

**2023 HOUSE TRANSPORTATION**

**HB 1223**

# 2023 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee  
Room JW327E, State Capitol

HB 1223  
1/19/2023

A bill relating to a motor vehicle excise tax exemption for enrolled tribal members.
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**Chairman D. Ruby** opened the hearing at 10:10 AM.

**Members present:** Chairman Ruby, Representatives Anderson, Christensen, Dyk, Frelich, Hauck, Koppelman, Murphy, Timmons, Wagner, Weisz, Dakane, Dobervich. **Members absent:** Vice Chairman Grueneich.

### Discussion Topics:

- Motor vehicle excise tax for reservation residents
- Motor vehicle excise tax for tribal members

**Representative Vigesaa** verbally introduced bill in support.

**Matthew Larsgaard, Automobile Dealers Association of North Dakota**, testified in support (#14545).

**Steven Zaun, General Manager with Puklich Chevrolet**, testified in support (#14550).

**Matthew Larsgaard** answered questions from the committee.

**Chairman Ruby** closed the hearing at 10:38 AM.

**Representative Christensen** moved a Do Pass.

**Representative K. Anderson** seconded the motion.

### Roll call vote:

Representatives	Vote
Representative Dan Ruby	Y
Representative Jim Grueneich	AB
Representative Karen A. Anderson	Y
Representative Cole Christensen	Y
Representative Hamida Dakane	Y
Representative Gretchen Dobervich	Y
Representative Scott Dyk	Y
Representative Kathy Frelich	Y
Representative Dori Hauck	Y
Representative Ben Koppelman	Y
Representative Eric James Murphy	Y
Representative Kelby Timmons	Y

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Representative Scott Wagner	Y
Representative Robin Weisz	Y

Motion carried: 13-0-1

**Representative Timmons** is the bill carrier.

**Meeting adjourned:** 10:49 AM

*Mary Brucker, Committee Clerk By: Leah Kuball*

**REPORT OF STANDING COMMITTEE**

**HB 1223: Transportation Committee (Rep. D. Ruby, Chairman)** recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1223 was placed on the Eleventh order on the calendar.

**2023 SENATE FINANCE AND TAXATION**

**HB 1223**

# 2023 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1223  
3/15/2023

Relating to a motor vehicle excise tax exemption for enrolled tribal members.

**9:02 AM Chairman Kannianen** opened hearing.

Senator Present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

### Discussion Topics:

- Native American locations
- Tax process
- Committee action

**9:03 AM Representative Koppelman** introduced bill and testified in favor. #25205

**9:12 AM Mathew Larsgaard, Automobile Dealers Association of ND,** testified in favor #25208

**9:17 AM Chairman Kannianen** adjourned hearing.

**9:18 AM Chairman Kannianen** opened meeting.

**9:20 AM Senator Rummel** moved to adopt amendment LC 23.0524.01002.

**9:20 Senator Magrum** seconded.

Roll call vote.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motion passed 6-0-0

**9:22 AM Senator Rummel** moved Do Pass as Amended.

**9:22 AM Senator Magrum** seconded.

Roll call vote.

<b>Senators</b>	<b>Vote</b>
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	N
Senator Dean Rummel	Y

Motioned passed 5-1-0

**9:24 AM Senator Rummel** will carry.

**9:25 AM Chairman Kannianen** adjourned meeting.

*Nathan Liesen, Committee Clerk*

AK  
121  
3-15-23

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1223

Page 1, line 7, after "resides" insert "is an enrolled member of a federally recognized Indian tribe residing"

Page 1, line 8, remove the overstrike over "~~within the boundaries of any reservation in this state~~"

Page 1, line 8, overstrike "is an enrolled member"

Page 1, line 9, overstrike "of a federally recognized Indian tribe" and insert immediately thereafter "provided the exemption in this subsection does not apply to a motor vehicle purchased by an individual whose primary residence is not within the boundaries of any reservation in this state"

Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**HB 1223: Finance and Taxation Committee (Sen. Kannianen, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1223 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 7, after "resides" insert "is an enrolled member of a federally recognized Indian tribe residing"

Page 1, line 8, remove the overstrike over "~~within the boundaries of any reservation in this state~~"

Page 1, line 8, overstrike "is an enrolled member"

Page 1, line 9, overstrike "of a federally recognized Indian tribe" and insert immediately thereafter "provided the exemption in this subsection does not apply to a motor vehicle purchased by an individual whose primary residence is not within the boundaries of any reservation in this state"

Renumber accordingly

**TESTIMONY**

**HB 1223**

**House Bill 1223**  
**Testimony before House Transportation Committee**  
**Matthew C. Larsgaard, MBA**  
**Automobile Dealers Association of North Dakota**  
January 19, 2023

1/14/23

Mr. Chairman and members of the committee. My name is Matthew Larsgaard and I am appearing in support of House Bill 1223 on behalf of the Automobile Dealers Association of North Dakota which consists of our state's franchised new car dealers.

This bill relates to the tax exempt sales of motor vehicles to Native Americans who are enrolled members of a Federally recognized Indian tribe. Currently, tribal members who **reside on the reservation may take possession of a motor vehicle at any location** within the state and claim their tax exemption. Tribal members who reside outside of the reservation must have the vehicle delivered to the reservation to claim their exemption. This bill removes the delivery requirement for those Native Americans who reside outside of the reservation.

For many years Native Americans have required our dealerships to deliver purchased vehicles to their reservations as they know this practice will allow them to claim their tax exemption. The tax exemption is effectively provided by the Federal government. Working in an extremely competitive industry, our dealers have been compelled to drive vehicles to the reservation which is burdensome, costly, exacerbates challenges associated with labor shortages, and creates unnecessary liability exposure for dealers.

It is also important to distinguish the difference between sales tax and motor vehicle excise tax. Sales tax is due at the point of sale and is collected by the retailer. Excise tax is not; it is a title transfer tax paid by the purchaser when they apply for a title and license. The difference between sales tax and motor vehicle excise tax serves, in part, as the basis for treating the tax applications differently.

To be clear, this bill does not create a tax exemption for Native Americans; it already exists. This bill will simply allow a Native American to claim their tax exemption at the dealership instead of requiring the dealer to deliver the vehicle to the reservation.

We are asking for your support to correct this issue. It is important to note that this correction would be limited to only those Native Americans who are members of a Federally enrolled Indian tribe and who live outside of the reservation.

From our perspective, the primary beneficiaries of this legislation include automobile dealers, our employees, Native Americans, and the state of North Dakota. We believe this legislation will not result in a substantive decrease in excise tax collections as we believe the vast majority of Native Americans are well aware of their tax exemption...and they utilize it. It is also important to understand that this legislation will produce more income tax revenue for the state through expense reduction for dealers and increased income for our employees.

Regardless of the outcome of this bill, Native Americans will still be able to claim their exemption. The difference will be whether the dealer must incur the expense of delivery or use that money to pay their employees, operating costs, etc.

Matthew C. Larsgaard, MBA  
Automobile Dealers Association of North Dakota

**House Bill 1223**  
**Testimony of Steven J Zaun, General Manager**  
**Puklich Chevrolet Inc. and Puklich Chevrolet Buick GMC**  
January 19, 2023

Mr. Chairman and members of the committee. My name is Steven Zaun and I am appearing in support of House Bill 1223 on behalf of Puklich Chevrolet and Puklich Chevrolet Buick GMC.

As the law is currently written, enrolled members who live on a reservation may take delivery of a vehicle anywhere in ND and still claim their tax exemption. If a member moves off of the reservation, they must take delivery of the vehicle on the reservation to claim their tax exemption. This bill removes that requirement and allows them to claim their tax exemption regardless of where they have their primary residence.

The real-world application of the current vehicle delivery requirement puts the responsibility of compliance on the car dealers that sell vehicles to Native Americans. It is important to understand that the vast majority of Native Americans are well aware of their exemption and know that they must take delivery of the vehicle on the reservation. They also expect the dealer to deliver the vehicle to the reservation so they may claim their exemption. As such, we must hire two drivers to deliver the vehicle to the reservation. This creates an additional expense that can run into hundreds of dollars per delivery in today's business climate. It also puts us and our dealerships at risk for accidents, damage to vehicles while being delivered, or other added liability. Several years ago, we had a driver hit a deer while delivering the vehicle, an expense that we had to bear because the vehicle was still in our custody and control. In addition, we have paid for numerous windshields that have been broken during delivery as well.

This bill does not create a new tax exemption. It simply allows Native Americans to claim their current tax exemption without placing additional burdens, expenses, and liabilities on car dealers.

In our current business climate, every dollar counts. While profits have been strong, our business costs have never been higher forcing us to make decisions every day to continue our operations at a level of service our customers have come to expect and deserve. This legislation helps eliminate an expense for dealers without creating any new expense for taxpayers. Monies saved at the dealership level will certainly be re-invested into our team members and other critical functions in our businesses. Furthermore, the state will likely benefit from this bill as any incremental reduction in our expenses will increase our state taxable income. Likewise, instead of having two sales personnel spend half a day delivering a vehicle we can keep them working at the dealership and thereby increase their income as well as the dealership's income....which will again result in more income tax for the state.

Thank you very much members of the committee.

Steven J Zaun, General Manager  
Puklich Chevrolet Inc. and Puklich Chevrolet Buick GMC

23.0524.01002

Sixty-eighth  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO. 1223**

Introduced by

Representatives Vigesaa, Bosch, Headland, Mitskog, D. Ruby

Senators Bekkedahl, Kannianen, Patten, Sorvaag

1 A BILL for an Act to amend and reenact subsection 15 of section 57-40.3-04 of the North  
2 Dakota Century Code, relating to a motor vehicle excise tax exemption for enrolled tribal  
3 members; and to provide an effective date.

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

5 **SECTION 1. AMENDMENT.** Subsection 15 of section 57-40.3-04 of the North Dakota  
6 Century Code is amended and reenacted as follows:

7 15. A motor vehicle acquired at any location within this state by an individual who ~~resides~~  
8 is an enrolled member of a federally recognized Indian tribe residing within the  
9 boundaries of any reservation in this state ~~and who is an enrolled member of a~~  
10 ~~federally recognized Indian tribe,~~ provided the exemption in this subsection does not  
11 apply to a motor vehicle purchased by an individual whose primary residence is not  
12 within the boundaries of any reservation in this state.

13 **SECTION 2. EFFECTIVE DATE.** This Act is effective for taxable events occurring after  
14 June 30, 2023.

**House Bill 1223**  
**Testimony before House Transportation Committee**  
**Matthew C. Larsgaard, MBA**  
**Automobile Dealers Association of North Dakota**  
March 15, 2023

3/11/23

Mr. Chairman and members of the committee. My name is Matthew Larsgaard and I am appearing in support of House Bill 1223 on behalf of the Automobile Dealers Association of North Dakota which consists of our state's franchised new car dealers.

This bill relates to the taxation of motor vehicles purchased by Native Americans who are enrolled members of a Federally recognized Indian tribe. Currently, tribal members who **reside on the reservation may take possession of a motor vehicle at any location** within the state and claim a tax exemption. For tribal members that live outside of the reservation, the ND tax department does not assess tax on vehicle purchases provided the vehicle is delivered to the reservation.

The intent of this bill is to remove the delivery requirement for vehicle sales to those Native Americans who reside outside of the reservation.

For many years Native Americans have required our dealerships to deliver purchased vehicles to their reservations as they know this practice will allow them to forgo paying excise tax. Working in an extremely competitive industry, our dealers have been compelled to drive vehicles to the reservation which is burdensome, costly, exacerbates challenges associated with labor shortages, and creates unnecessary liability exposure for dealers.

To be clear, this bill is not intended to create a new tax exemption for Native Americans as the Tax Dept. currently does not assess tax on vehicles that are delivered to the reservation. This bill simply removes the requirement for dealers to deliver vehicles to the reservation.

The amendment that Rep. Koppelman has proposed will also accomplish our goal which is to remove the requirement for dealers to deliver vehicles to the reservations. We respectfully request that you either pass the bill in its current form or approve the amendment proposed by Rep. Koppelman. Thank you.

Matthew C. Larsgaard, MBA  
Automobile Dealers Association of North Dakota