

Introduced by

Senators Vedaa, Larsen, Paulson

Representatives Kasper, M. Ruby

1 A BILL for an Act to create and enact a new section to chapter 57-40.3 of the North Dakota
2 Century Code, relating to motor vehicle purchase price adjustments and the provision of a
3 motor vehicle excise tax credit against the purchase price of a replacement vehicle; to amend
4 and reenact subsection 5 of section 57-40.3-01 of the North Dakota Century Code, relating to
5 the purchase price of a motor vehicle; and to provide an effective date.

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

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

9 5. "Purchase price" means the total amount paid for the motor vehicle whether received
10 in money or otherwise, ~~adjusted as provided in section 2 of this Act. The purchase-~~
11 ~~price excludes the amount of a manufacturer's incentive or discount that reduces the~~
12 ~~amount paid by the purchaser to the seller at the time of purchase. If a motor vehicle-~~
13 ~~or other tangible personal property that will be subject to a sales or use tax imposed~~
14 ~~by chapter 57-39.2 or 57-40.2 when sold or used is taken in trade as a credit or as part~~
15 ~~payment on a motor vehicle taxable under this chapter, the credit or trade-in value-~~
16 ~~allowed by the person selling the motor vehicle shall be deducted from the total selling~~
17 ~~price to establish the purchase price of the vehicle being sold and the trade-in~~
18 ~~allowance allowed by the seller on a motor vehicle accepted as a trade-in shall~~
19 ~~constitute the purchase price of a motor vehicle accepted as a trade-in. If a motor~~
20 ~~vehicle is purchased by an owner who has had a motor vehicle stolen or totally~~
21 ~~destroyed, a credit or trade-in credit shall be allowed against one or more replacement~~
22 ~~motor vehicle purchases in a cumulative amount not to exceed the total amount the~~
23 ~~purchaser has been compensated by an insurance company for the loss plus the~~
24 ~~amount of the purchaser's deductible at the time of the loss. For a leased vehicle that~~

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

26 **SECTION 2.** A new section to chapter 57-40.3 of the North Dakota Century Code is created
27 and enacted as follows:

28 **Purchase price adjustments.**

- 29 1. The purchase price of a motor vehicle excludes the amount of a manufacturer's
30 incentive or discount that reduces the amount paid by the purchaser to the seller at the
31 time of purchase.

- 1 2. If a motor vehicle or other tangible personal property that will be subject to a sales or
2 use tax imposed by chapter 57-39.2 or 57-40.2 when sold or used is taken in trade as
3 a credit or as part payment on a motor vehicle taxable under this chapter, the credit or
4 trade-in value allowed by the person selling the motor vehicle must be deducted from
5 the total selling price to establish the purchase price of the vehicle being sold and the
6 trade-in allowance allowed by the seller on a motor vehicle accepted as a trade-in
7 constitutes the purchase price of a motor vehicle accepted as a trade-in.
- 8 3. If a motor vehicle is purchased by an owner who has had a motor vehicle stolen or
9 totally destroyed, a credit or trade-in credit must be allowed against one or more
10 replacement motor vehicle purchases in a cumulative amount not to exceed the total
11 amount the purchaser has been compensated by an insurance company for the loss.
12 For a leased vehicle that is stolen or totally destroyed, the credit may not exceed the
13 total amount of motor vehicle excise tax paid.
- 14 a. The purchaser shall provide the director of the department of transportation with
15 a notarized statement from the insurance company within three years from the
16 date of issuance verifying the original vehicle was a total loss and stating the
17 amount compensated by the insurance company for the loss.
- 18 b. The statement from the insurance company must accompany the purchaser's
19 application for a certificate of title for the replacement vehicle. If the full amount of
20 the credit under this subsection has not been used, the director of the department
21 of transportation shall record on the face of the notarized statement the
22 necessary information to identify the partial use of the credit and shall retain a
23 copy and return the original to the purchaser.
- 24 4. When a licensed motor vehicle dealer places into the dealer's service a new vehicle
25 for the purpose of renting, leasing, or dealership utility service, the reasonable value of
26 the vehicle replaced must be included as trade-in value if the vehicle replaced has
27 been subject to motor vehicle excise tax under section 57-40.3-02 and if the new
28 vehicle is properly registered and licensed.
- 29 5. If a motor vehicle is purchased by a person as a replacement vehicle, a credit must be
30 allowed against the purchase of the motor vehicle in an amount not to exceed the total
31 amount the person received for the sale of the vehicle being replaced.

- 1 a. To claim a credit under this subsection, a seller shall submit a claim form to the
2 director of the department of transportation containing a verified statement of
3 facts establishing the seller's eligibility for the credit under this subsection. The
4 claim form must contain the signatures of the seller and purchaser of the vehicle
5 being replaced.
- 6 b. The purchaser of the vehicle being replaced shall provide the seller a copy of the
7 motor vehicle purchaser's certificate required under section 57-40.3-05. The
8 seller shall attach the copy of the motor vehicle purchaser's certificate to the
9 seller's application for a certificate of title for the replacement vehicle.
- 10 c. The director of the department of transportation shall, with the assistance of the
11 department of health and human services, conduct a review of outstanding child
12 support liens to determine whether the vehicle being replaced is subject to a child
13 support lien under chapter 35-34. If the vehicle being replaced is subject to a
14 child support lien, the seller of the vehicle being replaced is not eligible for a
15 credit under this subsection.
- 16 d. The director of the department of transportation shall prescribe, design, and
17 make available all forms necessary to effectuate this subsection. The forms must
18 be in an electronic format and available online.
- 19 e. The credit under this subsection must be claimed within three years from the date
20 of sale listed on the certificate in subdivision b.

21 **SECTION 3. EFFECTIVE DATE.** This Act is effective for purchases occurring after June 30,
22 2023.