

**SECOND ENGROSSMENT
with Conference Committee Amendments****REENGROSSED SENATE BILL NO. 2181**

Introduced by

Senators Traynor, Krebsbach, Stenehjem

Representatives Glassheim, Hawken

1 A BILL for an Act to create and enact a new section to chapter 57-39.2 of the North Dakota
2 Century Code, relating to a surcharge on motor vehicle rentals; to amend and reenact
3 subsection 13 of section 57-39.2-04 of the North Dakota Century Code, relating to limitations
4 on the sales tax exemption for rentals of motor vehicles; and to provide an effective date.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1.** A new section to chapter 57-39.2 of the North Dakota Century Code is
7 created and enacted as follows:

8 **Surcharge on rental motor vehicles.** A company engaged in the business of renting
9 motor vehicles for periods of fewer than thirty days shall collect a three percent surcharge on
10 each rental contract at the time a vehicle of a gross vehicle weight of ten thousand pounds
11 [4535.92 kilograms] is rented from the company in this state. A vehicle is considered rented in
12 this state if possession is obtained by the renter in this state. The surcharge must be computed
13 on the total dollar amount for the rental as stated in the rental contract, excluding taxes, fuel
14 collections, or other ancillary products sold to customers such as collision damage waiver,
15 supplemental liability protection, personal accident insurance, and personal effects coverage.

- 16 1. A surcharge under this section must be noted in the rental contract and collected in
17 accordance with the terms of the contract.
- 18 2. On February fifteenth of each year, a company that collects surcharges under this
19 section shall file a report with the commissioner stating the total amount of excise
20 taxes paid under chapter 57-40.3 on its rental vehicles for the preceding calendar
21 year and the total amount of rental motor vehicle revenues earned on rentals in
22 this state for the preceding calendar year. All surcharge revenues collected during
23 the calendar year by the company in excess of the total amount of excise taxes
24 paid under chapter 57-40.3 during the calendar year by the company on rental

motor vehicles must be remitted to the commissioner with the report and
considered sales tax collections under this chapter.

3. For three years after filing the report under this section the company shall retain
copies of rental contracts and the commissioner may require the company to
furnish copies of rental contracts for purposes of ensuring compliance with this
section.

SECTION 2. AMENDMENT. Subsection 13 of section 57-39.2-04 of the North Dakota
Century Code is amended and reenacted as follows:

13. Gross receipts from the sale of any motor vehicle taxable under the provisions of
the motor vehicle excise tax laws of North Dakota. However, gross receipts from
the rental of any motor vehicle for fewer than thirty days are not exempt but taxes
imposed under home rule authority do not apply to such rentals.

SECTION 3. EFFECTIVE DATE. This Act is effective for rental of motor vehicles for
which the rental contract term begins after June 30, 2001.