

**FISCAL NOTE**  
**Requested by Legislative Council**  
**12/22/2014**

Bill/Resolution No.: HB 1130

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 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).*

HB 1130 provides a motor vehicle excise tax exemption for vehicles donated to a nonprofit organization that in turn donates vehicles to individuals with a demonstrated need for a vehicle for workforce participation purposes.

- 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.*

If enacted, HB 1130 will reduce state general fund and state aid distribution fund revenues by a small amount. The actual amount of the reduction will depend on the number of donations of vehicles and qualifying individuals to receive those vehicles. The revenue loss cannot be determined.

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

**Name:** Kathryn L. Strombeck

**Agency:** Office of Tax Commissioner

**Telephone:** 328-3402

**Date Prepared:** 01/12/2015

**2015 HOUSE FINANCE AND TAXATION**

**HB 1130**

# 2015 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1130  
1/13/2015  
21886

- ☐ Subcommittee  
☐ Conference Committee

Committee Clerk Signature

*May Brucher*

### Explanation or reason for introduction of bill/resolution:

A Bill relating to a motor vehicle excise tax exemption for donations of motor vehicles to a nonprofit organization that donates motor vehicles to individuals with demonstrated need of a motor vehicle to enable them to become self-sufficient members of the workforce.

### Minutes:

No attachments.

**Chairman Headland:** Opened hearing.

**Representative Keiser:** Introduced bill. This is a very good policy position for the state of North Dakota to take. When you buy a car you pay an excise tax. There are several groups around the country who have developed programs where people can contribute cars to their nonprofit (primarily) organization. They take those cars and use them as a mechanism to raise money for the organization. This bill is very carefully designed. I think this is a piece of legislation that carves out a very important exception to the current law relative to excise tax payment. We worked with the North Dakota Automobile Dealers Association in developing this bill and they were very helpful. The basic elements of this bill include 1) the car must be donated through someone who is qualifying as a 501c3. If you've never gone through the process of qualifying it's not easy to do. This exemption requires that not only do you have to be a qualified 501c3 but you have to have an established program whose primary purpose is to receive donated cars. That vehicle is then donated to individuals. These individuals have to qualify. They primarily come through human services. They are trying to become self-sufficient in the work force. The largest issue for those people in finding a job is transportation. The request we're making would be eliminated if the car is not transferred to an individual within 90 days. The agency takes the car to a local auto dealer to look over the car and make the repairs to make it a reasonably functioning vehicle. If this organization were to receive a car and not transfer it within 90 they would have to pay the tax. Sometimes they get vehicles that aren't worth repairing so they could sell that as scrap. If they sell the vehicle for more than \$500 you have to pay the excise tax. They would pay a tax based on the National Automobile Dealers Association Used Car Guide. The commissioner shall issue a certificate of exemption to qualifying agencies that meet all these qualifications. Right now according to law if I donated a car they would fix the car and pay the tax within 30 days. This bill helps

get people back into the workforce and takes them off unemployment or social programs. I strongly ask for your support.

**Chairman Headland:** What are the workforce qualifications?

**Representative Keiser:** They work primarily with social service agencies within the state and get referrals from them for people who are trying to get re-established in the work force.

**Chairman Headland:** We can find out that information. How many 501c3?

**Representative Keiser:** Only one today in Bismarck. If they are successful here they are looking at expanding probably in Fargo or the eastern part of the state.

**Representative Schneider:** Could an organization that works with low income individuals create a program within that nonprofit that's focus is solely on getting cars to people that fit this description in needing to get into the workforce and qualify for the exemption?

**Representative Keiser:** If there is a program developed by anyone and their primary purpose is to receive a car then transfer it in a short period of time they would qualify and I think that would be a benefit under these circumstances.

**Representative Schneider:** Then it could be a larger organization that qualifies as a 501c3 that then creates and establishes a program that fits this purpose?

**Representative Keiser:** Again I would say yes.

**Representative Steiner:** Do you have any idea how many people would fall into it the first years?

**Representative Keiser:** I don't but intuitively it's probably more in the area of 500-1,000 who would be eligible on a monthly basis. This is a means to move people towards independence with a very essential requirement in today's society.

**Representative Froseth:** Have you run this by the motor vehicle department? I suppose they are going to have to handle all the paperwork and the transactions. Will they need additional staff and more appropriations to do that?

**Representative Keiser:** I do not believe there is a fiscal note. The commissioner would have to submit a request to be considered and once that's provided then as long as those transfers occur they don't have to pay the tax. There are no FTEs.

**Chairman Headland:** There is a fiscal note but it's just undetermined.

**Kevin Dvorak, President of the North Dakota Community Foundation:** Support. We are a 501c3. We work across the state of North Dakota helping communities establish community foundations under our umbrella. We currently have 61 community foundations across the state that accept gifts, build endowment, and then make grants back to improve

the quality of life in their communities. In Stanley, North Dakota, we received a 2009 F350 truck as a gift from a farmer. We had to register the truck and pay \$1,381 per NADA value. The truck was sold and then the buyer had to pay excise tax on the purchase. The Stanley community foundation was out \$1,381 because of the law that says nonprofits that receive these kinds of gifts must pay excise tax. My suggestion would be to consider all 501c3 North Dakota nonprofits would be exempt from this. Most states have this in their law. It doesn't make sense that the state collects excise tax from nonprofits that serve the needs of the citizens of the state.

**Chairman Headland:** Questions for Mr. Dvorak?

**Representative Froseth:** Would you then transfer the title and ownership to that person?

**Kevin Dvorak:** We generally sell that asset and use the revenue off that sale to accomplish our charitable purpose. There are nonprofits that keep them for their own use.

**Representative Froseth:** I'm referring to the statement by Representative Keiser that when a nonprofit receives a vehicle, free as a gift, then they have to find somebody who has a need for that vehicle.

**Kevin Dvorak:** There is one organization in North Dakota that does that but we are not that organization. When we receive gifts all those gifts are turned in for cash and then the income is used to make grants for nonprofit causes across the state.

**Representative Froseth:** There's also the insurance issue. Who's responsible for that?

**Kevin Dvorak:** It would be my opinion that the nonprofit would need to insure that vehicle and make sure their client who received the vehicle would keep it insured properly.

**Representative Trottier:** What would keep me from donating my own vehicle to your organization and you gift it to a person I choose?

**Kevin Dvorak:** We don't make grants to individuals at the North Dakota Community Foundation. The clients that receive these gifts are referred by social service agencies. They would then have to meet the criteria for that program.

**Chairman Headland:** Further questions for Mr. Dvorak? Is there any more support for 1130? Is there any opposition? Seeing none we will close the hearing on HB 1130.

# 2015 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee

Fort Totten Room, State Capitol

HB 1130

1/13/2015

21914

☐ Subcommittee

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A bill relating to motor vehicle excise tax exemption for donations of motor vehicles to a nonprofit organization that donates motor vehicles to individuals with demonstrated need of a motor vehicle to enable them to become self-sufficient members of the workforce.

### Minutes:

Attachment #1, 2

**Chairman Headland:** Re-opened hearing on HB 1130.

**Representative Keiser:** Thank you for reopening this hearing on HB 1130. I neglected to inform Sarah of the hearing today. We worked on this bill for months and I really wanted her to speak. Thank you for allowing Sarah to testify today.

**Sarah Carlson, Executive Director of Creative Connections and Opportunities Inc. (CCO):** Submitted testimony (pamphlet on their organization). See attachment #1. This bill talks about tax exemption from the North Dakota vehicle excise tax for organizations who accept donated vehicles then give them to needy individuals. We have three areas of programming which cover helping people who are transitioning from being on public assistance to being self-sufficient. We work closely with Community Options which is a for profit business. One of the things Community Options does is manage the participants in the TANF (Temporary Assistance to Needy Families) program and is the monetary assistance for single parent families; most of the time they are single women with children. Part of the TANF program is that there is a work or school requirement so if you're receiving those funds you need to be looking for a job or going to school for the purpose of being employed. Community Options is headquartered in Bismarck but is all over the state and they manage the employment service for all those who are on TANF. They identified the two biggest barriers that lower income individuals who are trying to get into the work force have to be successfully employed are transportation and child care. It's easy to get a job but the hard part is getting to the job and what you're going to do with your child while you're at the job. The employment specialists identified that these areas needed to be addressed. CCO was formed as a nonprofit organization and granted a 501c3 so that we could start addressing these issues. We have a vehicle donation and vehicle repair program. We are working on a nonprofit childcare center that has entry level workers, shift workers, or low income workers who are going to be using the childcare assistance

program through North Dakota. We have people who apply to our program, Wheels for Work. Vehicles are donated to us from community members, businesses, etc. We then address any repair issues the vehicles may have and match them with an applicant to the program. I have 10 applicants for every one vehicle; we never have enough vehicles. The applicants have to be referred by some social service agency. Our nonprofit organization first has to put the title in our name so the person who is donating the vehicle can get the tax donation. Then I take the title to the capital and pay the state five percent of the value of the vehicle. When I match that vehicle with a recipient they then come to motor vehicle and do the same thing so the state is getting ten percent of the value of the vehicle on a car that has been donated and has been given to a needy individual. This is where I began seeing a problem. My job as executive director is to raise funds for this organization and to use those funds wisely. It's frustrating when we are trying to do something good then we have to spend that money that could have gone into a repair on a vehicle or other programming areas. I then contacted Representative Keiser.

**Representative Steiner:** What is your totally revenue stream for CCO?

**Sarah Carlson:** In 2014 the value of the 18 vehicles that were donated was \$21,400. The excise tax on that is a little over \$1,000.

**Chairman Headland:** Could you provide the intern with your fiscal documentation so he could make copies for us?

**Sarah Carlson:** I have a list of our vehicles that were donated. If we were to greatly increase next year we would still be under \$5,000 or 10,000 so it's not that much.

**Chairman Headland:** That would be helpful.

**Representative Steiner:** Do they own the car? If they sell it after three months do they keep the money from it or do you have a buy-back?

**Sarah Carlson:** We don't have a buy-back. I give them a form that states the vehicle is theirs once they sign the title so they are free to do with it what they want. We try to screen our applicants so we know they need this vehicle to get to work. In all the vehicles we've given away I don't know of any one where they aren't still using it but we've only been operating since October 2013. If they owner or the recipient of the vehicle wanted to sell it they can do with it what they want. It could give them a bit of value or equity so they could trade it in and get a little bit nicer vehicle. Most of these vehicles donated to us average around 10-12 years old with pretty high miles on them. They are good for getting around town and getting to where they are going.

**Representative Mitskog:** Does social services still provide vouchers for transportation?

**Sarah Carlson:** I believe they do. In Bismarck you can get a 30 day bus pass if you are looking for work but that's a one- time thing. I can't answer the question about transportation vouchers each time. If you're in the TANF program they have some supportive service dollars that people can use for a vehicle repair but the maximum amount of that is \$500. We provide additional funds.



**Representative Mitskog:** There might be a savings in the long run by somebody receiving a car and is on some sort of a social services program and getting them working again. I'm really excited about this program. Do you have plans for expanding across the state?

**Sarah Carlson:** We are a state-wide agency. We work closely with Community Options so they are represented in every major city in North Dakota. I would love to see more programs like this.

**Chairman Headland:** Without divulging any private information of an individual can you tell us how this has worked for somebody and whether or not they are still working?

**Sarah Carlson:** We've had 11 recipients of a donated vehicle but we've also had 15 recipients of a vehicle repair. Of those 11 vehicle recipients 10 were single mothers. I can check the ones that are TANF recipients because I check in with the employment specialists frequently.

**Vice Chairman Owens:** How long do you own the car before you turn it over to somebody?

**Sarah Carlson:** It depends on what needs to be done with the vehicle. I've had vehicles less than a week when there's been nothing wrong with them. The applicant to the program is responsible for obtaining car insurance before they can take possession of that vehicle. This bill still leaves this component in it and I think that's important to give them that responsibility.

**Representative Froseth:** Presently you have to pay an excise tax and so does the recipient. This bill will eliminate that?

**Sarah Carlson:** Just one. We won't pay it as a nonprofit organization but the recipient will. It provides personal responsibility. Other social service organizations could also do this and so could churches if they wish.

**Representative Strinden:** It's written just for 501c3?

**Sarah Carlson:** So it's not for churches.

**Chairman Headland:** Any other questions?

**Representative Mitskog:** My question is for Representative Keiser. I believe some of the things in this bill are too restrictive. For this tax exemption there has to be a specific car donation program?

**Representative Keiser:** The legislation is very tight on the issue. It must be a 501c3 with the organization's primary purpose is the transfer of cars to folks who need it for this purpose. This is not to make money in any way. If I choose to make a contribution in the form of a car the only way that I can get a write off as a contribution to a 501c3 is if the organization takes ownership. It has to be to a 501c3. This particular 501c3 is not holding

it and not getting any personal gain from it in any form. If they do get it then they pay the excise tax. If they do anything but scrap it then they pay the excise tax. When they give it to someone then that person would pay the excise tax. This is for vehicles that are held for a very short time for the sole purpose of repairs. The repair shops don't usually take priority in fixing these vehicles. Sarah asked for 120 days but I said that would never pass; we have to make it a shorter amount of time. If these organizations don't get any benefit from the vehicle then they shouldn't have to pay the excise tax. This legislation has to be tight.

**Representative Hatlestad:** If I have a 501c3 can I create within my organization a car donation program this would work for?

**Representative Keiser:** We could but that would have to meet all the guidelines we have in here and it would have to be the primary purpose of that organization.

**Representative Hatlestad:** But it's not the primary purpose of my 501c3.

**Representative Keiser:** If you've ever run a 501c3 they're going to watch it very closely. Many 501c3 have 10-15 programs in them. The primary purpose of that program that qualifies for this exemption has to meet these qualifications.

**Representative Schneider:** I think we're saying the same thing. When I look at the differences in what we're describing I look at an organization as being one thing and a program being one of probably several programs within that organization. We're talking about a program having its primary purpose rather than an organization having its primary purpose?

**Representative Keiser:** That is correct. That program has to be tight. When they do the performance audit you better be on it or it violates state law. It's that simple or difficult.

**Chairman Headland:** Any further for Sarah Carlson? If not we will close the hearing on 1130. I think we can take some action. I just want to take a minute to allow us all to get an opportunity to see what type of cars we're talking about and I think we're going to be surprised; they are not going to be much.

**Representative Dockter:** They are basically getting double taxed. The whole intent is to get a donation and they are going to have to pay a tax. They are cars that have been used but they still serve a purpose for the citizens. I don't believe they should be taxed twice.

**Representative Hatlestad:** When you think of the individual who is going to receive that car, they often don't have the money to pay the tax either. If I'm depending on someone else for a car then there's probably a financial crisis.

**Chairman Headland:** I may agree with you, however, in order to get that car they have to have the ability to get the insurance and pay for the title transfer. I think the organizers believe that's it's an important piece to the information.

**Representative Klein:** Made a motion for a Do Pass.

**Representative Strinden: Seconded.**

**Roll call vote: 13 yes   0 no   1 absent  
Motion carries.**

**Representative Klein will carry this bill.**

Date: 1-13-15  
Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1130**

House Finance and Taxation Committee

☐ Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation: ☐ Adopt Amendment  
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☐ As Amended ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Rep. Klein Seconded By Rep. Strinden

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND	✓		REP HAAK	✓	
VICE CHAIRMAN OWENS	✓		REP STRINDEN	✓	
REP DOCKTER	✓		REP MITSKOG	✓	
REP TOMAN	✓		REP SCHNEIDER	✓	
REP FROSETH	✓				
REP STEINER	✓				
REP HATLESTAD	✓				
REP KLEIN	✓				
REP KADING	✓				
REP TROTTIER	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep. Klein

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

**REPORT OF STANDING COMMITTEE**

**HB 1130: Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1130 was placed on the Eleventh order on the calendar.

**2015 SENATE FINANCE AND TAXATION**

**HB 1130**

# 2015 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Lewis and Clark Room, State Capitol

HB1130  
3/16/2015  
Job #24863

☐ Subcommittee  
☐ Conference Committee

Committee Clerk Signature

*Alice Grove*

### Explanation or reason for introduction of bill/resolution:

Relating to a motor vehicle excise tax exemption for donations of motor vehicles to a nonprofit organization that donates motor vehicles to individuals with demonstrated need of a motor vehicle to enable them to become self-sufficient members of the workforce; and to provide an effective date.

### Minutes:

### Attachments #1, #2

**Chairman Cook** opened the hearing on HB1130.

**Rep. George Keiser, Dist. 47** -- Appears and presents HB1130. (No written testimony)

This bill is a simple bill but it's also very complicated. I would like to walk you through the bill. The person who is in charge of this little nonprofit, which is located in Bismarck, is not here at this time. This legislation is a tax exemption. It's an excise tax exemption on motor vehicles. This organization receives contributed motor vehicles. (meter 1:14-1:36). We have worked with all of the parties, the North Dakota motor vehicle dealers and other groups in trying to craft a bill that does not create problems for those entities. (meter 1:40-3:00). And the program's primary purpose is receiving donations of motor vehicles that they then fix up and then donate to individuals with a demonstrated need of a motor vehicle; and necessary for that individual's effort to become a self-sufficient member of the workforce. (meter 3:46-4:33) This exemption is rescinded if the organization has not transferred title to a donated motor vehicle and then donated that motor vehicle to an individual with that need within 90 days. One of the concerns we had in working with the folks that were asking for this is we don't want you getting donated vehicles and then holding on to them for 6 months. (meter 4:58-5:14). The exemption is also rescinded if the organization sells a donated motor vehicle for more than \$500 after taking possession. (meter 5:30-6:15). In order to establish and give me the tax credit for the contribution they have to take ownership of it but our current law says the minute you take ownership, you have to go pay the excise tax. They fix it up and give it one of these folks that they are serving and those people have to pay excise tax within 90 days. When they came to me with that problem I said this doesn't make sense. It's great for the state to get a double excise tax on a very rapid transfer of property but it doesn't make sense and in this very

limited case I could support an exemption for that first excise tax. (meter 7:00-8:05). We think this bill solves the problem. (meter 8:12-8:59)

**Sen. Bekkedahl** -- On page 2, line 7, when you say, the commissioner, that refers to the tax commissioner? On line 9, shall present the certificate of exemption to the registrar, that would be whatever party in any state office that is responsible for collecting the fees of the excise tax, a motor vehicle department?

**Rep. Keiser** -- Others here can answer those questions. That's the language that we were given as the appropriate references. What I do understand is that they would be given a certificate that they could then present and show that they are exempt. Or, we sold it for less than \$500. We put the \$500 limit in because sometimes folks give them a vehicle that when they take it to the auto dealer, the dealer says it's going to cost \$5,000 to fix it. We can put it into the junk status, recycle it, and you can get up to \$500 for parts. We tried to differentiate with that \$500 limit was when somebody was giving you their problem.

**Sen. Bekkedahl** -- This entity that you are talking about deals with the Bismarck/Mandan area. Would they also be dealing with vehicles for other locations that don't have mass transit as well?

**Rep. Keiser** -- They have provided vehicles in other communities, including Fargo. It's a statewide program and they are working with statewide agencies. The numbers of people that qualify, given all their criteria, aren't that large. Plus, they don't get that many cars contributed.

**Sen. Cook** -- What's the name of the organization?

**Rep. Keiser** -- CCO. And, here's Sarah, they have all sorts of questions.

**Sen. Triplett** -- On line 13, of page 1, where you use the phrase, established program. Is this an attempt to grandfather in one program that already exists or do you just mean by that when they come to get the exempt they have to have a program set up?

**Rep. Keiser** - There was a lot of interest when other communities heard about this bill, other nonprofits said what if we started a specific program that provided this service to this population. I would suggest that if we could do that, it's not an altogether bad deal. Again, this is dealing only with the excise tax, and it's a one-time application of the excise tax in that short term transfer. (meter 13:27-13:51)

**Sen. Triplett** -- What I hear you say is the bill was written to grandfather in one group that is currently doing this but you are open to us removing that word if other people develop programs that have a similar primary purpose.

**Rep. Keiser** -- Absolutely. I think it could save us a lot of money if we can get people employed.

**Sen. Laffen** -- The 501c3 would get the first excise tax exemption. Does the person who is getting the car, do they get an exemption too?



**Rep. Keiser** -- No. That's one of the criteria. This organization is tough. You are going to meet Sarah in a minute. We believe in this program but we also believe in personal responsibility. In getting the car you have to get insurance and you have to pay that excise tax at the time of transfer.

**Sarah Carlson, Exec. Director. CCO, Inc.** (no written testimony for narrative) (**Attachments #1 & 2**) We are a 501c3 nonprofit organization in Bismarck. CCO stands for Creative Connections and Opportunities. CCO is the umbrella organization. We have 3 programs within that organization and the wheels for work is just one of those programs. Our mission is to provide low income individuals who are transitioning from being on public assistance to being self-sufficient with the goods and services that they need on that path to self-sufficiency. The wheels to work is one of our programs that we have at CCO and we take referrals from other outside agencies. We work closely with community actions and they contract with the state to manage the TANF program. Through that program there is the jobs program which each person who is on TANF gets paired up with a jobs coach. We get referrals from Abused Adult Resource Center, social service agencies, and from Job Service referrals, Ruth Meiers House. All of our vehicle recipients, so far, have been women and 9 of the 11 have been single mothers. All of them are employed; two are in school. The bill is an excise tax that would exempt us from paying the vehicle excise tax, 5% to the state of North Dakota when we get a vehicle donated to us. (meter 18:02-18:34).

**Sen. Oehlke** -- How long does it typically take for you to get that donated vehicle and then get it to someone who needs it?

**Sarah Carlson** -- Weeks, probably. I receive a vehicle. It is inspected by a shop around town and, if necessary, its repaired. It is repaired to meet safety standards. We don't do cosmetic repairs or fix minor things. We want someone to use this vehicle for a minimum of a year. The vehicle is theirs.

**Sen. Oehlke** -- Is there a time limit on when the excise tax has to be paid?

**Sarah Carlson** -- I believe its 15 days.

**Sen. Oehlke** -- If someone donated a vehicle and you were going to get it to the recipient that needed to drive within 15 days, could you avoid having to pay that tax and title it directly to them?

**Sarah Carlson** -- No. I have to document that they have donated to our nonprofit organization. The bill is written so that we do all this within 90 days.

No further testimony.

**Myles Vosberg, Office of State Tax Commissioner** -- Appears to answer Sen. Bekkedahl's question regarding the registrar language and the commissioner. In the motor vehicle excise tax law there is a definition of registrar which means the department of transportation. It's the director of the department of transportation in this state as provided by reference to code and then who acts as an agent of the state tax commissioner. There is

a further section within the motor vehicle excise tax law that does indicate that the director is an agent of the tax commissioner in administration of the motor vehicle excise tax.

**Sen. Bekkedahl** -- What I was getting to is if this were to go through, and I'm up in Williston and I go through this process then I would just go to the DMV and present that certificate and whoever the agent was at the window at that time would understand the program to grant the exemption.

**Myles Vosberg** -- There is a requirement for the organizations that qualify to receive the vehicle without paying the tax to apply to the tax commissioner to get an exemption certificate and then they would provide a copy of that certificate to the registrar when they register the vehicle to avoid paying the tax.

**Sen. Cook** -- Is there a license plate on this vehicle?

**Myles Vosberg** -- Under the motor vehicle excise tax law, the tax is due when the vehicle is required to be registered. The plate stays with the owner so there would not be a plate on this vehicle but when they register it they would get a plate.

**Sen. Cook** -- So CCO would register it. They would have an exemption so they would not pay excise tax and then they would get a plate?

**Sarah Carlson** -- We don't drive the vehicle. We don't insure them. They are dropped off at the designated spot. If they are moved, they are moved by the owner. We don't license. We just pay the excise tax and get the title so we have the title in the name of CCO and then I sign the title over to the recipient and they take it in and get the title and license. That is their responsibility.

**Sen. Dotzenod** -- Myles, quite often when we get a sales tax exemption bill in, the bill would just show that exemption as new language and it will say it is added to subsection where there is already a list of other exemption. This one says it's a new subsection 57-40.3-04, so can I assume if I go to that section there are other exempt provision in there that allow other vehicles to be exempt and this just gets added to the list? (meter 26:20-26:44)

**Myles Vosberg** -- Section 4 of 57-40.3 is a list of exemptions. If you looked in the law there are 17 listed right now. This would be a new one added on to that.

**Sen. Dotzenrod** -- I didn't know we had that many situations where we exempted drivers.

**Chairman Cook** closed the hearing.

# 2015 SENATE STANDING COMMITTEE MINUTES

**Finance and Taxation Committee**  
Lewis and Clark Room, State Capitol

HB1130  
3/17/2015  
Job #25001

☐ Subcommittee  
☐ Conference Committee

Committee Clerk Signature

*Alice Grove*

## **Explanation or reason for introduction of bill/resolution:**

Committee work.

## **Minutes:**

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**Chairman Cook** opened the committee work on HB1130.

**Dee Wald, General Counsel, State Tax Commissioners Office** -- We do not have any administrative concerns with this bill.

**Sen Cook** -- Committee, your wishes?

**Sen. Unruh** -- Move a do pass on HB1130.

**Sen. Bekkedahl** -- Seconded

**Roll Call vote on HB1130. 7-0-0 Carried.**

**Carrier: Sen. Dotzenrod.**

Committee work closed.

Date: 3.17.15Roll Call Vote #: 1

**2015 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1130**

Senate Finance and Taxation Committee☐ Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation: ☐ Adopt Amendment  
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☐ As Amended ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar  
 Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Sen. Unruh Seconded By Sen. Bekkedahl

Senators	Yes	No	Senators	Yes	No
Chairman Dwight Cook	✓		Senator Jim Dotzenrod	✓	
Vice Chairman Lonnie Laffen	✓		Senator Connie Triplett	✓	
Senator Brad Bekkedahl	✓				
Senator Dave Oehlke	✓				
Senator Jessica Unruh	✓				

Total (Yes) 7 No 0

Absent \_\_\_\_\_

Floor Assignment Sen. Dotzenrod

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

**REPORT OF STANDING COMMITTEE**

**HB 1130: Finance and Taxation Committee (Sen. Cook, Chairman)** recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1130 was placed on the Fourteenth order on the calendar.

**2015 TESTIMONY**

**HB 1130**



Creative Connections and Opportunities, Inc. is committed to helping individuals and families in North Dakota that are economically disadvantaged by removing their transportation barriers.

CCO, Inc. operates a car program which includes car repair or car replacement. CCO, Inc. may also provide emergency transportation assistance.



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**CCO, Inc.**  
**4909 Shelburne St.**  
**Bismarck, ND 58503**  
**Phone: 701-226-2488**  
**ccoinc.net**

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HB  
1130 #2  
1-13-15  
#1



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*Helping real families  
in North Dakota get  
back on their feet.*

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## **“CREATIVELY CONNECTING GOODS AND SERVICES TO QUALIFIED INDIVIDUALS TO PROMOTE SELF-SUFFICIENCY”**

### **CARS REPAIRED FOR CLIENTS**

Eligible North Dakota residents who own a car that is in need of repair can apply for assistance from CCO. Cars in need of repair will receive a free analysis of the car and CCO funds will be used to off-set the cost of parts and repairs (repairs might not be funded 100%). The goal of CCO is to get the car into safe, working condition. This program is possible through partnerships with local car dealerships, auto repair/ auto parts businesses and general community support.



### **CARS DONATED TO CLIENTS**

Cars are donated to CCO, then inspected, cleaned and repaired if necessary and given to individuals or families in need. Recipients must be residents of North Dakota for at least 6 months and qualify for a donated car based on eligibility and need. Donors of the cars receive the maximum tax write off as well as the satisfaction of knowing their donation helps people in their community attain self-sufficiency.

### **ELIGIBILITY FOR SERVICES:**

CCO, Inc. is a 501 (c)(3) non-profit organization whose purpose is to help individuals who are **on their path towards self-sufficiency and have encountered the barrier of having reliable transportation.**

We define self-sufficiency as living and functioning in one's community without external economic assistance. **Applicants for transportation assistance must have or be actively pursuing meaningful employment, or be enrolled in an educational program for the purposes of being employed.**

### **DONATE A CAR TO CCO**

Please consider donating your used car to CCO, Inc. Donors receive the maximum tax write off for cars donated to families. CCO will make every effort to give donated cars to individuals or families in need, but in certain circumstances where CCO would need to sell the donated car, the profits from the sale will directly impact people in need of car repairs. IRS Publication 526 states "If you donate a qualified vehicle to a qualified organization and you claim a deduction of more than \$500, you can deduct the smaller of 1) The gross proceeds from the sale of the vehicle by the organization, or 2) The vehicle's fair market value on the date of the contribution if the vehicle is given to a needy individual. A deduction of \$500 or more requires an IRS form 1098-C from the qualified organization."





## 2014 Vehicle Donations

Date	Make	Model	Year	VIN	Donor Name	Donor Address	Vehicle Value	Outcome	Cost of Repairs	Profit
1/6/2014	Toyota	Camry	1998	4T1BG22K5WU266528	John Wicklund	245 4th Ave SE, Forrest Lake, MN 55025	\$500.00	salvage	\$10.36	\$400.00
1/30/2014	Chrysler	Sebring	2002	1C3EL46R42N183827	Susan Cottingham	PO Box 3S, Underwood, ND 58576	\$2,900.00	donated	\$0.00	
4/14/2014	Ford	Explorer	2001	1FMYU70E81UA04217	Dominick Fitzsimmons	1124 N 4th St, Bismarck, ND 58501	\$2,400.00	donated	\$1,249.89	
5/1/2014	Dodge	Charger	1983	1B3BZ54C1DD143944	Alan Walker	1914 N Griffin St, Bismarck, ND 58501	\$100.00	salvage		\$100
5/1/2014	Chevrolet	Venture	1998	GNDX03E2WD252913	Alan Walker	1914 N Griffin St, Bismarck, ND 58501	\$250.00	salvage		\$250.00
5/15/2014	Buick	LeSabre	2001	1G4HP54K614283064	Judy Erickstad	302 Juniper Dr, Bismarck, ND 58503	\$3,200.00	donated	\$667.38	
5/23/2014	Dodge	Grand Caravan	2006	2D4GP44LX6R603755	Sara Christianson	7418 Keepsake Ln, Bismarck, ND 58501	\$5,000.00	donated	\$987.64	
7/8/2014	Ford	Tempo	1994		Elsa Rash	508 E. Ave F, Bismarck, ND 58501	\$250.00	salvage		\$250.00
7/30/2014	Chevrolet	Astrovan	2000	1GNEL19W9Y110224	Kurt Weinburg	115 E Kavaney Dr, Bismarck, ND 58501	\$1,500.00	donated	283.23	
11/21/2014	Buick	LeSabre	1995	1G4HP52L0SH476736	Martin Bjornstad	4445 Camden Loop, Bismarck, ND 58503	\$1,700.00	donated		
11/21/2014	Hyundai	Sonata	2000	KMHWF35V0YA337915	Dvorak Motors	1104 Airport Rd, Bismarck, ND 58504	\$1,800.00	donated		
11/21/2014	Chevrolet	Venture	1998	1GNDX03E7WD151365	Shana Heinrich	1709 1/2 Hannaford Ave, Bis, ND 58501	\$1,800.00	donated		
<b>Totals</b>							<b>\$21,400.00</b>		<b>\$3,198.50</b>	<b>\$1,000.00</b>

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#2 p.1  
-#2

# 2014 Vehicle Donations

1.  
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Date	Make	Model	Year	VIN	Donor Name	Donor Address	Vehicle Value	Outcome	Cost of Repairs	Profit
1/6/2014	Toyota	Camry	1998	4T1BG22K5WU266528		245 4th Ave SE, Forrest Lake, MN 55025	\$500.00	salvage	\$10.36	\$392.00
1/30/2014	Chrysler	Sebring	2002	1C3EL46R42N183827		PO Box 35, Underwood, ND 58576	\$2,900.00	donated	\$0.00	
4/14/2014	Ford	Explorer	2001	1FMYU70E81UA04217		1124 N 4th St, Bismarck, ND 58501	\$2,400.00	donated	\$1,249.89	
5/1/2014	Dodge	Charger	1983	1B3BZ54C1DD143944		1914 N Griffin St, Bismarck, ND 58501	\$100.00	salvage		\$100
5/1/2014	Chevrolet	Venture	1998	GNDX03E2WD252913		1914 N Griffin St, Bismarck, ND 58501	\$250.00	salvage		\$250.00
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11/21/2014	Hyundai	Sonata	2000	KMHWF35V0YA337915		1104 Airport Rd, Bismarck, ND 58504	\$1,800.00	donated		
11/21/2014	Chevrolet	Venture	1998	1GNDX03E7WD151365		1709 1/2 Hannaford Ave, Bis, ND 58501	\$1,800.00	donated		
							\$21,400.00		\$3,198.50	\$992.00



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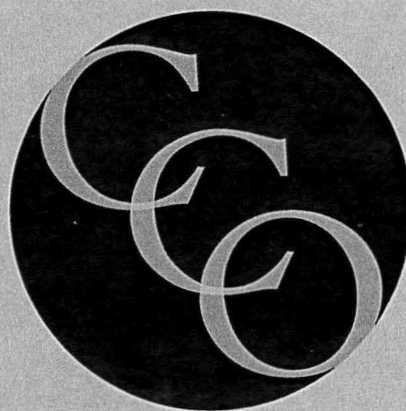


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3.16.15  
2.



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