

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 111
Finance Committee Substitute Adopted 4/22/91

Short Title: Highway Use Tax Reductions.

(Public)

Sponsors:

Referred to:

February 20, 1991

A BILL TO BE ENTITLED

AN ACT TO LOWER THE MINIMUM HIGHWAY USE TAX, TO EXEMPT CERTAIN TRANSFERS OF VEHICLES FROM THE TAX, AND TO RAISE VARIOUS FEES AND TAXES TO OFFSET THE LOSS OF REVENUE RESULTING FROM THESE CHANGES.

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-five dollars (\$25.00) 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."

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

2 **"§ 105-187.8. Refund for return of purchased motor vehicle.**

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

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

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

14 **"§ 105-187.6. Exemptions from highway use tax.**

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

17 (1) To the insurer of the motor vehicle under G.S. 20-109.1 because the
18 vehicle is a salvage vehicle.

19 (2) To either a manufacturer, as defined in G.S. 20-285, or a motor vehicle
20 retailer for the purpose of resale.

21 (3) To the same owner to reflect a change or correction in the owner's
22 name.

23 (4) To the Department of Human Resources to be equipped by the
24 Department for use by the handicapped and then transferred to a
25 handicapped person.

26 (5) To a local board of education for use in the driver education program
27 of a public school when the motor vehicle is transferred:

28 a. By a retailer and is to be transferred back to the retailer within
29 180 days after the transfer to the local board.

30 b. By a local board of education.

31 (6) By will or intestacy.

32 (7) By a gift between a husband and wife or a parent and child.

33 (8) By a distribution of marital property as a result of a divorce.

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

36 (1) ~~By a gift between a husband and wife or a parent and child.~~

37 (2) ~~By will or intestacy.~~

38 (3) ~~By a distribution of marital property as a result of a divorce.~~

39 (4)(1) To a secured party who has filed a security interest in the motor
40 vehicle with the Department of the Secretary of State.

41 (5)(2) To a partnership or corporation as an incident to the formation of the
42 partnership or corporation and no gain or loss arises on the transfer
43 under section 351 or section 721 of the Internal Revenue Code, or to a

1 corporation by merger or consolidation in accordance with G.S. 55-
2 110.

3 ~~(6) To the same owner to reflect a change in the owner's name.~~

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

8 Sec. 5. G.S. 20-85(b) reads as rewritten:

9 "(b) ~~Six-sevenths of the revenue collected under subdivision (a)(1) of this section~~
10 ~~and all of the~~ The revenue collected under the other subdivisions in subsection (a) this
11 section shall be credited to the North Carolina Highway Trust Fund; the remaining one-
12 seventh of the revenue collected under subdivision (a)(1) shall be credited to the
13 Highway Fund. One-half of the amount credited to the Trust Fund ~~Fund.~~ Fifteen
14 dollars (\$15.00) of the fee imposed under subdivision (a)(1) shall be added to the
15 amount allocated for secondary roads under G.S. 136-176 and used in accordance with
16 G.S. 136-44.5."

17 Sec. 6. G.S. 20-85.1(c) reads as rewritten:

18 "(c) ~~All funds collected under this section shall be deposited in the Highway Fund. The~~
19 fee collected under subsection (a) shall be credited to the Highway Fund. The fee
20 collected under subsection (b) shall be credited to the Highway Trust Fund."

21 Sec. 7. G.S. 20-7(l) reads as rewritten:

22 "(l) Any person who except for lack of instruction in operating a motor vehicle
23 would be qualified to obtain an operator's license under this Article may ~~apply for~~ obtain
24 a temporary learner's permit, permit. A learner's permit authorizes and the Division shall
25 issue such permit, entitling the applicant, permittee, while having such the permit in his
26 immediate possession, to drive a specified type or class of motor vehicle upon the
27 highways for a period of 18 months. The fee for issuance of a temporary learner's permit
28 shall be five dollars (\$5.00). is ten dollars (\$10.00). Any such ~~A learner's permit may be~~
29 renewed, or a second learner's permit may be issued, for an additional period of 18
30 months. The permittee must, while operating a motor vehicle over the highways, be
31 accompanied by a person who is licensed to operate the class or type of vehicle being
32 operated and who is seated in the seat beside the permittee.

33 ~~The fee for the issuance of a renewal or a second temporary learner's permit shall be~~
34 five dollars (\$5.00). is ten dollars (\$10.00)."

35 Sec. 8. G.S. 20-11(b) reads as rewritten:

36 "(b) The Division may grant an application for a limited learner's permit of any
37 minor under the age of 16, who otherwise meets the requirements of licensing under this
38 section, when such application is signed by both the applicant and his or her parent or
39 guardian or some other responsible adult with whom the applicant resides and is
40 approved by the ~~Division of Motor Vehicles.~~ Division. The limited learner's permit shall
41 entitle the applicant, while having the permit in his immediate possession, to drive a
42 motor vehicle of the specified type or class upon the highways while accompanied by a
43 parent, guardian, or other person approved by the Division, who is licensed under this
44 Chapter to operate a motor vehicle (of the type or class being operated by the permittee)

1 and who is actually occupying a seat beside the driver. The limited learner's permit shall
2 ~~be is~~ valid for a period of 18 months and the fee for issuance of a limited learner's
3 permit ~~shall be five dollars (\$5.00).~~ is ten dollars (\$10.00). ~~Provided, however, a~~ A limited
4 learner's permit as ~~herein provided shall~~ may be issued only to those applicants who have
5 reached the age of 15 years. In the event a minor who has been issued a limited learner's
6 permit under this subsection operates a motor vehicle in violation of any provision
7 herein, the permit shall be canceled.

8 ~~Provided a~~ A driver who holds a limited learner's permit only shall not be deemed a
9 male operator under age 25 for the purpose of determining the insurance premium rate
10 for persons insured under automobile property damage and bodily injury liability
11 insurance policies."

12 Sec. 9. G.S. 20-14 reads as rewritten:

13 **"§ 20-14. Duplicate licenses.**

14 A licensee may obtain a duplicate license, ~~upon payment of a fee of five dollars (\$5.00),~~
15 ~~if he furnishes to~~ license by paying a fee of ten dollars (\$10.00) and giving the Division
16 satisfactory proof that that any of the following has occurred:

17 (1) ~~He~~ The license has been lost or destroyed ~~his license; or destroyed.~~

18 (2) It is necessary to change the name or address on the ~~license;~~
19 ~~or license.~~

20 (3) ~~He has reached the age wherein he~~ Because of the licensee's age, the
21 licensee is entitled to a license with a different color photographic
22 background."

23 Sec. 10. G.S. 20-37.7(d) reads as rewritten:

24 "(d) A special identification card issued under this section shall expire on the birth
25 date of the holder in the fourth year of issuance. The fee for the issuance or reissuance
26 of a special identification card ~~shall be five dollars (\$5.00) which shall be placed in the~~
27 ~~Highway Fund; provided that a~~ is the same as the fee set in G.S. 20-14 for issuing a
28 duplicate license. A special identification card may be issued without fee to a resident
29 of North Carolina who is legally blind or has attained the age of ~~70 years; provided further~~
30 ~~that the~~ 70. The fees collected for the issuance of special identification cards to persons
31 under the age of 16 shall be placed in a reserve fund to cover the cost of the operation of
32 the program required by this Article."

33 Sec. 11. G.S. 20-37.9 reads as rewritten:

34 **"§ 20-37.9. Notification of change of address.**

35 Whenever the holder of a special identification card issued under the provisions of
36 G.S. 20-37.7 has a change in the address as shown on ~~such the~~ special identification
37 card, he or she shall apply for reissuance of a special identification card within 60 days
38 after the address has been changed. The fee for reissuance of ~~the a~~ special identification
39 card ~~shall be five dollars (\$5.00).~~ is the same as the fee set in G.S. 20-37.7 for issuing a
40 special identification card. Provided that in those instances in which the If a change of
41 address is through the result of governmental action and there is no actual change of
42 geographical location, no change of address on the holder of the card shall be required until
43 the expiration thereof or reissuance is applied for by the holder thereof. is not required to
44 change the address on the card until the Division issues the holder another card."

1 (c) Penalties. – A person to whom a vehicle is transferred who fails to apply for a
 2 certificate of title within the required time is subject to a civil penalty of ten dollars
 3 (\$10.00) and is guilty of a misdemeanor. A person who undertakes to apply for a
 4 certificate of title on behalf of another person and who fails to apply for a title within
 5 the required time is subject to a civil penalty of ten dollars (\$10.00). When a person to
 6 whom a vehicle is transferred fails to obtain a title within the required time because a
 7 person who undertook to apply for the certificate of title did not do so within the
 8 required time, the Division may impose a civil penalty only on the person who
 9 undertook to apply for the title. Civil penalties collected under this subsection shall be
 10 credited to the Highway Fund."

11 Sec. 15. G.S. 20-74 reads as rewritten:

12 "**§ 20-74. Penalty for failure to make application for transfer within the time**
 13 **specified by law. making false statement about transfer of vehicle.**

14 It is the intent and purpose of this Article that every new owner or purchaser of a
 15 vehicle previously registered shall make application for transfer of title within 20 days
 16 after acquiring same, or see that such application is sent in by the lienholder with proper
 17 fees, and responsibility for such transfer shall rest on the purchaser. Any person, firm or
 18 corporation failing to do so shall pay a penalty of four dollars (\$4.00) in addition to the
 19 fees otherwise provided in this Article. It is further provided that any dealer or owner
 20 who shall knowingly make any A dealer or another person who, in an application
 21 required by this Division, knowingly makes a false statement in any application
 22 required by this Division as to about the date a vehicle was sold or acquired shall be
 23 guilty of a misdemeanor, and upon conviction shall be fined not more than fifty dollars
 24 (\$50.00) or imprisoned not more than 30 days. All moneys collected under this section
 25 shall go to the State Highway Fund."

26 Sec. 16. G.S. 20-119(b) reads as rewritten:

27 "(b) Upon the issuance of a special permit for an oversize or overweight vehicle
 28 by the Department of Transportation in accordance with this section, the applicant shall
 29 pay to the Department a fee of ~~five dollars (\$5.00)~~ ten dollars (\$10.00) for a single trip
 30 permit ~~or twenty-five dollars (\$25.00)~~ and fifty dollars (\$50.00) for an annual permit
 31 issued for a single vehicle. Any ~~person, firm or corporation~~ person who operates more
 32 than one vehicle may apply for, and the Department may issue, an annual permit for all
 33 oversize or overweight vehicles operated by ~~said person, firm or corporation,~~ and said
 34 applicant shall pay to the Department the person upon payment of an annual fee based on
 35 the following schedule:

36 No. of Vehicles Annual Permit Rate per Vehicle

37			
38	First 50	\$25.00	<u>\$50.00</u>
39	51 to 100	20.00	<u>40.00</u>
40	101 to 150	15.00	<u>30.00</u>
41	Over 150	10.00	<u>20.00</u>

42 Any vehicle required to obtain an overweight permit shall not be charged an
 43 additional fee for oversize. Any vehicle required to obtain an oversize permit shall not
 44 be charged an additional fee for overweight. This subsection shall not apply to farm

1 equipment or machinery being used at the time for agricultural purposes, nor to the
2 moving of a house as provided for by the license and permit requirements of Article 16
3 of this Chapter. Fees will not be assessed for permits for oversize and overweight
4 vehicles issued to any agency of the United States Government or the State of North
5 Carolina, its agencies, institutions, subdivisions or ~~municipalities, provided municipalities~~
6 if the vehicle is registered in the name of such governmental body, the agency."

7 Sec. 17. G.S. 20-289(a) reads as rewritten:

8 "(a) The license fee for each fiscal year, or part thereof, shall be as follows:

9 (1) For motor vehicle dealers, distributors, and wholesalers, ~~thirty dollars~~
10 ~~(\$30.00)~~ fifty dollars (\$50.00) for each principal place of business, plus
11 eight dollars (\$8.00) for a supplementary license for each car lot not
12 immediately adjacent thereto;

13 (2) For manufacturers, ~~seventy five dollars (\$75.00), one hundred~~
14 ~~dollars (\$100.00),~~ and for each factory branch in this State, ~~forty five~~
15 ~~dollars (\$45.00);~~ seventy dollars (\$70.00);

16 (3) For motor vehicle salesmen, five dollars ~~(\$5.00);~~ (\$5.00) for
17 each license or transfer of license;

18 (4) For factory representatives, or distributor branch
19 representatives, six dollars ~~(\$6.00);~~ (\$6.00) for each license or
20 transfer of license;

21 (5) Manufacturers, wholesalers, and distributors may operate as
22 a motor vehicle ~~dealer,~~ dealer without any additional fee or license."

23 Sec. 18. G.S. 20-291 reads as rewritten:

24 "**§ 20-291. Salesman, etc., Salesman and other licensees to carry license and display**
25 **it on request; license to name employer.**

26 Every salesman, factory representative and distributor representative shall carry his
27 license when engaged in his business, and shall display ~~the same~~ it upon request. ~~The~~
28 ~~licensee shall name his employer, and in the event of a change of employer, he shall~~
29 ~~immediately mail his license to the Division, which shall endorse such change on the license~~
30 ~~without charge.~~ The license of a salesman, a factory representative, or a distributor
31 representative shall state the name of the licensee's employer. A licensee who changes
32 employers shall immediately apply to the Division for a license that states the licensee's
33 new employer. The licensee shall pay the fee set in G.S. 20-289 for the transfer of
34 license."

35 Sec. 19. This act becomes effective July 1, 1991.