

2013 SENATE TRANSPORTATION

SB 2133

2013 SENATE STANDING COMMITTEE MINUTES

Senate Transportation Committee
Lewis and Clark Room, State Capitol

Senate Bill 2133

January 18, 2013

Recording job number 17393 Segment 58:57- 1:12:30

☐ Conference Committee

Doris B. Pries

Explanation or reason for introduction of bill/resolution:

To amend and reenact sections 39-04-36 and 39-04-39.2 of the North Dakota Century Code relating to refunds for registration fees, and to provide an effective date.

Minutes:

Attached testimony: 1

Chairman Oehlke Opened the hearing on Senate Bill 2133.

Chairman Oehlke

We saw a similar bill yesterday proposed by senator Schaible and Senator Miller will explain the differences between the two.

Senator Miller The only difference between this bill and SB 2098 is the arrangement of a few phrases. The practical application of both is about the same. The fiscal note is the same for both bills. This is a matter of good government, licensing/registration fees are getting higher and if you pay for your registration and either sell the car or something happens and the car is no good anymore and there are months left in your registration, I think you should be able to apply for a refund and current law prohibits that. We are trying to put authority on North Dakota Department of Transportation (DOT) to make this a paper work free thing and if they need some additional authority to issue a check back to the consumer or apply it to another registration. I don't care what happens to this bill as long as one of them survives. The average registration value would be approximately one hundred dollars.

Linda Sitz Director of motor vehicles North Dakota Department of Transportation (DOT) We are not taking a position on this bill however we would like to discuss the process, the same as on bill 2198. This bill is the same as bill 2098 in three sections 1, 3 and 5. This one does not address sections 2 and 4. It does not give clarity to the timeframe for requesting the refund and does not mention the plates being returned to North Dakota Department of Transportation (DOT) thereby we have no proof that the vehicle is not being driven. Fiscal note would be the same as 2098. See attached testimony 1.

Senator Sitte Should we put a minimum for the refund, like less than twenty dollars?

Linda Sitz It would help. We prefer bill 2098 which says the refund has to be requested within thirty days of sales or transfer. Currently if you trade in a vehicle and you purchase another one the registration is automatically credited to the new purchase.

Connie Todd Manager of Consumer Services Department with Department of Motor Vehicles If not replaced, we hold registration until you replace the vehicles, if it has not expired. We hold the plates for thirty seven months but the credit only remains for the number of months you have current. The number of months left automatically shows up. If DUI plate comes in as suspended the registration fees are not refunded unless it is for specific period and time is left on registration. To get the refund vehicle needs to be sold or transferred. DUI is moot point.

Chairman Oehlke closed hearing on SB 2133

2013 SENATE STANDING COMMITTEE MINUTES

Senate Transportation Committee
Lewis and Clark Room, State Capitol

Senate Bill 2133

January 18, 2013

Recording job number 17396 Segment 11:02 to 12:07

☐ Conference Committee

Doris E. Perez

Explanation or reason for introduction of bill/resolution:

To amend and reenact sections 39-04-36 and 39-04-39.2 of the North Dakota Century Code relating to refunds for registration fees, and to provide an effective date.

Minutes:

Chairman Oehlke Opened discussion on SB 2133

Senator Flakoll Moved do not pass

Senator Sinner Seconded motion

Roll call vote: Yes 7 No 0 Absent 0

Carrier: Senator Sitte

FISCAL NOTE
Requested by Legislative Council
01/11/2013

Bill/Resolution No.: SB 2133

- 1 A. **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.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$140,000		\$105,000
Appropriations				\$140,000		\$105,000

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **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 requires a refund of the unused portion of vehicle registration fees when a vehicle is transferred and not replaced with another vehicle. The proposed law requires payment of a \$5 dollar fee prior to refund of any remaining registration fee.

- 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.*

An accurate revenue impact for this bill cannot be determined at this time. To this point in time, NDDOT has not tracked the number of vehicles transferred and not replaced with another vehicle; we have no way of estimating the number of refunds or the related revenues from the \$5 fee which might result from this bill because we don't know how many vehicles are transferred without a "replacement" vehicle. Any motor vehicle registration fees refunded under this bill and related NDDOT expenditures would result in a loss of funding to the Highway Tax Distribution fund. The Highway Tax distribution fund is distributed between NDDOT (61.3%), cities (12.5%), counties (22%), townships (2.7%), and the Public Transportation Fund (1.5%); accordingly, those entities would realize an undetermined reduction in their revenues from the Highway Tax Distribution Fund. NDDOT would incur additional costs as a result of this bill including computer reprogramming, temporary help, form design, and printing.

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.*

An accurate revenue impact for this bill cannot be determined at this time. To this point in time, NDDOT has not tracked the number of vehicles transferred and not replaced with another vehicle; we have no way of estimating the number of refunds or the related revenues from the \$5 fee which might result from this bill because we don't know how many vehicles are transferred without a "replacement" vehicle.

- 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.*

NDDOT would incur additional costs totaling \$140,000 the first biennium as a result of this bill. This includes computer reprogramming (\$30,000), temporary help (\$100,000), and form design and printing (\$10,000). Second biennium costs will be somewhat less because programming and form design will have been accomplished in the first biennium. Accordingly, the second biennium costs would consist of temporary help (\$100,000) and printing (\$5,000).

- 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.*

NDDOT would require additional appropriation of \$140,000 for the first biennium and \$105,000 in subsequent bienniums to handle the provisions of this bill. These amounts were not included in the executive budget recommendation.

Name: Shannon L. Sauer

Agency: NDDOT

Telephone: 328-4375

Date Prepared: 01/14/2013

**2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL NO 2133**

Senate TRANSPORTATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Senator Flakoll Seconded By Senator Sinner

Senators	Yes	No	Senator	Yes	No
Chairman Dave Oehlke	X		Senator Tyler Axness	X	
Vice Chairman Kelly Armstrong	X		Senator George Sinner	X	
Senator Margaret Sitte	X				
Senator Tim Flakoll	X				
Senator Tom Campbell	X				

Total (Yes) 7 No 0

Absent And not voting 0

Floor Assignment Senator Sitte

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

REPORT OF STANDING COMMITTEE

SB 2133: Transportation Committee (Sen. Oehlke, Chairman) recommends **DO NOT PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2133 was placed on the Eleventh order on the calendar.

2013 TESTIMONY

SB 2133

Senate Transportation COMMITTEE
January 18, 2013 – 9:40 a.m. – Lewis and Clark Room

North Dakota Department of Transportation
Linda Sitz, Director of Motor Vehicle Division
Senate Bill 2133

Mr. Chairman and members of the committee, I'm Linda Sitz, Director of the Motor Vehicle Division for the North Dakota Department of Transportation. Thank you for giving me the opportunity to present information to you today.

NDDOT is not taking a position on this bill; however, we would like to discuss the process if this bill were to pass. This bill would permit NDDOT to refund the unused portion of registration fees on vehicles transferred to another owner but not replaced with another vehicle. This bill would require the party transferring the vehicle to submit an application for the refund.

SB2133 is similar to SB2098 which I testified on yesterday. I will state some contrasts between the two bills.

Currently when a vehicle is sold and another purchased, DOT allows a credit on registration fees of the new purchase equal to the time left on the registration of the vehicle sold. If no replacement vehicle is purchased, that credit is lost.

This bill provides a mechanism by which the DOT could refund the unused portion of the registration if the vehicle is sold during that registration period and NOT replaced by another vehicle.

SB2133 states:

1. Request needs to be made before the expiration of the registration
2. A fee of \$5 must be paid
3. Then DOT is to return a fee of 1/12 of the annual fee for each month remaining in the registration period.

This bill does not require an application to be filled out and given to DOT for the refund request. Clarity needs to be given as to the timeframe in which they can request the refund. It makes no mention of the plates being returned to DOT; thereby we have no proof that the vehicle is not being driven on the roadways.

Motor Vehicle registration fees are deposited into the Highway Tax Distribution Fund for use by the DOT, counties, cities, townships, and the Public Transportation Fund. This legislation would reduce the money available for distribution to these entities. We are unaware of the amount of revenue that would no longer be available for distribution as DOT currently does not track the number of vehicles transferred but NOT replaced with another vehicle. Consequently, we have

no way to reasonably estimate the amount of refunds and loss of revenue that might result from this bill.

This bill would have an impact on Motor Vehicle operations by increasing the volume of mail received and transactions processed by an unknown quantity. Additionally, the Vehicle Registration and Titling System currently will not accommodate these refunds. Consequently, there would be IT costs incurred to modify the system to make such transactions possible. We estimate the total cost of additional temporary staffing, reprogramming, form design and printing will cost approximately \$140,000 the first biennium and \$105,000 thereafter.

Mr. Chairman, I'd be happy to answer your questions at this time.