

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2051

2001 SENATE FINANCE AND TAXATION

SB 2051

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2051

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 1/17/01

Tape Number	Side A	Side B	Meter #
1		x	6.8
2	x		35.1-38.5
Committee Clerk Signature <i>Lynelle R. Kraft</i>			

Minutes:

**Senator Urlacher:** Opened the hearing on SB 2051, relating to evidence of sales or use tax payment or exemption for motorboat licensing.

**Senator Wardner:** Introduced the bill, testified in support. Feels it is a fairness bill. This bill says that when you apply for your license, you will have to show proof to the Game & Fish Dept. That you have paid sales tax on it. The problem comes when there is a private sale between two individuals.

**Senator Kroeplin:** Is it your intention that they pay sales tax one time?

**Senator Wardner:** That is correct.

**Senator Stenchiem:** Are you aware of how we handle it with automobiles?

**Senator Wardner:** I have a general idea. The difference between boats and automobiles is titling. We don't title boats.

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Senate Finance and Taxation Committee

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Senator Stenehjem: If I sold the boat or gave it to my son and he went to license it, would he have to pay the sales tax again?

Senator Wardner: No.

Senator Christmann: Would the Game & Fish Dept. collect the sales tax money and send it to the tax dept.?

Senator Wardner: They would have to go to the tax dept. to take care of it.

Representative Droydal: Co-sponsored, testified in favor of the bill. This bill closes the loophole in the current legislation.

Randy Yon: Dakota Sports in Dickinson, testified in support of the bill. Our problem is with MT. They can come in and buy a boat without paying sales tax. The issue with jet ski's is the same thing, they take snowmobiles and ATV's, that's a titled vehicle. It's frustrating to lose sales because of sales tax.

Senator Christmann: Are there any other kinds of vehicles that are non-titled that we should be correcting at the same time?

Randy Yon: ATV's can be titled but it doesn't have to be. It's not too bad.

John Vallely: GM and President of Vallely Marine Centers, testified in support. If this bill goes through in the form that it's in, I think maybe some of the language is a little vague. Rather than Maybe it should explain what falls under motorboats. License is too easy to get.

Senator Nichols: If there's MT customers that want to buy a boat from you, you can wave the tax for them?

John Vallely: Yes. That's part of the reciprocity.

Senator Kroeplin: In the reciprocity agreement, there's no teeth in it that that dealer in MT has to collect the ND sales tax?

John Vallely: None, whatsoever.

Senator Kroepelin: On farm machinery, when you buy it out of state, don't those dealers collect sales tax?

Gary Anderson: Office of Tax Commissioner, the situation for out of state seller, the determination of whether they have to charge ND tax is based on if they have a presence in the state.

Senator Stenehjem and John Vallely continue conversation through meter number 37.2

Paul Shadewald: ND Game & Fish Dept. testified in support of the bill. Explains his position through meter number 40.1.

Senator Stenehjem: Can I pay the tax at the Game & Fish?

Paul Shadewald: We do not collect any taxes for any other agencies.

Senator Stenehjem: In that case, would you require me to show you a certificate that I've paid the taxes to the tax dept. before you'd issue me the license.

Paul Shadewald: Currently we would not.

Senator Urlacher: If a dealer sold a boat, the purchaser could call in and get a temporary sticker?

Paul Shadewald: That's correct.

Senator Stenehjem: Would it be burdensome to collect the sales tax at the point of registration?

Paul Shadewald: I don't know that it would be burdensome, but we'd rather not.

Gary Anderson: Tax Dept., explains how they would collect the tax. This bill would primarily affect purchases outside of ND. Through meter number 49.1.

Senator Stenehjem: Is there a problem with the Game & Fish Dept. collecting the taxes?

Gary Anderson: I wouldn't say there would be a problem but enforcement might be an issue.

Senator Stenehjem: Couldn't the tax dept. Still enforce?

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Senate Finance and Taxation Committee

Bill/Resolution Number 2051

Hearing Date 1/17/01

Gary Anderson: Yes it could.

John Vallely: Gets back up to explain a few things through meter number 54.

Paul Shadewald: We could collect the tax, and if something gets complicated we would refer them to the tax dept.

Randy Yon: What we would really like to have is titling. We wouldn't even have this problem.

Senator Urlacher: Closed the hearing on SB 2051. Action delayed.

Discussion held later. Meter number 35.1-38.5.

COMMITTEE ACTION:

Motion made by Senator Kroepflin for a DO PASS, Seconded by Senator Christmann.

Vote was 6 yeas, 0 nays, 0 absent or not voting. Bill carrier was Senator Wardner.

**FISCAL NOTE**  
 Requested by Legislative Council  
 12/14/2000

Bill/Resolution No.: SB 2051

Amendment to:

**1A. 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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			\$276,000	\$24,000		
<b>Expenditures</b>						
<b>Appropriations</b>						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2051 requires that, at the time of licensing, sales and use taxes must be paid on boats purchased out-of-state.

**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.*

The fiscal impact of SB 2051 is estimated to be \$300,000 for the 01-03 biennium.

**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, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Tax Department
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	01/16/2001

Date: 1/17/01  
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2051

Senate Finance and Taxation Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Kroeplin Seconded By Christmann

Senators	Yes	No	Senators	Yes	No
Senator Urlacher-Chairman	✓				
Senator Wardner-Vice Chairman	✓				
Senator Christmann	✓				
Senator Stenehjem	✓				
Senator Kroeplin	✓				
Senator Nichols	✓				

Total (Yes) 10 No 0

Absent 0

Floor Assignment Wardner

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



**REPORT OF STANDING COMMITTEE (410)**  
January 17, 2001 4:09 p.m.

**Module No: SR-07-1166**  
**Carrier: Wardner**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2051: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (8 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2051 was placed on the Eleventh order on the calendar.**

**2001 HOUSE NATURAL RESOURCES**

**SB 2051**

