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Short Title: Property Tax Paid With Vehicle Registration.

(Public)

Sponsors:

Referred to:

May 12, 2005

A BILL TO BE ENTITLED

AN ACT TO CREATE A COMBINED MOTOR VEHICLE REGISTRATION
RENEWAL AND PROPERTY TAX COLLECTION SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-330 is amended by adding two new subdivisions to read:

"(4) Collecting authority. The Division of Motor Vehicles or an agent contracting with the Division of Motor Vehicles.

(5) Municipal corporation. Defined in G.S. 105-273(11)."

SECTION 2. G.S. 105-330.2 reads as rewritten:

"§ 105-330.2. **Appraisal, ownership, and situs.**

(a) Date Determined. – The value of a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(1) (registered vehicles) shall be determined as of January 1 of the year the taxes are due. If the value of a new motor vehicle cannot be determined as of that date, the value of that vehicle shall be determined for that year as of the date that model vehicle is first offered for sale at retail in this State.

The ownership, situs, and taxability of a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(1) (registered vehicles) shall be determined annually as of the day on which a new registration is applied for or the day on which the current vehicle registration is renewed, regardless of whether the registration is renewed after it has expired.

The value of a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(2) (unregistered vehicles) shall be determined as of January 1 of the year in which the motor vehicle is required to be listed pursuant to G.S. 105-330.3(a)(2). The ownership, situs, and taxability of a classified motor vehicle listed or discovered pursuant to G.S. 105-330.3(a)(2) (unregistered vehicles) shall be determined as of January 1 of the year in which the motor vehicle is required to be listed.

1 (b) Value; Appeal. – A classified motor vehicle shall be appraised by the assessor
2 at its true value in money as prescribed by G.S. 105-283. The Property Tax Division of
3 the Department of Revenue shall annually adopt a schedule of values, standards, and
4 rules to be used in the valuation of motor vehicles to ensure equitable statewide
5 valuations, taking into account local market conditions and allowing adjustments for
6 mileage and the condition of the vehicles. The owner of a classified motor vehicle may
7 appeal the appraised value of the vehicle in the manner provided by G.S. 105-312(d) for
8 appeals in the case of discovered property and may appeal the situs or taxability of the
9 vehicle in the manner provided by G.S. 105-381. The owner of a classified motor
10 vehicle must file an appeal of appraised value with the assessor ~~within 30 days after the~~
11 ~~date of the tax notice prepared pursuant to G.S. 105-330.5.~~ before the taxes become
12 delinquent pursuant to G.S. 105-330.4. Notwithstanding G.S. 105-312(d), an owner who
13 appeals the appraised value of a classified motor vehicle shall pay the tax on the vehicle
14 when due, subject to a full or partial refund if the appeal is decided in the owner's favor.

15 (c) Administration. – The Department of Revenue, acting through the Property
16 Tax Division, and the Department of Transportation, acting through the Division of
17 Motor Vehicles, shall enter into a memorandum of understanding concerning the
18 vehicle identification information, name and address of the owner, and other
19 information that will be required on the motor vehicle registration forms to implement
20 the tax listing and collection provisions of this Article. The memorandum of
21 understanding shall also include a procedure for the administration of the listing,
22 appraisal, and assessment of classified motor vehicles."

23 **SECTION 3.** G.S. 105-330.4(a) reads as rewritten:

24 "(a) Taxes on a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(2)
25 ~~shall be~~ due on September 1 following the date by which the vehicle was required to
26 be listed. Taxes on a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(1)
27 ~~shall be~~ due each year on the following dates:

28 (1) ~~For a vehicle registered under the staggered system, taxes shall be due~~
29 ~~on the first day of the fourth month following the date the registration~~
30 ~~expires or on the first day of the fourth month following the last day of~~
31 ~~the month in which the new registration is applied for.~~ date a new
32 registration is applied for or the fifteenth day of the month following
33 the month in which the registration renewal sticker expired pursuant to
34 G.S. 20-66(g).

35 (2) ~~For a vehicle newly registered under the annual system, taxes shall be~~
36 ~~due on the first day of the fourth month following the date the new~~
37 ~~registration is applied for. For a vehicle whose registration is renewed~~
38 ~~under the annual system, taxes shall be due on May 1 following the~~
39 ~~date the registration expired."~~

40 **SECTION 4.** G.S. 105-330.4(b) reads as rewritten:

41 "(b) Subject to the provisions of G.S. 105-395.1, interest on unpaid taxes on
42 classified motor vehicles listed pursuant to G.S. 105-330.3(a)(1) accrues at the rate of
43 ~~two percent (2%)~~ five percent (5%) for the first month following the date the taxes were
44 due and three-fourths percent (3/4 %) for each month thereafter until the taxes are paid,

1 unless the ~~tax~~ notice required by G.S. 105-330.5 is prepared after the date the taxes are
2 due. In that circumstance, the interest accrues beginning the second month following the
3 date of the notice until the taxes are paid. Subject to the provisions of G.S. 105-395.1,
4 interest on delinquent taxes on classified motor vehicles listed pursuant to
5 G.S. 105-330.3(a)(2) accrues as provided in G.S. 105-360(a) and discounts shall be
6 allowed as provided in G.S. 105-360(c)."

7 **SECTION 5.** G.S. 105-330.4(b), as amended by Section 4 of this act, reads
8 as rewritten:

9 "(b) Subject to the provisions of G.S. 105-395.1, interest on unpaid taxes and
10 registration fees on classified motor vehicles listed pursuant to G.S. 105-330.3(a)(1)
11 accrues at the rate of five percent (5%) for the ~~first month~~ remainder of the month
12 following the date-month in which the registration renewal sticker expired pursuant to
13 G.S. 20-66(g).the taxes were due and Interest accrues at the rate of three-fourths percent
14 (3/4 %) for each month thereafter until the taxes and fees are paid, unless the notice
15 required by G.S. 105-330.5 is prepared after the date the taxes and fees are due. In that
16 circumstance, the interest accrues beginning the second month following the date of the
17 notice until the taxes and fees are paid. Subject to the provisions of G.S. 105-395.1,
18 interest on delinquent taxes on classified motor vehicles listed pursuant to
19 G.S. 105-330.3(a)(2) accrues as provided in G.S. 105-360(a) and discounts shall be
20 allowed as provided in G.S. 105-360(c)."

21 **SECTION 6.** G.S. 105-330.5 reads as rewritten:

22 "**§ 105-330.5. Listing and collecting procedures.**

23 (a) For classified motor vehicles listed pursuant to G.S. 105-330.3(a)(1), upon
24 receiving the registration lists from the Division of Motor Vehicles each month, the
25 ~~assessor~~ Property Tax Division of the Department of Revenue shall prepare a combined
26 tax and registration notice for each ~~vehicle; the vehicle.~~ The combined tax and
27 registration notice shall contain all ~~county, municipal, and special district~~ county and
28 municipal corporation taxes and fees due on the motor ~~vehicle.~~ vehicle as computed by
29 the assessor in the county of registration. In computing the taxes, the assessor shall
30 appraise the motor vehicle in accordance with G.S. 105-330.2 and shall use the tax rates
31 of the various taxing units in effect on the first day of the month in which the current
32 vehicle registration ~~expired~~ expires or the new registration ~~was~~ is applied for. This
33 procedure shall constitute the listing and assessment of each classified motor vehicle for
34 taxation. The combined tax and registration notice shall contain:

- 35 (1) The date of the combined tax and registration notice.
- 36 (2) The appraised value of the motor vehicle.
- 37 (3) The tax rate of the taxing units.
- 38 (4) A statement that the appraised value of the motor vehicle may be
39 appealed to the assessor ~~within 30 days after the date of the~~
40 ~~notice.~~ before the taxes and fees become delinquent.
- 41 (5) The registration fee imposed by the Division of Motor Vehicles and
42 any other information required by the Division of Motor Vehicles to
43 comply with the provisions of Chapter 20 of the General Statutes.

1 (a1) When a new registration is obtained for a vehicle registered under the annual
2 system in a month other than December, the ~~assessor taxes shall prorate the taxes due~~
3 prorated for the remainder of the calendar year. The amount of prorated taxes due is the
4 product of the proration fraction and the taxes computed according to subsection (a).
5 The numerator of the proration fraction is the number of full months remaining in the
6 calendar year following the date the registration is applied for and the denominator of
7 the fraction is 12.

8 (b) When the combined tax and registration notice required by subsection (a) is
9 prepared, the ~~county tax collector~~ Property Tax Division of the Department of Revenue
10 or a third-party contractor shall mail a copy of the notice, with appropriate instructions
11 for payment, to the motor vehicle owner. The Department shall establish a fee equal to
12 the actual cost of printing and sending the notice. The Department may receive a fee for
13 each notice generated for a vehicle registered in a county or municipal corporation from
14 the taxes and fees remitted to the county or municipal corporation in which the vehicle
15 is registered. The collecting authority is responsible for collecting county and municipal
16 taxes and fees assessed under this Article and ~~The county may retain the actual cost of a~~
17 fee for collecting municipal and special district taxes ~~these taxes and fees, collected~~
18 ~~pursuant to this Article, The fee retained by the collecting authority not to exceed one~~
19 ~~and one half percent (1 1/2%) of the amount of taxes collected.~~ shall be an amount equal
20 to at least one-third of the compensation paid for registration renewals conducted by
21 contract agents under G.S. 20-63(h). The county finance officer Property Tax Division
22 shall establish procedures to ensure that tax payments and fees received pursuant to this
23 Article and Chapter 20 of the General Statutes are properly accounted for and taxes and
24 fees due other taxing units and the Division of Motor Vehicles are remitted to the units
25 ~~to which they are due~~ at least once each month. Each month, a county collecting
26 authority shall provide a weekly financial report containing reasonable information
27 required by the Property Tax Division to the municipalities and special districts located
28 ~~in taxing units and Division of Motor Vehicles~~ to enable them to account for the tax
29 ~~payments remitted to them received.~~

30 (b1) Repealed by Session Laws 1995, c. 329, s. 2.

31 (c) For classified motor vehicles listed pursuant to G.S. 105-330.3(a)(2), the
32 assessor shall appraise each vehicle in accordance with G.S. 105-330.2. The assessor
33 shall prepare a tax notice for each vehicle before September 1 following the January 31
34 listing date; the tax notice shall include all county and special district taxes due on the
35 motor vehicle. In computing the taxes, the assessor shall use the tax rates of the taxing
36 units in effect for the fiscal year that begins on July 1 following the January 31 listing
37 date. Municipalities shall list, assess, and tax classified motor vehicles listed pursuant to
38 G.S. 105-330.3(a)(2) as provided in G.S. 105-326, 105-327, and 105-328 and shall send
39 tax notices as provided in this section.

40 (d) The county shall include taxes on classified motor vehicles listed pursuant to
41 G.S. 105-330.3(a)(1) in the tax levy for the fiscal year in which the taxes become due
42 and shall charge the taxes to the tax collector for that year, unless the tax notice required
43 by subsection (a) is prepared after the date the taxes are due. If that occurs, the county

1 shall include the taxes from that notice in the tax levy for the current fiscal year and
2 shall charge the taxes to the tax collector for that year."

3 **SECTION 7.** G.S. 105-330.7 is repealed.

4 **SECTION 8.** Article 22A of Chapter 105 of the General Statutes is amended
5 by adding a new section to read:

6 **"§ 105-330.10. Disposition of interest.**

7 Sixty percent (60%) of the interest collected on unpaid taxes pursuant to
8 G.S. 105-330.4 shall be transferred on a monthly basis to the Combined Motor Vehicle
9 and Registration Account created within the Treasurer's Office. The North Carolina
10 Association of County Commissioners shall direct the Treasurer to distribute the funds
11 in the Account to the Division of Motor Vehicles for the purpose of developing and
12 implementing an integrated computer system within the Division of Motor Vehicles that
13 would allow for the combined assessment, billing, and collection of property taxes on
14 motor vehicles and the issuance of registration plates. The Treasurer shall report to the
15 Revenue Laws Study Committee semiannually with the first report due by April 30,
16 2006. The report shall contain a detailed description of the amount of moneys
17 transferred to the Account and distributed from the Account."

18 **SECTION 9.** G.S. 105-330.10, as enacted by Section 8 of this act, reads as
19 rewritten:

20 **"§ 105-330.10. Disposition of interest.**

21 ~~Sixty percent (60%) of the~~ The interest collected on unpaid taxes—registration fees
22 pursuant to G.S. 105-330.4 shall be transferred on a monthly basis to the Combined
23 Motor Vehicle and Registration Account created within the Treasurer's Office.North
24 Carolina Highway Fund for technology improvements within the Division of Motor
25 Vehicles. The funds in this account shall be used to develop and implement an
26 integrated computer system within the Division of Motor Vehicles that would allow for
27 the combined assessment, billing, and collection of property taxes on motor vehicles
28 and the issuance of registration plates. The Treasurer shall report to the Revenue Laws
29 Study Committee semi-annually with the first report due by April 30, 2006. The report
30 shall contain a detailed description of the amount of moneys transferred to the Account
31 and distributed from the Account."

32 **SECTION 10.** G.S. 20-50.3 is repealed.

33 **SECTION 11.** G.S. 20-50.4 reads as rewritten:

34 **"§ 20-50.4. Division to refuse to register vehicles on which county and municipal**
35 **taxes and fees are delinquent not paid and when there is a failure to meet**
36 **court-ordered child support obligations.**

37 (a) ~~Delinquent Property Taxes Paid with Registration.~~Property Taxes. – Upon
38 receiving the list of motor vehicle owners and motor vehicles sent by county tax
39 collectors pursuant to G.S. 105-330.7, ~~the~~The Division shall refuse to register for the
40 owner named in the list any vehicle identified in the list until either the vehicle owner
41 presents the Division with a paid tax receipt identifying the vehicle for which
42 registration was refused or the county certifies to the Division that the tax has been paid.
43 The Division shall not refuse to register a vehicle for a person, not named in the list, to
44 whom the vehicle has been transferred in good faith. Where a motor vehicle owner

1 ~~named in the list has transferred the registration plates from the motor vehicle identified~~
2 ~~in the list to another motor vehicle pursuant to G.S. 20-64 during the first vehicle's tax~~
3 ~~year, the Division shall refuse registration of the second vehicle until the vehicle owner~~
4 ~~presents the Division with a paid tax receipt identifying the vehicle from which the~~
5 ~~plates were transferred or the county certifies to the Division that the tax has been paid.~~
6 ~~The certification must be in the form and contain the information required by the~~
7 ~~Division.~~ a vehicle on which county and municipal taxes and fees have not been paid.

8 (b) Delinquent Child Support Obligations. – Upon receiving a report from a child
9 support enforcement agency that sanctions pursuant to G.S. 110-142.2(a)(3) have been
10 imposed, the Division shall refuse to register a vehicle for the owner named in the report
11 until the Division receives certification pursuant to G.S. 110-142.2 that the payments
12 are no longer considered delinquent."

13 **SECTION 12.** The Property Tax Division within the Department of
14 Revenue and the Division of Motor Vehicles within the Department of Transportation
15 shall jointly study and develop a plan for determining the method of valuation of motor
16 vehicles to be taxed and for implementing an integrated computer system needed to
17 combine the registration renewal and property tax collection for motor vehicles in the
18 State. The Divisions shall consult with representatives from the North Carolina
19 Association of County Commissioners, the North Carolina League of Municipalities,
20 the North Carolina Association of Assessing Officers, the North Carolina Automobile
21 Dealers Association, the North Carolina Independent Automobile Dealers Association,
22 and the North Carolina Tax Collectors Association. The Divisions shall submit a report
23 of its findings and recommendations to the Revenue Laws Study Committee, the Joint
24 Legislative Transportation Oversight Committee, and the Fiscal Research Division by
25 April 30, 2006.

26 **SECTION 13.** Sections 4 and 8 of this act become effective January 1, 2006.
27 Sections 1, 2, 3, 5, 6, 7, 9, 10, and 11 of this act become effective July 1, 2009, or when
28 the Division of Motor Vehicles and the Department of Revenue certify that the
29 integrated computer system for registration renewal and property tax collection for
30 motor vehicles is in operation, whichever occurs first. Sections 12 and 13 of this act are
31 effective when they become law. Nothing in this act shall require the General Assembly
32 to appropriate funds to implement it for the biennium ending June 30, 2007.