

2025 HOUSE TRANSPORTATION

HB 1578

2025 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee Room JW327E, State Capitol

HB 1578
2/7/2025

Relating to a motor vehicle excise tax exemption for abandoned motor vehicles; and to amend and reenact subsection 2 of section 23.1-15-07 of the North Dakota Century Code, relating to excise tax on a motor vehicle taken into the custody of a commercial towing service.

9:00 a.m. Chairman D. Ruby opened the hearing.

Members Present: Chairman D. Ruby, Vice Chairman Grueneich, Representatives Christianson, Dressler, Frelich, Hendrix, Johnston, Kasper, Maki, Morton, Osowski, Schatz

Members Absent: Representatives Finely-DeVill, Koppelman

Discussion Topics:

- Vehicle recovery
- Cost recovery

9:02 a.m. Representative Grueneich introduced the bill.

9:09 a.m. Brian Barrett, Lobbyist, ND Towing Association, testified in favor and submitted testimony #36051.

9:15 a.m. Chairman D. Ruby closed the hearing.

9:15 a.m. Representative Christianson moved a Do Pass.

9:15 a.m. Representative Frelich seconded the motion.

Representatives	Vote
Representative Dan Ruby	Y
Representative Jim Grueneich	Y
Representative Nels Christianson	Y
Representative Ty Dressler	Y
Representative Lisa Finley-DeVill	AB
Representative Kathy Frelich	Y
Representative Jared Hendrix	Y
Representative Daniel Johnston	Y
Representative Jim Kasper	Y
Representative Ben Koppelman	AB
Representative Roger A. Maki	Y
Representative Desiree Morton	Y
Representative Doug Osowski	Y
Representative Mike Schatz	Y

9:17 a.m. Motion passed 12-0-2.

9:17 a.m. Representative Schatz will carry the bill.

9:17 a.m. Chairman D. Ruby closed the meeting

Janae Pinks, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1578 ([25.1259.01000](#))

Transportation Committee (Rep. D. Ruby, Chairman) recommends **DO PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1578 was placed on the Eleventh order on the calendar.

Testimony
HB1578
House Transportation Committee
February 7th 2025
Brian Barrett
ND Towing Association

Chairman Ruby and members of the House Transportation Committee my name is Brian Barrett and I represent the ND Towing Association. I'm here today in support of HB1578 because it makes it easier for towing companies to recover costs associated with Abandoned motor vehicles.

To start, it's important to know that towing companies do not get paid for 60% of the work they perform (this number is even higher for abandoned motor vehicles).

When called upon by the city or highway patrol to remove an abandoned vehicle from the side of the road, the towing companies respond because the vehicle is a danger to the public. This service is frequently unpaid because the vehicle's registration expired, and the current owner cannot be identified.

To compensate for the removal of these vehicles, the Abandoned Motor Vehicle fund was established many years ago. Today, this fund prioritizes "units of government" (i.e., townships, cities, counties, state) for the dispose of scrap iron throughout the state. After the "units of government receive compensation, the remaining balance is distributed to towing companies for the removal of abandoned motor vehicles. This fund is generated from a \$1.50 tax on the initial titling of a vehicle. In addition, it is typically "capped" at \$250,000 but was increased to \$350,000 for the previous biennium only. Unfortunately, this "fund" is spread thin and falls short of reimbursing towing companies for their service. One specific towing company submitted invoices totaling over 1 million dollars and the total paid to all towing companies was roughly \$188,000.

Several years ago (2017?), legislation was passed which created a process for the towers to take ownership of the abandoned vehicles (23.1-15-07.) and sell them to help recover costs. Unfortunately, very few of these vehicles have the potential for sale. The typical condition of most abandoned vehicles is very poor. When a vehicle has selling potential, it come with a financial risk because it requires an investment of \$500 to \$1000 +. Key manufacturers will not produce a key unless the vehicle is titled which requires towing companies to pay an excise tax. Towing companies cannot afford to invest hundreds of dollars in a vehicle to find out it has little to no selling potential.

HB1578 can help Towing companies recover some of the costs associated with abandoned motor vehicles by not having them pay motor vehicle excise tax. These companies should not have to tow a vehicle for free, store it for free and then pay excise tax when there is a rare opportunity to recover some of the cost.

Thank you for your time and consideration of HB1578.

Sincerely,
Brian Barrett, ND Towing Association

2025 SENATE TRANSPORTATION

HB 1578

2025 SENATE STANDING COMMITTEE MINUTES

Transportation Committee Fort Totten Room, State Capitol

HB 1578
3/20/2025

Relating to a motor vehicle excise tax exemption for abandoned motor vehicles and relating to excise tax on a motor vehicle taken into the custody of a commercial towing service.

9:01 a.m. Chairman Clemens called the meeting to order.

Members present: Chairman Clemens, Vice Chairwoman Cory, Senator Hogan, Senator Klein, Senator Paulson, Senator Rummel

Discussion Topics:

- Tow truck operator margins
- Regulation of tow truck operators

9:01 a.m. Representative Grueneich, District 28, introduced HB 1578 and testified in favor.

9:06 a.m. Brian Barrett, Lobbyist, North Dakota Towing Association, testified in favor and submitted testimony #43075.

9:12 a.m. Shannon Fleischer, Associate Director, Office of ND Tax Commissioner, testified neutral.

9:15 a.m. Chairman Clemens closed the hearing.

9:15 a.m. Senator Rummel moved a Do Pass.

9:15 a.m. Vice Chairwoman Cory seconded the motion.

Senators	Vote
Senator David A. Clemens	Y
Senator Claire Cory	Y
Senator Kathy Hogan	Y
Senator Jerry Klein	Y
Senator Bob Paulson	Y
Senator Dean Rummel	Y

Motion passed 6-0-0.

Senator Hogan will carry the bill.

9:16 a.m. Chairman Clemens closed the hearing.

Chance Anderson, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1578 ([25.1259.01000](#))

Transportation Committee (Sen. Clemens, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). HB 1578 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.

Testimony
HB1578
Senate Transportation Committee
March 20th 2025
Brian Barrett
ND Towing Association

Chairman Clemens and members of the Senate Transportation Committee my name is Brian Barrett and I represent the ND Towing Association. I'm here today in support of HB1578 because it makes it easier for towing companies to recover costs associated with abandoned motor vehicles.

To start, it's important to know that commercial towing companies do not get paid for 60% of the work they perform, and this number is even higher for abandoned motor vehicles.

When called upon by the city or highway patrol to remove an abandoned vehicle from the side of the road, commercial towing companies respond despite the high probability of not being paid. They perform this service because they know these vehicles are a danger to the public and they take pride in keeping our roads and highways safe.

To compensate for the removal of these vehicles, the Abandoned Motor Vehicle fund was established many years ago. Today, this fund prioritizes "units of government" (i.e., townships, cities, counties, state) for the disposal of scrap iron throughout the state. After the "units of government receive compensation, the remaining balance is distributed to towing companies for the removal of abandoned motor vehicles. This fund is generated from a \$1.50 tax on the initial titling of a vehicle. In addition, it is typically "capped" at \$250,000 but was increased to \$350,000 for the previous biennium only. Unfortunately, this "fund" is spread thin and does not come close to reimbursing towing companies for their service. One specific towing company submitted invoices totaling over 1 million dollars and the combined total paid to all towing companies was roughly \$188,000. The average amount paid to each company seemed to be around \$1,200.

Several years ago (2017), legislation was passed which created a process for the towers to take ownership of the abandoned vehicles (23.1-15-07) and sell them to help recover costs. As you might suspect, very few of these vehicles have the potential for sale because they are in poor condition. Those with selling potential come with a financial risk because of the amount of money to be invested. Obtaining keys for these vehicles is one of the biggest challenges because it requires obtaining a title which requires paying excise tax. Commercial towing companies are unwilling to invest another \$500 to \$1000 into abandoned vehicles to find out if it has little or no selling potential.

HB1578 can help Towing companies recover some of the costs associated with abandoned motor vehicles by not having them pay motor vehicle excise tax. Towing companies should not have to tow a vehicle for free, store it for free and then pay excise tax when there is an opportunity to recover some of their cost(s).

Thank you for your time and consideration of HB1578.

Sincerely,
Brian Barrett, ND Towing Association