4-5,000--**loss** is passed on to the **vehicle owner**

Vehicle 2-

2007 Cadillac CTS—4 door 34,000 miles

1. $18,500—Current NADA retail value
2. $12,950 **(70% retail value)**—Amount of damage needed for insurance company to total
3. $8456.22—Cost to repair vehicle **($8,000 rule)**
4. $12-13,000?--Vehicle value after repairs, **(with no salvage title)** but has ND damage disclosure
5. $5,500-6,500--**loss** is passed on to the **vehicle owner**

Vehicle 3-

2008 Chevy 2500 HD 4x4

1. $30,000—Current NADA retail value
2. $21,000 **(70% retail value)**—Amount of damage needed for insurance company to total
3. $13,000—Cost to repair vehicle **(40% rule)**
4. $20-21,000? Vehicle value after repairs, **(with no salvage title)** but 40% rule ND disclosure
5. $9-10,000--**loss** is passed on to the **vehicle owner**

JEROME'S COLLISION CENTER
2705 NORTH BROADWAY
MINOT, ND 58703
OFFICE: (701) 852-5126 FAX: (701) 839-4488
TAX ID: 45-0383777

***** PRELIMINARY ESTIMATE *****

02/09/2011 10:42 PM

Owner

Owner: MR TEST
City State Zip: Minot, ND 58701
FAX:

Inspection

Inspection Date: 02/09/2011 10:42 PM
Inspection Type:

Repairer

Repairer: JEROME'S BODY SHOP INC
Address: 3515 NORTH BROADWAY
City State Zip: MINOT, ND 58703
Contact: JAY J LUNDEEN
Work/Day: (701)852-5126
FAX: (701)839-4488

Vehicle

2007 Cadillac CTS 3.6 4 DR Sedan
6cyl Gasoline 3.6
5 Speed Automatic

Lic Expire:
Prod Date:
Veh Insp# :
Condition:
Ext. Color: RED JEWEL TINTCOAT
Ext. Refinish: Three-Stage UserDefined
Ext. Paint Code: 301N
VIN: None
Mileage: 34,558
Mileage Type: Actual
Code: T3213A
Int. Color:
Int. Refinish: Three-Stage
Int. Trim Code:

Options

AM/FM CD Player	Air Conditioning	Alarm System
Aluminum/Alloy Wheels	Anti-lock Brakes	Automatic Dimming Mirror
Bucket Seats	Cargo/Trunk Net	Center Console
Cruise Control	Dual Airbags	Dual Zone Auto A/C
Floor Mats	Fog Lights	Head Airbags
Heated Power Mirrors	Intermittent Wipers	Keyless Entry System
Leather Seats	Leather/Wood Steer Wheel	Lighted Entry System
OnStar System	Overhead Console	Power Brakes
Power Door Locks	Power Drivers Seat	Power Steering
Power Windows	Rear Window Defroster	Rem Trunk-L/Gate Release
Side Airbags	Strg Wheel Radio Control	Tachometer
Theft Deterrent System	Tilt Steering Wheel	Tinted Glass
Traction Control System	Trip Computer	Wood Interior Trim
XM Satellite Radio		

Damages

Line	Op	Guide	MC	Description	MFR.Part No.	Price	ADJ%	B%	Hours	R
1	E	5		Bumper,Front Aluminum	25764982 GM Part	$187.92			2.0	SM
2	E	10	46	Cover,Front Bumper	19178478 GM Part	$573.86			1.5	SM
3	L	10	14	Cover,Front Bumper	Refinish 2.4 Surface				4.2	RF

				1.0 Three-stage setup				
				0.8 Three-stage				
4	E	13		Extn,Front Bumper Otr LT	25771743 GM Part	$29.43	INC	SM
5	E	14		Extn,Front Bumper Otr RT	10387369 GM Part	$60.71	INC	SM
6	E	27		Defl,Front Bumper Lwr	25716142 GM Part	$135.15	INC	SM
7	E	21		Filler,Front Bumper LT	25716143 GM Part	$7.77	0.1	SM
8	L	21		Filler,Front Bumper LT	Refinish		0.4	RF
				0.3 Surface				
				0.1 Three-stage				
9	E	22		Filler,Front Bumper RT	25716144 GM Part	$7.79	0.1	SM
10	L	22		Filler,Front Bumper RT	Refinish		0.4	RF
				0.3 Surface				
				0.1 Three-stage				
11	E	26		Brkt,Front Lic Plate	25718714 GM Part	$30.10	0.2	SM
12	E	7		Absorber,Front Energy LT	25746731 GM Part	$265.42	0.3	SM
13	E	8		Absorber,Front Energy RT	25746732 GM Part	$265.42	0.3	SM
14	E	28		Grille Assembly	15777479 GM Part	$251.67	INC	SM
15	E	41	46	Headlamp Assy,Halogen LT	15826015 GM Part	$399.04	0.4	SM
16	E	42	46	Headlamp Assy,Halogen RT	15826014 GM Part	$399.04	0.4	SM
17	N	973		Headlamps Aim	Additional Labor		0.4	SM
18	E	77		Lamp,Fog/Parking LT	15930687 GM Part	$238.67	INC	SM
19	E	78	46	Lamp,Fog/Parking RT	15930688 GM Part	$261.50	INC	SM
20	E	66		Airbag Sensor,Front	10373508 GM Part	$101.58	0.2	ME
21	E	143	01	Windshield,Shaded	19121148 GM Part	$566.53	2.4	SM
22	EC	144		Sealant Kit,W/Shield	Replace Economy	$25.00*	INC	SM
23	E	1704		Clock Spring	26103420 GM Part	$293.82	0.3	ME
24	E	862		Module,Airbag Control	89047247 GM Part	$340.17	0.4	ME
25	E	719		Switch,Strg Wheel	25767333 GM Part	$74.04	INC	ME
26	E	865		Airbag,Instrument Pnl	25756980 GM Part	$846.27	6.0	ME
27	E	878	01	Airbag,Steering Wheel	15814818 GM Part	$850.35	INC	ME
28	E	670	01	Seatbelt,Front LT	10369728 GM Part	$111.95	1.6	SM
29	E	671	01	Seatbelt,Front RT	10369741 GM Part	$112.24	1.6	SM

29 Items

MC	Message
01	CALL DEALER FOR EXACT PART # / PRICE
14	INCLUDES 1.0 HOURS FIRST PANEL THREE-STAGE ALLOWANCE
46	PRINTABLE ALTERNATE PARTS COMPARE

Estimate Total & Entries

Gross Parts		$6,410.44	
Other Parts		$25.00	
Paint Materials		$210.00	
Parts & Material Total			$6,645.44
Tax on Parts & Material	@ 7.000%		$465.18

Labor	**Rate**	**Replace Hrs**	**Repair Hrs**	**Total Hrs**	
Sheet Metal (SM)	$58.00	10.9	0.4	11.3	$655.40
Mech/Elec (ME)	$58.00	6.9		6.9	$400.20
Frame (FR)	$70.00				
Refinish (RF)	$58.00	5.0		5.0	$290.00
Paint Materials	$42.00				

Labor Total	23.2 Hours	$1,345.60
Gross Total		**$8,456.22**
Net Total		**$8,456.22**

Alternate Parts Y/04/00/00/04/04 CUM 04/00/00/04/04 Zip Code: 58703 Audatex Host

Audatex Estimating 6.0.514 ES 02/09/2011 11:00 PM REL 6.0.514 DT 01/01/2011 DB 02/08/2011
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2.0 HRS WERE ADDED TO THIS ESTIMATE BASED ON AUDATEX'S THREE-STAGE REFINISH FORMULA.

JEROME'S COLLISION CENTER
2705 NORTH BROADWAY
MINOT, ND 58703
OFFICE: (701) 852-5126 FAX: (701) 839-4488
TAX ID: 45-0383777
*** PRELIMINARY ESTIMATE ***

02/09/2011 10:30 PM

Owner	
Owner:	MRS TEST
City State Zip:	MINOT, ND 58703-0502
Control Information	
Claim # :	000000006
Member # :	[redacted]
Loss Date/Time:	08/01/2010 07:00 AM
Loss Type:	Collision
Deductible:	[redacted]
Accounting # :	001
Ins. Company:	[redacted]
Address:	2705 North Broadway
City State Zip:	Minot, ND 58703
Work/Day:	(701)852-5126
FAX:	(701)839-4488
Agent:	03621/00035
Insured:	[redacted]
Claim Rep:	03621/00035
Inspection	
Inspection Date:	02/09/2011 10:30 PM
Inspection Location:	DRP 08/09/2010
City State Zip:	MINOT, 58703
Received Date/Time:	08/08/2010 11:26 AM
Appraiser Name:	[redacted]
Email:	[redacted]@yahoo.com
Repairer	
Repairer	JEROME'S BODY SHOP INC
Contact:	JAY J LUNDEEN
Address:	3515 NORTH BROADWAY
City State Zip:	MINOT, ND 58703
Work/Day:	(701)852-5126
FAX:	(701)839-4488

Vehicle
2008 Honda Accord LX 4 DR Sedan
4cyl Gasoline 2.4
5 Speed Automatic

Lic.Plate:	UNKNOWN	Lic State:	
Lic Expire:		VIN:	1HGCP26378A044946
Veh Insp# :		Mileage Type:	Actual
Condition:		Code:	H1413B

Ext. Refinish: Two-Stage

Claim # : 000000006 02/09/2011
Ext. Color: UNKNOWN

Options

AM/FM CD Player	Air Conditioning	Alarm System
Anti-lock Brakes	Bucket Seats	Center Console
Cruise Control	Dual Airbags	Floor Mats
Head Airbags	Intermittent Wipers	Keyless Entry System
Lighted Entry System	MP3 Player	Overhead Console
Power Brakes	Power Door Locks	Power Mirrors
Power Steering	Power Windows	Rear Window Defroster
Rem Trunk-L/Gate Release	Side Airbags	Stability Cntrl Suspensn
Strg Wheel Radio Control	Tachometer	Theft Deterrent System
Tilt & Telescopic Steer	Tinted Glass	Traction Control System
Velour/Cloth Seats		

Damages

Ln#	Op	GDE	Description	MFR.Part No.	Price	AJ%	B%	HRS	R
1	E	6	Cover,Front Bumper	04711TA0A90ZZ	313.60			0.7	SM
				MC 46					
2	L	6	Cover,Front Bumper	Refinish				3.7	RF
				MC 13					
				2.6 Surface					
				0.6 Two-stage setup					
				0.5 Two-stage					
3	E	5	Reinf,Front Bumper	71130TA5A00ZZ	164.93			0.4	SM
4	L	5	Reinf,Front Bumper	Refinish				0.6	RF
				0.6 Surface					
5	E	7	Absorber,Front Bumpe	71172TA0A00	26.70			INC	SM
6	E	28	Grille Assembly	71121TA0A00	85.72			0.3	SM
7	E	224	Moulding,Grille	71126TA5A00	129.68			INC	SM
				MC 46					
8	E	41	Headlamp Assy,Hal LT	33150TA0A01	278.85			0.2	SM
				MC 46					
9	N	973	Headlamps Aim	Additional Labor				0.4	SM
10	E	83	Panel,Hood	60100TA5A91ZZ	439.38			1.3	SM
				MC 46					
11	L	83	Panel,Hood	Refinish				4.8	RF
				3.0 Surface					
				1.2 Edge					
				0.6 Two-stage					
12	E	73	Panel Assembly,Rad S	60400TA5A00ZZ	360.80			11.7	SM
				MC 07					
13	L	73	Panel Assembly,Rad S	Refinish				1.0	RF
				1.0 Surface					
14	E	755	Radiator	19010R40A51	346.92			0.5	SM
				MC 46					
15	N	977	A/C Evacuate & Recha	Additional Labor				1.4	ME
16	E	731	Condenser,A/C	80110TA0A01	307.22			INC	ME
				MC 46					
17	I	127	Reinf,Inner Fende LT	Repair				2.5*	SM
				High Strength Steel					
				MC 07					
18	L	127	Reinf,Inner Fende LT	Refinish				0.6	RF
				0.6 Surface					
19	E	103	Fender,Front LT	60260TA0A90ZZ	264.10			INC	SM
				MC 46					
20	L	103	Fender,Front LT	Refinish				2.7	RF
				1.8 Surface					
				0.5 Edge					

				0.4 Two-stage				
21	E	107	Skirt,Inner Fende	LT 74150TA5A00	48.18		0.1	SM
22	E	98	Airbag Sensor,Fen	LT 77930TA0B21	32.46		0.2	ME
23	NG	143	Windshield,Shaded	NAGS FW2816-GB	258.90		1.5*	SM
				MC 01				
24	E	870	Clock Spring	77900TA0C11	91.00		1.2	ME
				MC 01				
25	E	612	Module,Airbag Contro	77960TA0A02	137.42		1.1	ME
26	E	613	Airbag,Steering Whee	77810TA0A80ZA	667.37		INC	ME
27	E	725	Airbag,Instrument Pn	77820TA0A80ZC	782.60		0.7	ME
				MC 01				
28	E	576	Seatbelt,Front	LT 04818TA5A00ZC	154.72		1.0	SM
				MC 01				
29	E	577	Seatbelt,Front	RT 04814TA5A00ZC	154.72		1.0	SM
				MC 01				
30	E	991	Buckle,Frt Seatbe	LT 04816TA5A11ZA	54.30		0.5	SM
				MC 01				
31	E	992	Buckle,Frt Seatbe	RT 04813TA5A01ZB	53.93		0.5	SM
				MC 01				
32	EC		KIT FOR GLASS	ALTERNATE REPL P	25.00*			SM*
32 Items								

MC	Message
01	CALL DEALER FOR EXACT PART # / PRICE
07	STRUCTURAL PART AS IDENTIFIED BY I-CAR
13	INCLUDES 0.6 HOURS FIRST PANEL TWO-STAGE ALLOWANCE
46	PRINTABLE ALTERNATE PARTS COMPARE

Estimate Total & Entries			
Gross Parts			$4,894.60
Other Parts			$283.90
Paint Materials			$536.00
Parts & Material Total			$5,714.50
Tax on Parts & Material	@	7.000%	$400.02

Labor	Rate	Replace Hrs	Repair Hrs	Total Hrs	
Sheet Metal (SM)	$58.00	19.7	2.9	22.6	$1,310.80
Mech/Elec (ME)	$70.00	3.2	1.4	4.6	$322.00
Frame (FR)	$70.00				
Refinish (RF)	$58.00	13.4		13.4	$777.20
Paint Materials	$40.00				

Labor Total	40.6	Hours	$2,410.00
Gross Total			$8,524.52
Less: Deductible			$250.00-
Net Total			$8,274.52

Alternate Parts Y/07/00/00/07/07 CUM 07/00/00/07/07 Zip Code: 58703 Geo 58703
Audatex Estimating 6.0.514 ES 02/09/2011 10:56 PM REL 6.0.514 DT 07/01/2010 DB 02/08/2011
Copyright (C) 2010 Audatex North America, Inc.
2.1 HRS WERE ADDED TO THIS ESTIMATE BASED ON AUDATEX'S TWO-STAGE REFINISH FORMULA.

IF ALTERNATIVE QUALITY REPLACEMENT PARTS HAVE BEEN INCLUDED IN THIS APPRAISAL, THE SOURCE FOR THESE PARTS HAS ALSO BEEN DISCLOSED. IF QUALITY REPLACEMENT PARTS AS LISTED ON THIS APPRAISAL ARE ULTIMATELY USED IN THE REPAIR OF YOUR VEHICLE, THE WARRANTY ON SUCH PARTS WILL BE EQUAL TO, OR GREATER THAN, THE PARTS BEING REPLACED, AS STATED IN USAA'S LIMITED PARTS WARRANTY. USAA WARRANTS THAT THE PARTS USED ON YOUR VEHICLE WILL BE OF LIKE KIND AND QUALITY, FUNCTION, FIT, SAFETY AND CORROSION PROTECTION AS THE PART OR PARTS THEY

#3

Senate Bill 2328
Testimony before Senate Transportation Committee
Matthew C. Larsgaard, MBA
Automobile Dealers Association of North Dakota
February 10, 2011

2/9/11

Mr. Chairman and members of the committee. My name is Matthew Larsgaard and I am appearing in support of the proposed amendments to Senate Bill 2328 on behalf of the Automobile Dealers Association of North Dakota which consists of our state's franchised new car dealers. We would be opposed to the bill as it currently exists. However, Senator Larsen was very willing to address our concerns through the proposed amendment and we would like to extend our sincere appreciation to him.

Body damage disclosure was added to Section 39-05 by the legislative assembly in 1991. It was the result of over two years of discussions among representatives of the various motor vehicle related industries and government regulators. Prior to the 1989 legislative session, the Motor Vehicle Department established an informal "Motor Vehicle Advisory Committee". This committee consisted of the new car dealers, used car dealers, lenders, insurance companies, rebuilders, dismantlers, body shops, Tax Department, Consumer Fraud Division of the Attorney General's Office, Highway Patrol, and the Department of Transportation.

Early meetings of the committee established the fact that problems related to the sale and distribution of damaged vehicles was the most important concern to members of the committee. The genesis of the body damage disclosure law is a result of this committee's work.

During the 1991 legislative session the Director of the Attorney General's Consumer Fraud Section submitted testimony that the Attorney General believed that there is a need for a damage disclosure rule. That, from their perspective, both the consumer and the motor vehicle dealer have a right to know whether or not the vehicle being bought or traded in had been in an accident.

Since 1991 there have been several changes made to Section 39-05-17.2. In almost every case, initiatives were taken to raise the damage disclosure threshold to account for the increasing value of motor vehicles and the escalating costs of repair. In 1991 the threshold was set at $3,000; in 1997 it was raised to the greater of $5,000 or 40% of the predamage retail value; in 1999 it was raised to $8,000 with the 40% language remaining unchanged.

As a result of inflationary trends, we agree that it is once again reasonable to raise the static dollar threshold from $8,000 to $12,000. However, the existing 40% threshold automatically adjusts for inflation and any attempts to raise this rate would effectively weaken the damage disclosure law.

Members of the committee, damage disclosure is a **consumer protection issue**. It allows consumers and dealers to have the information they need to make informed decisions about the safety and fair market value of used cars.

Mr. Chairman, this concludes my testimony. Thank you for the opportunity to testify.

Matthew C. Larsgaard, MBA
Automobile Dealers Association of North Dakota

Information from Matthew

2009 NDCC 39-05-17.2

Motor Vehicle Damage Disclosure Requirements

	A	B
	Predamage Value of Vehicle	40%
1	$ 5,000	$ 2,000
2	$ 10,000	$ 4,000
3	$ 15,000	$ 6,000
4	$ 19,999	$ 7,999.60
5	$ 20,000	$ 8,000
6	$ 25,000	$ 10,000
7	$ 29,999	$ 11,999.6
8	$ 30,000	$ 12,000
9	$ 35,000	$ 14,000
10	$ 40,000	$ 16,000
11	$ 45,000	$ 18,000
12	$ 50,000	$ 20,000
13	$ 55,000	$ 22,000
14	$ 60,000	$ 24,000
15	$ 65,000	$ 26,000
16	$ 70,000	$ 28,000
17	$ 75,000	$ 30,000
18	$ 80,000	$ 32,000
19	$ 85,000	$ 34,000
20	$ 90,000	$ 36,000
21	$ 95,000	$ 38,000
22	$ 100,000	$ 40,000

Not reportable damage with $8,000 threshold.
Not reportable damage with $12,000 threshold (including values highlighted in gray).

Any vehicle with a value of more than $20,000 would use the 40% ratio to detemine if disclosure is required.

Disclosure is required for vehicles in rows 8-22 that incur damage that equals or exceeds the corresponding value in column "B".