

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 2070*
Committee Substitute Favorable 7/19/90
Finance Senate Committee Substitute Adopted 7/28/90
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Short Title: Technical and Other Changes.

(Public)

Sponsors:

Referred to:

May 24, 1990

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL CHANGES IN THE REVENUE LAWS AND TO
MAKE OTHER CHANGES IN THE LAW.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-151.20, as enacted by Section 6 of Chapter 984 of the
1989 Session Laws, reads as rewritten:

"§ 105-151.20. Credit for tax paid on certain government retirement benefits.

A taxpayer who received government retirement benefits during the 1988 tax year
may claim a credit against the tax imposed by this Division equal to the amount by
which the tax under this Division paid by the taxpayer for the 1988 tax year would have
been reduced if none of the taxpayer's government retirement benefits had been
included in the taxpayer's taxable income. If a taxpayer received a refund of any tax
paid under this Division on government retirement benefits for the 1988 tax year, the
amount of the refund reduces the amount of the credit allowed under this section.

As used in this section, the term 'government retirement benefits' means retirement
benefits received from one or more state, local, or federal government retirement plans.
As used in this section, the term '1988 tax year' means the taxpayer's taxable year
beginning on a day in 1988.

The credit allowed under this section shall ~~shall~~ be taken in equal installments over
the taxpayer's first three taxable years beginning on or after January 1, 1990. The credit
allowed under this section may not exceed the amount of tax imposed by this Division

1 reduced by the sum of all credits allowed against the tax, except payments of tax made
2 by or on behalf of the taxpayer."

3 Sec. 2. G.S. 105-449.10(a), as amended by Section 2 of Chapter 1050 of the
4 1989 Session Laws, reads as rewritten:

5 "(a) Each user-seller or user licensed under this Article shall keep records and
6 make reports to the Secretary in accordance with regulations adopted by the Secretary.
7 The records and reports shall show all purchases, sales, deliveries, and use of fuel by the
8 user-seller or user. A licensed user that is not authorized by this subsection to file an
9 annual report shall file a quarterly report on or before the last day of the month
10 immediately following the end of the quarter. A licensed user that uses fuel only in a
11 motor vehicle operated in this ~~State or that State~~, has been granted permission to file an
12 annual report under G.S. ~~105-449.45 shall~~ 105-449.45, or is exempt from G.S. 105-
13 449.45 may, with the approval of the Secretary, file an annual report for a ~~calendar~~ fiscal
14 year by ~~January 1~~ July 31 following the end of the year. A user-seller shall file a report
15 as required by G.S. 105-449.21."

16 Sec. 3. Article 5A of Chapter 105 of the General Statutes is amended by
17 adding a new section to read:

18 **§ 105-187.11. Transition from sales tax to highway use tax for lessors and renters**
19 **of motor vehicles.**

20 A retailer who owned a motor vehicle on October 1, 1989, and who continues to
21 lease or rent the motor vehicle and pay a gross receipts tax on the lease or rental receipts
22 from the vehicle may elect to pay highway use tax at the rate set in G.S. 105-187.3(a)
23 on the vehicle. The retail value of a motor vehicle for which a retailer makes
24 an election under this section is the value of the motor vehicle that would apply under
25 G.S. 105-187.3(b) if the retailer received the motor vehicle because of a reason other
26 than the sale of the motor vehicle on the date the retailer makes the election.

27 To make the election allowed by this section, a retailer shall complete a form
28 provided by the Division, pay the tax due, and pay the fee set in G.S. 20-85(a)(9). A
29 retailer who makes this election may not receive credit for any tax paid on the motor
30 vehicle under Article 5 of this Chapter or for any tax on gross receipts paid under this
31 Article. The Division shall notify the Secretary of Revenue of a retailer who makes an
32 election under this section."

33 Sec. 4. Section 19 of Chapter 771 of the 1989 Session Laws reads as
34 rewritten:

35 "Sec. 19. ~~Sections 1 through 17 of this act shall become effective September 1, 1990.~~
36 Section 2 of this act shall become effective as follows: G.S. 20-37.21, created by this
37 section, shall become effective April 1, 1992; the remainder of this section shall become
38 effective September 1, 1990. Sections 3, 4, and 12 through 16 of this act shall become
39 effective April 1, 1992. Section 18 of this act shall become effective June 1, 1989. The
40 remaining sections of this act shall become effective September 1, 1990."

41 Sec. 5. G.S. 105-187.6 reads as rewritten:

42 **§ 105-187.6. Exemptions from highway use tax.**

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

- 1 (1) To the insurer of the motor vehicle under G.S. 20-109.1 because the
2 vehicle is a salvage vehicle.
3 (2) To either a manufacturer, as defined in G.S. 20-285, or a motor vehicle
4 retailer for the purpose of ~~resale~~ resale other than lease or rental.
5 (3) To the same owner to reflect a change or correction in the owner's
6 name.
7 (4) By will or intestacy.

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

- 10 (1) By a gift between a husband and wife or a parent and child.
11 ~~(2) By will or intestacy.~~
12 ~~(3)~~(2) By a distribution of marital property as a result of a divorce.
13 ~~(4)~~(3) To a secured party who has ~~filed~~ a perfected security interest in the
14 motor vehicle ~~with the Department of the Secretary of State.~~ vehicle.
15 ~~(5)~~(4) To a partnership or corporation as an incident to the formation of the
16 partnership or corporation and no gain or loss arises on the transfer
17 under section 351 or section 721 of the Internal Revenue Code, or to a
18 corporation by merger or consolidation in accordance with G.S. 55-
19 110.
20 ~~(6) To the same owner to reflect a change in the owner's name.~~

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

25 Sec. 6. Section 2 of this act shall become effective January 1, 1991. Section
26 5 of this act shall become effective September 1, 1990. The remaining sections of this
27 act are effective upon ratification.