

SENATE TRANSPORTATION COMMITTEE
February 4, 2021 - 9:00 a.m. - Fort Totten Room

North Dakota Department of Transportation
Jennifer Blumhagen, Motor Vehicle Division Director

SB 2312

Good morning Chairman Clemens and members of the committee. I'm Jennifer Blumhagen, Motor Vehicle Division Director for the North Dakota Department of Transportation (DOT). I'm here to provide information related to SB 2312.

Senate Bill 2312 proposes to change the motor vehicle purchase price credit calculation in two ways. First, Section 2 #3 removes the insurance deductible amount for inclusion in calculating credit on vehicles totally destroyed (total loss). This section would require a form revision and for NDDOT to communicate the change to insurance providers.

Next, Section 2 #5 adds an allowance for a credit to the purchase price for a vehicle sold in a private sale, similar to the trade-in credit allowed by motor vehicle dealers. Section 2 also allows this credit to be used for a period of 3 years from the date of sale.

Currently, a trade-in credit is allowable only on retail (dealer) motor vehicle sales. The trade-in credit eligibility for a North Dakota titled vehicle is validated by entering the VIN of the traded vehicle in our database to verify ownership and eligibility. Out-of-state vehicle ownership is validated by the motor vehicle dealer accepting the trade-in vehicle they are purchasing for resale. Motor vehicle excise tax is then collected on the resulting dealer sale.

The introduced version of the bill allows for a purchase price credit on a private party sale upon submission of a motor vehicle purchaser's certificate. The expected result of this change is a significant increase in DOT staff time researching ownership and eligibility for the credit, increased service delivery time per transaction, a significant opportunity for misuse, and a difficult burden of proof requirement to validate, especially for sales to non-North Dakota residents. A minimum of two additional FTEs would be required to accommodate the changes based on an estimate of 50% of the newly eligible transactions requiring research and review at five minutes per transaction.

This concludes my testimony. Thank You.