

Introduced by

Senators Dwyer, Wanzek, Weber

Representatives D. Johnson, J. Olson, Thomas

1 A BILL for an Act to amend and reenact subsection 5 of section 57-40.3-01 of the North Dakota
2 Century Code, relating to the definition of purchase price for motor vehicle excise tax purposes;
3 and to provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Subsection 5 of section 57-40.3-01 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 5. "Purchase price" means the total amount paid for the motor vehicle whether received
8 in money or otherwise. The purchase price excludes the amount of a manufacturer's
9 incentive or discount that reduces the amount paid by the purchaser to the seller at the
10 time of purchase and any charges or fees for auction services. If a motor vehicle or
11 other tangible personal property that will be subject to a sales or use tax imposed by
12 chapter 57-39.2 or 57-40.2 when sold or used is taken in trade as a credit or as part
13 payment on a motor vehicle taxable under this chapter, the credit or trade-in value
14 allowed by the person selling the motor vehicle shall be deducted from the total selling
15 price to establish the purchase price of the vehicle being sold and the trade-in
16 allowance allowed by the seller on a motor vehicle accepted as a trade-in shall
17 constitute the purchase price of a motor vehicle accepted as a trade-in. If a motor
18 vehicle is purchased by an owner who has had a motor vehicle stolen or totally
19 destroyed, a credit or trade-in credit shall be allowed against one or more replacement
20 motor vehicle purchases in a cumulative amount not to exceed the total amount the
21 purchaser has been compensated by an insurance company for the loss plus the
22 amount of the purchaser's deductible at the time of the loss. For a leased vehicle that
23 is stolen or totally destroyed, the credit may not exceed the total amount of motor
24 vehicle excise tax paid. The purchaser must provide the director of the department of

1 transportation with a notarized statement from the insurance company within three
2 years from the date of issuance verifying the fact that the original vehicle was a total
3 loss and stating the amount compensated by the insurance company for the loss and
4 the amount of the purchaser's deductible at the time of the loss. The statement from
5 the insurance company must accompany the purchaser's application for a certificate of
6 title for the replacement vehicle. If the full amount of the credit under this subsection
7 has not been used, the director of the department of transportation shall record on the
8 face of the notarized statement the necessary information to identify the partial use of
9 the credit and shall retain a copy and return the original to the purchaser. In instances
10 in which a licensed motor vehicle dealer places into the dealer's service a new vehicle
11 for the purpose of renting, leasing, or dealership utility service, the reasonable value of
12 the vehicle replaced shall be included as trade-in value provided the vehicle replaced
13 has been subject to motor vehicle excise tax under section 57-40.3-02 and if the new
14 vehicle is properly registered and licensed. "Purchase price" when the motor vehicle is
15 acquired by gift or by any other transfer for a nominal or no monetary consideration
16 also includes the average value of similar motor vehicles, established by standards
17 and guides as determined by the director of the department of transportation.
18 "Purchase price" when a motor vehicle is manufactured by a person who registers it
19 under the laws of this state means the manufactured cost of such motor vehicle and
20 manufactured cost means the amount expended for materials, labor, and other
21 properly allocable costs of manufacture except that, in the absence of actual
22 expenditures for the manufacture of a part or all of the motor vehicle, manufactured
23 cost means the reasonable value of the completed motor vehicle.

24 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
25 June 30, 2023.