

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 10
Committee Substitute Favorable 3/28/91

Short Title: October 1, 1989, Vehicle Inventory.

(Public)

Sponsors:

Referred to:

February 4, 1991

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW LESSORS AND RENTERS OF MOTOR VEHICLES TO
3 ELECT TO PAY HIGHWAY USE TAX ON MOTOR VEHICLES OWNED ON
4 OCTOBER 1, 1989, AND TO CLARIFY THAT THESE MOTOR VEHICLES
5 ARE OTHERWISE SUBJECT TO THE GROSS RECEIPTS TAX.

6 The General Assembly of North Carolina enacts:

7 Section 1. Article 5A of Chapter 105 of the General Statutes is amended by
8 adding a new section to read:

9 "**§ 105-187.11. Transition from sales tax to highway use tax for lessors and renters**
10 **of motor vehicles.**

11 A tax at the rate set in G.S. 105-187.5(b) is levied on the gross receipts derived
12 by a retailer from the lease or rental of a motor vehicle owned by the retailer before
13 October 1, 1989, and leased or rented on or after that date. A retailer subject to this tax
14 may elect to pay highway use tax at the rate set in G.S. 105-187.3(a) on a motor vehicle
15 owned by the retailer before October 1, 1989, and leased or rented on or after that date.
16 The retail value of a motor vehicle for which a retailer makes an election under this
17 section is the value of the motor vehicle that would apply under G.S. 105-187.3(b) if the
18 retailer received the vehicle because of a reason other than the sale of the motor vehicle
19 on the date the retailer makes the election.

20 To make the election allowed by this section, a retailer shall complete a form
21 provided by the Division, pay the tax due, and pay the fee set in G.S. 20-85(a)(9). A
22 retailer who makes this election may not receive credit for any tax paid on the motor
23 vehicle under Article 5 of this Chapter or for any tax on gross receipts paid under this

1 Article. The Division shall notify the Secretary of Revenue of a retailer who makes an
2 election under this section. Notwithstanding G.S. 105-187.9, the taxes collected under
3 this section shall be credited to the General Fund."

4 Sec. 2. This act is effective upon ratification.