

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2273

2001 SENATE TRANSPORTATION

SB 2273

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2273

Senate Transportation Committee

Conference Committee

Hearing Date 2-8-012-15-01

Tape Number	Side A	Side B	Meter #
1	x		0-End
2		x	0-13.7
2-15	1	x	5.1-6.6
Committee Clerk Signature <i>[Signature]</i>			

Minutes: SB 2273 relates to the licensing of motor vehicle dealers; vehicle title transfer requirements; to provide a penalty; and to provide an effective date.

Senator Stenehjem: (District 30; Supports) This bill is a result of comments made regarding SB 2440 from last legislative session. This bill is also a result of discussions and compromises that have taken place over the last 18 months.

Keith Kiser: (Motor Vehicle Division Director; Supports) See attached testimony.

Senator Bercier: Regarding Section 6, there's no monetary value stated, why?

Keith Kiser: We looked hard and long at that and decided to use a number versus dollar amount.

Senator Stenehjem: Do we license dealers by city and not by State? Will there be a reduction in revenue?

Keith Kiser: Correct for first question and there will be an increase, not a decrease, in revenue.

Senator O'Connell: Regarding Section 12, what's "certain circumstances"?

Keith Kiser: The intent is to prohibit manufacturers from competing with dealers.

Senator Trenbeath: Explain brokering concept to me.

Keith Kiser: Brokering is another tool for curbstoners. There's a fine line between brokering and curbstoners. If you're brokering a car, you would need a license. Many people have a used car dealers license for convenience and it's much cheaper. It allows you to buy and sell cars without paying taxes.

Casey Stoudt: (Ford Dealer in Jamestown; Supports) Motivation for serving on the committee for last 18 months is that there were rules that were difficult to enforce. There are no laws available to enforce these and also a money shortage. We looked hard at what these changes do to the consumer and if this will harm any of the dealerships. It's not the goal to do this. Feels that the current "legal" working dealers will flourish and others who abuse current law will be eliminated.

Senator Espgaard: Is the use of demo plates limited to demo cars?

Casey Stoudt: No. An example is a collector with lots of classic cars with demo plates can switch plates whenever he wants to drive a different car. So it can be abused.

Todd Krandel:(Attorney; Northland Independent Automobile Dealer's Association; Supports)
Supports bill.

Randy Jacobson: (President of ND Chapter of the Northland Independent Automobile Dealer's Association; Supports) See attached testimony.

Senator Mutch: Would auto body shops who fix up wrecks need a license?

Randy Jacobson: Yes.

Senator Stenehjem: I would expect that most of the places you are referring to already hold a used car dealer's license.

Terry Yoney: (Dealer from Finley, Mayville, Fargo; Supports) The main thing he'd like to see pass is the enforcement issue.

Senator Trenbeath: Concerned with Section 12, why is that in the best interest of consumers?

Terry Yoney: Manufacturers have unfair advantages over dealers. We feel if manufacturers are allowed to come in and compete, dealerships would go under.

Senator Trenbeath: Why is that in the best interest of the consumer and where is the constitutionality there?

Todd Krandel: I do believe that there are states that have laws like these. I will check into it and get back to you

Senator Espgaard: The only part I have concern over is the restriction of manufacturing coming into the state.

Keith Kiser: (Motor Vehicle Division Director) This is a national trend. Manufacturers are going into direct contact with the consumers and leaving the dealers out.

Gerald Rohrich: (Used car dealer in Mandan; Supports) Supports bill and points out that Section 7 is good in that it requires insurance coverage.

Bob Lamp: (Automobile Dealer's Association; Supports) States that the problem with manufacturers becoming retailers is that it puts imbalance in system.

Senator Espgaard: Does anywhere in this bill address Internet sales of vehicles?

Bob Lamp: The only reference to this is in Section 13.

Donovan Birch: (Theel Inc, Bottineau; President of ND Auto Dealers; Supports) Supports bill.

Senator O'Connell: Do you personally feel that this is a good bill for everyone?

Donovan Birch: Yes, we've looked real hard to find a common playing field for everyone.

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Senate Transportation Committee

Bill/Resolution Number SB 2273

Hearing Date 2-8-01 ~~2-15-01~~

Hearing closed on SB 2273.

Committee reconvened on 2-15-01

Senator Trenbeath moves to Do Pass. Senator O'Connell seconded. Roll call taken. 4-1-1. Floor carrier is Senator O'Connell.

Committee closed.

FISCAL NOTE
 Requested by Legislative Council
 01/22/2001

Bill/Resolution No.: SB 2273

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
Revenues				\$72,000		\$150,000
Expenditures				\$10,000		\$20,000
Appropriations				\$10,000		\$10,000

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.*

This bill is a re-write of the licensing laws that relate to new and used motor vehicle dealers. The bill provides for an increase of the annual fees that are paid for a dealer license and dealer plates.

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.*

Based on past history, it is estimated this bill will generate approximately \$72,000 in increased collections in the 2001-2003 biennium and \$150,000 in the 2003-2005 biennium as a result of the increase dealer license and dealer plate fees.

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.*

It is estimated that the additional expenses to enforce the provisions of this bill will be \$10,000 during the 2001-2003 biennium and \$20,000 during the 2003-2005 biennium.

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.*

We will need a budget enhancement to cover the anticipated increased cost of enforcing the provision of this bill.

Name:	Keith Kiser	Agency:	NDDOT
Phone Number:	328-2725	Date Prepared:	01/23/2001

Date: 2-15-01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2273

Senate Transportation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Trenbeath Seconded By O'Connell

	Senators	Yes	No	Senators	Yes	No
1	Senator Stenejem, Chairman	X		Senator Bercier <u>6</u>		
2	Senator Trenbeath, Vice-Chair	X		Senator O'Connell <u>5</u>	X	
3	Senator Espegard	X				
	Senator Mutch		X			

Total (Yes) 4 No 1

Absent 1

Floor Assignment O'Connell

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

REPORT OF STANDING COMMITTEE (410)
February 16, 2001 7:57 a.m.

Module No: SR-29-3597
Carrier: O'Connell
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2273: Transportation Committee (Sen. Stenehjem, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (4 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). SB 2273 was rereferred to the Appropriations Committee.

2001 HOUSE TRANSPORTATION

SB 2273

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2273

House Transportation Committee

Conference Committee

Hearing Date March 9, 2001

Tape Number	Side A	Side B	Meter #
1	x		130
		x	0
Committee Clerk Signature <i>Laurence J. Jirik</i>			

Minutes: Rep. Weisz - Chairman opened the hearing on SB 2273; A BILL for an Act to create and enact thirteen new sections to chapter 39-22 of the North Dakota Century Code; relating to the licensing of motor vehicle dealers; to amend and reenact sections 39-05-17, 39-22-04, 39-22-05.1, 39-22-06, and 39-22-11 of the North Dakota Century Code, relating to vehicle title transfer requirements and motor vehicle dealer licensing; to repeal sections 39-22-02, 39-22-07, and 39-22-08 of the North Dakota Century Code, relating to motor vehicle dealer licensing; to provide a penalty; and to provide an effective date.

Rep. Mahoney: (130) For the record I am Rep. John Mahoney from Center, North Dakota, District 33. We considered last session and I believe the session before, too-- of doing something about the "fly-by-night" people selling cars. People who have held licenses but weren't really in the business -- they were just kind of abusing their licenses -- not fairly representing the dealership of North Dakota -- What this bill -- is something we put together to require that if somebody is going to have a license a motor vehicle sales dealer -- they are going to have an

establishment that is for the sales of vehicles. They are going to have sell so many cars -- they are going to have to have a lot that is so big -- they are going to have to have a garage that is so big -- that in a nutshell is what this bill is all about.

Rep. Weisz - Chairman (247) Is that going to effect some of the very small dealers in our rural areas?

Rep. Mahoney to tell you the truth I was concerned about that last session and still have some concerns about that but as we look at this -- I would be amenable to some amendments so that we make sure that we are not hurting those people.

Rep. Carlson: (303) Is this modeled after some other state?

Rep. Mahoney: I can tell you for sure -- but to my knowledge it is not.

Rep. Ruby: (347) If somebody sells cars now -- do they have to sell a minimum number of cars and do they have to have a structure to have a license -- ?

Rep. Mahoney: Currently I don't believe there is any minimum number that they have to sell but if you don't have a license you don't get the benefits of being a dealer unless you have a dealer's license.

Rep. Thoreson: (430) Do grocery stores have to have a sign up of a certain size as you are expecting in this bill?

Rep. Mahoney: To my knowledge they don't. I know that as a law office we don't because we haven't put up a sign in 2 years.

Rep. Schmidt: (485) Why do we need this bill?

Rep. Mahoney: I think that some of the dealers and others to testify will be getting into that in a little more detail.

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House Transportation Committee

Bill/Resolution Number SB 2273

Hearing Date March 9, 2001

Keith Kiser: I am Director of the Motor Vehicle Division of the DOT. I do have my testimony in written form. A copy of that testimony is attached. His testimony has a section which details the requirements of each section of the bill.

Rep. Weisz - Chairman (1039) From the DOT's perspective, how do these conditions -- how do these conditions -- how does this help the state?

Keith Kiser: This is joint effort between the DOT and the automobile industry. In fact when we held our meetings we felt that the DOT would be an observer and a participant also -- what we talked to the committee was those things that are difficult for us now under the current law. What is of concern to us right now is -- What constitutes a service facility - one stall or a completely out fitted garage. There is in the current statute that there is sign up -- but no size requirement -- so how do you enforce things like that. We have a lot of people who have dealers license who are not in the automobile sales business. It is convenient to get a dealers license. If I live on a farm or have a gas station -- we have several electric co-ops who are dealer licensed. This what Rep. Mahoney talked about --is license abuses because they buy or use a lot of cars but don't pay the taxes under a dealers license.

Rep. Mahoney: (1270) How does this bill in its form now compare with other states?

Keith Kiser: When the committee was first formed, we started to look at other states but there is such a wide variety of other state approaches as to how to regulate the automobile industry that we decided we start off with the core of what we had and see what we liked about, what we had and what we didn't like and what it was we wanted to add. We did pick and chose some requirements out of other jurisdictions. But this is not patterned in any way after any other state's law.

