

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2356

2001 SENATE FINANCE AND TAXATION
SB 2356

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2356

Senate Finance and Taxation Committee

Conference Committee

Hearing Date 1/30/01

Tape Number	Side A	Side B	Meter #
1		x	29.3-46.8
1/31/01 - 2	x		37.6-41.5
Committee Clerk Signature <i>Rynell M. Kraft</i>			

Minutes:

Senator Urlacher: Opened the hearing on SB 2356, relating to authority of cities to impose motor vehicle rental taxes.

Senator Tony Grindberg: Co-sponsored the bill, testified in support.

Cole Carley: Fargo-Moorhead Visitors & Conventions Bureau, testified in support. Written testimony attached.

Senator Christmann: Do you have any statistics as to how many of the car rentals are travelers or tourists that come into the state as opposed to how many are rented by North Dakotans?

Cole Carley: In the city of Fargo, one mainly does business for insurance purposes. The bulk of the car rentals that happen in the state happen through airport rental facilities.

Connie Sprynczynatyk: ND League of Cities, testified in support. The four major cities will be the primary beneficiaries.

Page 2
Senate Finance and Taxation Committee
Bill/Resolution Number 2356
Hearing Date 1/30/01

Senator Stenehjem: If Bismarck was to add that sales tax on top of the state sales tax, would they dedicate that money at that point for the Visitors & Convention Bureau, or would it go into the city's general fund?

Connie Sprynczynatyk: It would depend on the home rule charter. Explains.

Scott Bothfeld: Enterprise Rent-a-Car, testified in opposition. Written testimony attached.

Senator Nichols: What is the percent of the local business?

Scott Bothfeld: I would say 80% plus.

Senator Urlacher: Closed the hearing. Action delayed.

Discussion held 1/31/01. Meter number 37.6-41.5

COMMITTEE ACTION: 1/31/01

Motion made by Senator Wardner for a DO NOT PASS. Seconded by Senator Stenehjem. Vote was 6 yeas, 0 nays, 0 absent and not voting. Bill carrier was Senator Stenehjem.

FISCAL NOTE

Requested by Legislative Council
01/24/2001

Bill/Resolution No.: SB 2356

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						
Expenditures						
Appropriations						

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 2356 enables cities to impose local sales and use taxes of up to 2% on car rentals. The cities that would choose to impose this tax, and the possible revenue generated, are unknown.

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.*

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.*

Name:	Kathryn L. Strombeck	Agency:	Tax Department
Phone Number:	328-3402	Date Prepared:	01/29/2001

Date: 1/31/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2356

Senate Finance and Taxation Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Wardner Seconded By Stenehjem

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

Total (Yes) 6 No 0

Absent 0

Floor Assignment Stenehjem

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

REPORT OF STANDING COMMITTEE (416)
February 1, 2001 8:55 a.m.

Module No: SR-18-2075
Carrier: Stenejem
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2356: Finance and Taxation Committee (Sen. Urtacher, Chairman) recommends DO NOT PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2356 was placed on the Eleventh order on the calendar.

2001 TESTIMONY

SB 2356

SB 2356: Why It's a Good Idea for North Dakota

A new section to chapter 40-57.3 of the North Dakota Century Code is created and enacted as follows:

City motor vehicle rental tax - Imposition - Amount - Disposition. The governing body of any city may impose by ordinance a city tax at a rate not to exceed two percent upon the gross receipts from the lease or rental of motor vehicles for periods of less than one month.

Net revenue from a tax imposed under this section must be deposited in the city visitors' promotion fund.

Taxes imposed under this section must be collected by the tax commissioner as provided under section 40-57.3-04.

This bill is a good idea for the following reasons:

(1) It is enabling legislation that doesn't ask the legislature to create a new tax on North Dakotans, but rather to allow the cities to decide the issue in concert with local tourism organizations and local car rental agencies.

(2) If any cities do choose to create this user fee, it is something that will be largely paid for by out-of-state visitors, just as the lodging tax is, since most of the car rentals take place at airports.

(3) It is a user tax that would only be paid for by people who rent cars.

(4) Car rental surcharges such as this one are commonplace in other parts of the United States, as you probably know from your own travel experiences.

(5) Our "add-ons," that is charges levied in addition to car rental rates would still be one of the lowest in the nation.

(6) The money that is raised through the use of this surcharge will be directed toward getting more people visiting North Dakota. It will create more money for advertising to out-of-state prospects, both in the convention market and the pleasure travel market. That, of course, will mean more money in local economies and more state sales taxes that you can devote to helping other segments of our state.

**Submitted by: Cole Carley
Executive Director
Fargo-Moorhead Convention & Visitors Bureau**

100 West Main Ave.
Bismarck, ND 58501
701-288-6000

January 30, 2001

**SENATE FINANCE AND TAX COMMITTEE
SB 2356**

CHAIRMAN URLACHER AND COMMITTEE MEMBERS:

My name is Scott Bothfeld and I represent Enterprise Rent a Car. We oppose SB 2356 based on the following reasons:

1. This bill allows our operations to be taxed twice. Currently, when we purchase our vehicles, we pay a 5% sales tax. SB 2356 would allow the cities to levy another two percent use tax on our rental revenue. Other States typically charge *either* a vehicle sales tax or a vehicle use tax, but not both.
2. Often the intent of a rental car tax is to collect revenue from individuals and corporations visiting our state. At Enterprise, we operate primarily from "neighborhood" locations, providing vehicles for local residents, dealerships, body shops and insurance companies. This proposed bill would increase the taxes due from the residents and businesses of North Dakota.

We respectfully request that you stop this bill from proceeding. THANK YOU FOR YOUR TIME AND CONSIDERATION, and I am happy to answer your questions.