

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 111

Short Title: Highway Use Tax Reductions.

(Public)

Sponsors: Senators Winner, Kincaid, and Staton.

Referred to: Finance.

February 20, 1991

A BILL TO BE ENTITLED

AN ACT TO LOWER THE MINIMUM HIGHWAY USE TAX AND TO EXEMPT
CERTAIN TRANSFERS OF VEHICLES FROM THE TAX.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-187.3(a) reads as rewritten:

"(a) Amount. The rate of the use tax imposed by this Article is three percent (3%) of the retail value of a motor vehicle for which a certificate of title is issued. The tax is payable as provided in G.S. 105-187.4. The tax may not be less than ~~forty dollars (\$40.00)~~ twenty dollars (\$20.00) for each motor vehicle for which a certificate of title is issued, unless the issuance of a title for the vehicle is exempt from tax under G.S. 105-187.6(a). The tax may not be more than one thousand dollars (\$1,000) for each motor vehicle for which a certificate of title is issued."

Sec. 2. G.S. 105-187.7 reads as rewritten:

"§ 105-187.7. Credit for tax paid in another state.

A person who, within 90 days before applying for a certificate of title for a motor vehicle on which the tax imposed by this Article is due, has paid a sales tax, an excise tax, or a tax substantially equivalent to the tax imposed by this Article on the vehicle to a taxing jurisdiction outside this State is entitled to a credit against the tax due under this Article for the amount of tax paid to the other jurisdiction. The credit may not reduce the person's liability under this Article below the minimum ~~forty dollar (\$40.00) tax.~~ tax set in G.S. 105-187.3."

Sec. 3. G.S. 105-187.8 reads as rewritten:

"§ 105-187.8. Refund for return of purchased motor vehicle.

1 When a purchaser of a motor vehicle returns the motor vehicle to the seller of the
 2 motor vehicle within 90 days after the purchase and receives a vehicle replacement for
 3 the returned vehicle or a refund of the price paid the seller, whether from the seller or
 4 the manufacturer of the vehicle, the purchaser may obtain a refund of the privilege tax
 5 paid on the certificate of title issued for the returned motor vehicle, less the minimum
 6 tax of forty dollars (\$40.00) set in G.S. 105-187.3.

7 To obtain a refund, the purchaser must apply to the Division for a refund within 30
 8 days after receiving the replacement vehicle or refund of the purchase price. The
 9 application must be made on a form prescribed by the Commission and must be
 10 supported by documentation from the seller of the returned vehicle."

11 Sec. 4. G.S. 105-187.6 reads as rewritten:

12 **"§ 105-187.6. Exemptions from highway use tax.**

13 (a) Full Exemptions. – The tax imposed by this Article does not apply when a
 14 certificate of title is issued as the result of a transfer of a motor vehicle:

- 15 (1) To the insurer of the motor vehicle under G.S. 20-109.1 because the
 16 vehicle is a salvage vehicle.
- 17 (2) To either a manufacturer, as defined in G.S. 20-285, or a motor vehicle
 18 retailer for the purpose of resale.
- 19 (3) To the same owner to reflect a change or correction in the owner's
 20 name.
- 21 (4) To the Department of Human Resources to be equipped by the
 22 Department for use by the handicapped and then transferred to a
 23 handicapped person.
- 24 (5) To a local board of education for use in the driver education program
 25 of a public school when the motor vehicle is transferred:
 26 a. By a retailer and is to be transferred back to the retailer within
 27 180 days after the transfer to the local board.
 28 b. By a local board of education.
- 29 (6) By will or intestacy.
- 30 (7) By a gift between a husband and wife or a parent and child.

31 (b) Partial Exemptions. – Only the minimum tax imposed by this Article applies
 32 when a certificate of title is issued as a result of the transfer of a motor vehicle:

- 33 ~~(1) By a gift between a husband and wife or a parent and child.~~
- 34 ~~(2) By will or intestacy.~~
- 35 ~~(3)~~(1) By a distribution of marital property as a result of a divorce.
- 36 ~~(4)~~(2) To a secured party who has filed a security interest in the motor
 37 vehicle with the Department of the Secretary of State.
- 38 ~~(5)~~(3) To a partnership or corporation as an incident to the formation of the
 39 partnership or corporation and no gain or loss arises on the transfer
 40 under section 351 or section 721 of the Internal Revenue Code, or to a
 41 corporation by merger or consolidation in accordance with G.S. 55-
 42 110.
- 43 ~~(6) To the same owner to reflect a change in the owner's name.~~

1 (c) Out-of-state Vehicles. – A maximum tax of one hundred dollars (\$100.00)
2 applies when a certificate of title is issued for a motor vehicle that, at the time of
3 applying for a certificate of title, is and has been titled in another state for at least 90
4 days."

5 Sec. 5. This act becomes effective July 1, 1991.