

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001

H

1

HOUSE BILL 1446

Short Title: Eliminate Vehicle Property Tax.

(Public)

Sponsors: Representatives Allred; and Ellis.

Referred to: Finance.

May 10, 2001

A BILL TO BE ENTITLED

AN ACT TO ELIMINATE THE PROPERTY TAX ON FAMILY VEHICLES AND  
TO REPLACE THE REVENUE WITH A HALF-CENT SALES TAX  
DISTRIBUTED TO LOCAL GOVERNMENTS ON A PER CAPITA BASIS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-275(16) reads as rewritten:

**"§ 105-275. Property classified and excluded from the tax base.**

The following classes of property are hereby designated special classes under authority of Article V, Sec. 2(2), of the North Carolina Constitution and shall not be listed, appraised, assessed, or taxed:

...

(16) Non-business Property. – As used in this subdivision, the term 'non-business property' means personal property that is used by the owner of the property for a purpose other than the production of income and is not used in connection with a business. The term includes motor vehicles, household furnishings, clothing, pets, lawn tools, and lawn equipment. The term does not include ~~motor vehicles~~, mobile homes, aircraft, watercraft, or engines for watercraft."

**SECTION 2.(a)** The introductory language of G.S. 105-164.4(a) reads as rewritten:

"(a) A privilege tax is imposed on a retailer at the following percentage rates of the retailer's net taxable sales or gross receipts, as appropriate. The general rate of tax is four percent (4%); and one-half percent (4.5%)."

**SECTION 2.(b)** Article 5 of Chapter 105 of the General Statutes is amended by adding a new section to read:

**"§ 105-164.44F. Tax sharing with local governments.**

The Secretary shall distribute to local governments each year the amounts provided in this section, the total of which is approximately one-ninth of the State's tax levied

1 under this Article at the general rate of tax. Each quarter, the Secretary shall remit to  
2 each local government entitled to a distribution of local tax proceeds under Articles 40  
3 and 42 of this Chapter a distribution of State funds in an amount equal to fifty percent  
4 (50%) of the amount of local taxes to be distributed to the local government under those  
5 Articles for that quarter. The Secretary shall draw the State funds to be distributed from  
6 collections under this Article."

7         **SECTION 3.** The sales tax increase enacted by this act does not apply to  
8 construction materials purchased to fulfill a lump-sum or unit-price contract entered into  
9 or awarded before the effective date of the increase or entered into or awarded pursuant  
10 to a bid made before the effective date of the increase when the construction materials  
11 would otherwise be subject to the tax.

12         **SECTION 4.** Section 1 of this act becomes effective for taxes imposed for  
13 taxable years beginning on or after October 1, 2001. Section 2(a) of this act becomes  
14 effective October 1, 2001, and applies to sales made on or after that date. Section 2(b)  
15 of this act becomes effective January 1, 2002. The remainder of this act is effective  
16 when it becomes law.