

FISCAL NOTE
Requested by Legislative Council
01/26/2015

Bill/Resolution No.: SB 2363

- 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).*

This bill provides for a motor vehicle excise tax exemption on vehicles transferred by way of a gift between a grandparent and grandchild.

- 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.*

We have no way to determine the fiscal impact this bill might have on revenues from motor vehicle excise taxes as we have no way to determine the number of vehicle transfers via gift between a grandparent and a grandchild.

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.*

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Agency: NDDOT

Telephone: 328-4375

Date Prepared: 01/27/2015

2015 SENATE TRANSPORTATION

SB 2363

2015 SENATE STANDING COMMITTEE MINUTES

Transportation Committee Lewis and Clark Room, State Capitol

SB 2363

2/6/2015

Recording job number 23390

☐ Subcommittee

☐ Conference Committee

Committee Clerk Signature

Doris E. Pérez

Explanation or reason for introduction of bill/resolution:

To amend and reenact subsection 5 of section 57-40.3-04 of the North Dakota Century Code, relating to a motor vehicle excise tax exemption for transfer of a motor vehicle without consideration from grandparent to grandchild; and to provide an effective date.

Minutes:

Attachment: 1

Chairman Oehlke opened the hearing on SB 2363.

Senator Jim Dotzenrod, District 26, sponsor, this bill adds three words to existing law on transfer of vehicles. We provide in our state to be transferred among family members without the implementation or requirement of sales tax, use tax of 5% be paid. The current provision is between parent and child and among siblings. A constituent sent me a letter regarding the transfer from grandparent to grandchild which is allowed in Minnesota but not in North Dakota. See attachment #1. I am assuming the constituent is right I want to make the law as fair and reasonable as possible. Yes, **Vice Chairman Casper**, it appears there might be a fiscal impact to this change but they don't seem to have enough information or data to give us a fair idea of revenues or costs.

No additional testimony in favor, against or neutral. **Chairman Oehlke** closed the hearing.

Senator Axness moved do pass

Senator Campbell seconded

Roll call vote was taken: Yes 6 No 0 Absent 0

Carrier: Senator Axness

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
SB BILL NO. 2363**

Senate TRANSPORTATION 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 Senator Axness Seconded By Senator Campbell

Senators	Yes	No	Senators	Yes	No
Chairman Oehlke	X		Senator Axness	X	
Vice Chairman Casper	X		Senator Sinner	X	
Senator Campbell	X				
Senator Rust	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Axness

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

REPORT OF STANDING COMMITTEE

SB 2363: Transportation Committee (Sen. Oehlke, Chairman) recommends **DO PASS**
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2363 was placed on the
Eleventh order on the calendar.

2015 HOUSE TRANSPORTATION

SB 2363

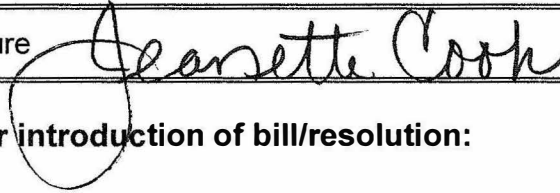
2015 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee
Fort Totten Room, State Capitol

SB 2363
3/19/2015
#25114

☐ Subcommittee
Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A bill relating to a motor vehicle excise tax exemption for transfer of a motor vehicle without consideration from grandparent to grandchild; and to provide an effective date.

Minutes:

Chairman Dan Ruby opened the hearing on SB 2363.

Rep. Mark Owens, District 17, introduced SB 2363. He stated that the bill will allow the transfer of motor vehicles by way of gift from grandparents to grandchildren.

There was not further support for SB 2363.

There was no opposition to SB 2363.

Chairman Dan Ruby: Linda Sitz, does the Department of Transportation have a position on this? Will it work fine?

Linda Sitz, Department of Transportation: Yes.

The hearing was closed on SB 2363.

Rep. Mark Owens moved a DO PASS on SB 2363.

Representative Lois Delmore seconded the motion.

Chairman Dan Ruby: This is a very simple bill. Currently a parent could transfer a car in a child's name, and the child would not have to pay an excise tax on the vehicle. This grants that same privilege from a grandparent to a grandchild.

A roll call vote was taken: Aye 10 Nay 0 Absent 4

Representative Ben Hanson will carry SB 2363.

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2363**

House Transportation 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. Mark Owens Seconded By Representative Lois Delmore

Representatives	Yes	No	Representatives	Yes	No
Chairman Ruby	X		Rep. Delmore	X	
Vice Chairman Meier	X		Rep. Hanson	X	
Rep. Rick Becker	X		Rep. Nelson	X	
Rep. Frantzvog	A				
Rep. Hawken	A				
Rep. Olson	A				
Rep. Owens	X				
Rep. Paur	X				
Rep. Schatz	X				
Rep. Sukut	X				
Rep. Weisz	A				

Total (Yes) 10 No 0

Absent 4

Floor Assignment Representative Ben Hanson

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

REPORT OF STANDING COMMITTEE

SB 2363: Transportation Committee (Rep. Ruby, Chairman) recommends **DO PASS**
(10 YEAS, 0 NAYS, 4 ABSENT AND NOT VOTING). SB 2363 was placed on the
Fourteenth order on the calendar.

2015 TESTIMONY

SB 2363

Attachment #1
SB 2363
2/06/15

ND 64TH Legislative Assembly

January 31, 2015

Transportation Committee Senator Dave Oehlke, Chairman

CC to Senators: Jonathan Casper, Tyler Axness, Tom Campbell, Dave Rust, George Sinner

Dear Senators:

This letter is written in support of a proposed change in ND law pertaining to sales tax exempt title transfers from relative to relative. The proposed change is being introduced by Senator James Dotzenrod, District 26. The proposed change would allow in addition to current exemptions, the transfer of vehicles gifted from a Grandparent to a Grandchild.

This language change is in response to an ongoing personal experience which resulted after the death of my father. My mother, a Minnesota resident, gave a 1979 pickup truck to her grandson Vince and a 1993 Astro van to grandson Aaron. In Minnesota the title can be transferred tax exempt from grandparent to grandchild. These men are my sons. Upon their seeking title transfers at the ND Licensing Bureau, they were told they had to pay sales tax for title transfer. My mother had already signed the titles over to them. It was explained to me that the only way the vehicles could be given to the grandsons was if they were first given to me (daughter) titles transferred into my name, and then I would give them to my sons in ND. This would require a second title transfer.

So we had to take the titles back to Minnesota to the title office in Wheaton, take my 88 year old mother, who is legally blind, to the office and have her sign title correction statements. Then have them notarized. With all papers signed, we again took the papers back to the ND Licensing Bureau. This time we were told all the paperwork would have to be redone because the corrections had been done on the ND forms and they would have to be signed and notarized on Minnesota forms because they pertain to Minnesota law. Keep in mind this was the same employee who had given the forms to us for my mother to fill out and sign. You must realize too that, all my mother wanted to do is give these vehicles to grandsons at no additional cost to them. Both of these vehicles were not in running condition. Both vehicles require about \$1000 or more in repairs and have high miles on them.

At one point I asked if the vehicles could just be considered a 'junk vehicles' and not taxed. I was told that in order to do that, I would have to have a dealership do an appraisal and write up a statement and sign it to show it was "junk", at our expense. Keep in mind, she stated, that even crushable vehicles have value and can be taxed. Really, how many times does a state need to collect sales tax on a used vehicle?

It is 2 years since my Father's death. The vehicle titles are not yet transferred. I am waiting for nicer weather to take my mother out again to the title office for correction statements. This all would have been avoided if ND law would have allowed gifting of vehicles from Grandparent to Grandchild or perhaps recognized the 'gift-transfer' of an out-of-state vehicle to an in-state resident.

Since I am not the only ND resident who has had such an experience with gifting vehicles, I urge you to support changes in North Dakota law that would permit sales tax exemption in the gifting of vehicles from Grandparent to Grandchild. Please feel free to contact me if you would like to further discuss this matter at 701-538-7396. Thank you for your consideration.

Sincerely,

Kathy Skroch, Lidgerwood, ND