

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: HB 748 PCS

SHORT TITLE: Vehicle Tax Cap Transition

SPONSOR(S):

FISCAL IMPACT						
	Yes ()	No (X)	No Estimate Available ()			
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	
REVENUES						
Highway Trust Fund						* See Assumptions and Methodology *
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Division of Motor Vehicles.						
EFFECTIVE DATE: When it becomes law.						

BILL SUMMARY: SB 1005 removed the \$1,500 cap on the sale of a motor vehicle, effective for vehicles titled on or after October 1, 2001. That bill also provided that a set amount be transferred annually from the Highway Trust Fund to the General Fund to effectively send the new revenue from this change to the General Fund. This bill provides that the repeal of the \$1,500 highway use tax cap effective, October 1, 2001, does not apply to vehicle titles issued pursuant to a sale or a contract entered into before October 1, 2001.

ASSUMPTIONS AND METHODOLOGY: As noted above, the tax cap on motor vehicles was removed effective October 1, 2001. This legislation was passed September 26, 2001. Apparently some motor vehicle dealers, particularly recreational vehicle dealers, sold vehicles on or before October 1, but did not apply for title until after October 1, and did not collect the additional tax for those sales. This provision clarifies that dealers are not liable for the additional tax if the item was sold but not titled by October 1.

Any refunds to be made are based on over collections that were not anticipated in SB 1005. In addition, payments by dealers that have not yet been made were also not anticipated. Therefore, there is no fiscal impact anticipated as a result of HB 748.

FISCAL RESEARCH DIVISION 733-4910

PREPARED BY: Linda Struyk Millsaps, Bob Weiss, and Richard Bostic.

APPROVED BY: James D. Johnson

DATE: November 14, 2001



Signed Copy Located in the NCGA Principal Clerk's Offices