

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 98

Short Title: Motor Vehicle Property Tax.

(Public)

Sponsors: Representatives Redwine; and Buchanan.

Referred to: Finance.

January 26, 1989

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR A MORE EFFICIENT AND EQUITABLE
PROCEDURE FOR ASSESSING AND COLLECTING LOCAL AD VALOREM
PROPERTY TAXES ON CERTAIN MOTOR VEHICLES.

The General Assembly of North Carolina enacts:

Section 1. Subchapter II of Chapter 105 of the North Carolina General
Statutes is amended by adding after Article 22 a new Article to read:

"ARTICLE 22A.

"MOTOR VEHICLES.

"§ 105-329. Definitions.

The following definitions apply in this Article.

(1) Motor vehicle. Defined in G.S. 20-4.01(23).

(2) Public service company. Defined in G.S. 105-333(14).

"§ 105-329.1. Classification of motor vehicles.

All motor vehicles, except mobile homes and motor vehicles owned by public
service companies, are hereby designated a special class of property under authority of
Article V, Sec. 2(2) of the North Carolina Constitution. Motor vehicles so classified
shall be listed and assessed, and taxes thereon shall be collected, as provided in this
Article. Such motor vehicles are defined and referred to in this Article as 'classified
motor vehicles'.

"§ 105-329.2. Appraisal, ownership, and situs.

(a) The value of a classified motor vehicle shall be determined annually as of
January 1 preceding the date a new registration is applied for, a current registration is
renewed, or a current registration expires. If the value of a new motor vehicle cannot be

1 determined as of January 1 preceding the date the new registration is applied for, the
2 value of that vehicle shall be determined for that year as of the first day of the month in
3 which the new registration is applied for. For classified motor vehicles listed pursuant
4 to G.S. 105-329.3(a)(1), the ownership, situs, and taxability of the vehicles shall be
5 determined annually as of the day on which the current vehicle registration is renewed
6 or the day on which a new registration is applied for. For classified motor vehicles
7 listed or discovered pursuant to G.S. 105-329.3(a)(2), ownership, situs, and taxability
8 shall be determined as of the date the unregistered vehicle is acquired or, in the case of a
9 registration that is not renewed, as of the day on which the current registration expires.

10 (b) A classified motor vehicle shall be appraised by the assessor at its true value
11 in money as prescribed by G.S. 105-283. The owner of a classified motor vehicle may
12 appeal the appraisal, situs, or taxability of the vehicle in the manner provided by G.S.
13 105-312(d) for appeals in the case of discovered property. Notwithstanding G.S. 105-
14 312(d), a person appealing the listing, valuation, or assessment of a classified motor
15 vehicle shall pay the tax on the vehicle when due, subject to a full or partial refund if the
16 appeal is decided in his favor.

17 (c) The Department of Revenue, acting through the Property Tax Division, and
18 the Department of Transportation, acting through the Division of Motor Vehicles, shall
19 enter into a memorandum of understanding concerning the vehicle identification
20 information, name and address of the owner, and other information that will be required
21 on the motor vehicle registration forms to implement the tax listing and collection
22 provisions of this Article, and such information shall appear on the forms beginning
23 January 1, 1990.

24 **"§ 105-329.3. Assessor's duty to list classified motor vehicles; application for**
25 **exempt status.**

26 (a) (1) Registered Vehicles. The assessor shall list, appraise, and
27 assess all taxable classified motor vehicles for county, municipal,
28 and special district taxes each year in the name of the record owner
29 as of the day on which the current vehicle registration is renewed or
30 the day on which a new registration is applied for. The owner of a
31 classified motor vehicle listed pursuant to this subdivision need not
32 list the vehicle as provided in G.S. 105-306; G.S. 105-312 does not
33 apply to classified motor vehicles listed pursuant to this subdivision.

34 (2) Unregistered Vehicles. The owner of a classified motor vehicle who
35 does not register the vehicle or does not renew the registration of the
36 vehicle on or before the expiration date of the current registration shall
37 list the vehicle for taxes by filing an abstract with the assessor of the
38 county in which the vehicle is located on or before January 31
39 following the date the unregistered vehicle is acquired or, in the case
40 of a registration that is not renewed, January 31 following the date the
41 registration expires. If the owner fails to list the vehicle by that date,
42 the vehicle shall be subject to discovery pursuant to G.S. 105-312.

43 (b) The owner of a classified motor vehicle who claims an exemption or
44 exclusion from tax under this Subchapter has the burden of establishing that the vehicle

1 is entitled to the exemption or exclusion. The owner may establish **prima facie**
2 entitlement to exemption or exclusion of the classified motor vehicle by filing an
3 application for exempt status with the assessor. When such an approved application is
4 on file, the assessor shall omit from the tax records all exempt classified motor vehicles
5 registered in the name of the owner.

6 (c) The owner of a classified motor vehicle that has been omitted from the tax
7 records as provided in subsection (b) shall report to the assessor any classified motor
8 vehicle registered in the owner's name that does not qualify for exemption or exclusion
9 for the current year. This report shall be made within 30 days after the renewal of
10 registration or initial registration of the vehicle. A classified motor vehicle that does not
11 qualify for exemption or exclusion but has been omitted from the tax records as
12 provided in subsection (b) is subject to discovery under the provisions of G.S. 105-312,
13 except that in lieu of the penalties prescribed by G.S. 105-312(h) there shall be assessed
14 a penalty of one hundred dollars (\$100.00) for each registration period that elapsed
15 before the disqualification was discovered.

16 (d) The provisions of G.S. 105-282.1 do not apply to classified motor vehicles.

17 **"§ 105-329.4. Due date, interest, and enforcement remedies.**

18 (a) Taxes on a classified motor vehicle listed pursuant to G.S. 105-329.3(a)(1)
19 shall be due each year on the first day of the fourth month following the date the
20 registration expires or on the first day of the fourth month following the last day of the
21 month in which the new registration is applied for. Taxes on a classified motor vehicle
22 listed pursuant to G.S. 105-329.3(a)(2) shall be due on September 1 following the date
23 by which the vehicle was required to be listed.

24 (b) Subject to the provisions of G.S. 105-395.1, interest on unpaid taxes on
25 classified motor vehicles listed pursuant to G.S. 105-329.3(a)(1) accrues at the rate of
26 three-fourths of one percent (3/4%) per month following the date the taxes were due
27 until the taxes are paid. Subject to the provisions of G.S. 105-395.1, interest on
28 delinquent taxes on classified motor vehicles listed pursuant to G.S. 105-329.3(a)(2)
29 accrues as provided in G.S. 105-360(a) and discounts shall be allowed as provided in
30 G.S. 105-360(c).

31 (c) Unpaid taxes on classified motor vehicles may be collected by levying on the
32 motor vehicle taxed or on any other personal property of the taxpayer pursuant to G.S.
33 105-366 and G.S. 105-367, or by garnishment of the taxpayer's property pursuant to
34 G.S. 105-368.

35 (d) Notwithstanding the provisions of G.S. 105-355, taxes on classified motor
36 vehicles do not become a lien on real property owned by the taxpayer.

37 **"§ 105-329.5. Listing and collecting procedures.**

38 (a) For classified motor vehicles listed pursuant to G.S. 105-329.3(a)(1), the
39 assessor shall, upon receiving the registration lists from the Division of Motor Vehicles
40 each month, prepare a tax notice for each vehicle, which shall contain all county,
41 municipal, and special district taxes due on that motor vehicle. In computing the taxes,
42 the assessor shall appraise the motor vehicle in accordance with G.S. 105-329.2 and
43 shall use the tax rates of the various taxing units in effect on the first day of the month
44 in which the current vehicle registration expired or the new registration was applied for.

1 This procedure shall constitute the listing and assessment of each classified motor
2 vehicle for taxation.

3 (b) For classified motor vehicles listed pursuant to G.S. 105-329.3(a)(2), the
4 assessor shall appraise each vehicle in accordance with G.S. 105-329.2. The assessor
5 shall prepare a tax notice for each vehicle before September 1 following the January 31
6 listing date; the tax notice shall include all county, municipal, and special district taxes
7 due on the motor vehicle. In computing the taxes, the assessor shall use the tax rates of
8 the various taxing units in effect for the fiscal year that begins on July 1 following the
9 January 31 listing date.

10 (c) When the tax notice is prepared, the county tax collector shall mail a copy of
11 the notice, with appropriate instructions for payment, to the motor vehicle owner. The
12 county may retain up to five percent (5%) of municipal and special district taxes
13 collected pursuant to this section as compensation for the cost of collecting the taxes,
14 unless other contractual arrangements for reimbursement of collection costs are in
15 effect. The county finance officer shall establish procedures to ensure that tax payments
16 received pursuant to this section are properly accounted for and taxes due taxing units
17 other than the county are properly disbursed.

18 (d) The county shall include taxes on classified motor vehicles in the tax levy for
19 the fiscal year in which the taxes become due and shall charge the taxes to the tax
20 collector for that year.

21 **"§ 105-329.6. List of delinquents sent to Division of Motor Vehicles.**

22 On the 10th day of each month the county tax collector shall prepare a list of all
23 owners of classified motor vehicles on which taxes remain unpaid on that date and on
24 which taxes became due on the first day of the fourth month preceding that date. The
25 tax collector shall mail that list to the Division of Motor Vehicles. The list of
26 delinquent taxpayers shall be in such form and contain such information as the Division
27 of Motor Vehicles may require.

28 **"§ 105-329.7. Deadlines not extended.**

29 Except as otherwise provided in this Article, the provisions of G.S. 105-395.1 and
30 G.S. 103-5 do not apply to deadlines established in this Article."

31 Sec. 2. Article 22 of Chapter 105 of the General Statutes is amended by
32 adding a new section to read:

33 **"§ 105-328.1. Article inapplicable to classified motor vehicles.**

34 The provisions of this article do not apply to the listing, appraisal, and assessment of
35 classified motor vehicles, as defined in G.S. 105-329.1."

36 Sec. 3. G.S. 105-373 is amended by adding a new subsection (h) to read:

37 "(h) Relief from Collecting Taxes on Classified Motor Vehicles. The board of
38 county commissioners may, in its discretion, relieve the tax collector of the charge of
39 taxes on classified motor vehicles that are one year or more past due when it appears to
40 the board that the taxes are uncollectible. This relief, when granted, shall include
41 municipal and special district taxes charged to the collector."

42 Sec. 4. G.S. 20-50.2 is repealed.

43 Sec. 5. Article 3 of Chapter 20 of the General Statutes is amended by adding
44 two new sections to read:

1 **"§ 20-50.3. Division to furnish county assessors registration lists.**

2 On the 10th day of each month the Division shall send to each county assessor a list
3 of vehicles for which registration was renewed or a new registration was obtained in
4 that county during the second month preceding that date, with the name and address of
5 each vehicle owner.

6 **"§ 20-50.4. Division to refuse to register vehicles on which taxes are delinquent.**

7 Upon receiving the list of delinquent taxpayers sent by county tax collectors
8 pursuant to G.S. 105-329.5, the Division shall refuse registration of vehicles appearing
9 on the list until the vehicle owner presents the Division with a paid tax receipt
10 identifying the vehicle in question."

11 Sec. 6. G.S. 20-66(d) reads as rewritten:

12 "(d) The Division may also provide for the issuance of license plates for motor
13 vehicles with the dates of expiration thereof to vary from month to month so as to
14 approximately equalize the number that expire during a registration period of one or two
15 years. ~~the registration year. A person may purchase a license plate for a period of two years,~~
16 ~~but the Division shall not solicit, encourage, or require the purchase of a license plate for a~~
17 ~~period of more than one year."~~

18 Sec. 7. G.S. 105-312(h1) is repealed.

19 Sec. 8. G.S. 105-312(l) reads as rewritten:

20 "~~(l) Except for the provision in subsection (h1) which imposes an additional penalty~~
21 ~~for false certification of motor vehicle listing, the~~ The provisions of this section shall
22 apply to all cities, towns, and other municipal corporations having the power to tax
23 property. Such governmental units shall designate an appropriate municipal officer to
24 exercise the powers and duties assigned by this section to the assessor, and the powers
25 and duties assigned to the board of county commissioners shall be exercised by the
26 governing body of the unit. When the assessor discovers property having a taxable situs
27 in a municipal corporation, he shall send a copy of the notice of discovery required by
28 subsection (d) to the governing body of the municipality together with such other
29 information as may be necessary to enable the municipality to proceed. The governing
30 board of a municipality may, by resolution, delegate the power to compromise, settle, or
31 adjust tax claims granted by this subsection and by subsection (k) of this section to the
32 county board of equalization and review, including any board created by resolution
33 pursuant to G.S. 105-322(a) and any special board established by local act."

34 Sec. 9. This act does not affect the rights or liabilities of the State, a taxpayer,
35 or other person arising under a statute amended or repealed by this act before its
36 amendment or repeal; nor does it affect the right to any refund or credit of a tax that
37 would otherwise have been available under the amended or repealed statute before its
38 amendment or repeal.

39 Sec. 10. This act shall become effective January 1, 1990, and shall first apply
40 to the taxation of classified motor vehicles for the fiscal year beginning July 1, 1990.