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

1 the person's liability under this Article below the minimum ~~forty dollar (\$40.00) tax.~~ tax
2 set in G.S. 105-187.3."

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

4 **"§ 105-187.8. Refund for return of purchased motor vehicle.**

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

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

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

16 **"§ 105-187.6. Exemptions from highway use tax.**

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

- 19 (1) To the insurer of the motor vehicle under G.S. 20-109.1 because the
20 vehicle is a salvage vehicle.
- 21 (2) To either a manufacturer, as defined in G.S. 20-285, or a motor vehicle
22 retailer for the purpose of resale.
- 23 (3) To the same owner to reflect a change or correction in the owner's
24 name.
- 25 (4) To the Department of Human Resources to be equipped by the
26 Department for use by the handicapped and then transferred to a
27 handicapped person.
- 28 (5) To a local board of education for use in the driver education program
29 of a public school when the motor vehicle is transferred:
 - 30 a. By a retailer and is to be transferred back to the retailer within
31 180 days after the transfer to the local board.
 - 32 b. By a local board of education.
- 33 (6) By will or intestacy.
- 34 (7) By a conveyance between a husband and wife or a parent and child.
- 35 (8) By a distribution of marital property as a result of a divorce.

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

- 38 (1) ~~By a gift between a husband and wife or a parent and child.~~
- 39 (2) ~~By will or intestacy.~~
- 40 (3) ~~By a distribution of marital property as a result of a divorce.~~
- 41 (4)(1) To a secured party who has filed a security interest in the motor
42 vehicle with the Department of the Secretary of State.
- 43 (5)(2) To a partnership or corporation as an incident to the formation of the
44 partnership or corporation and no gain or loss arises on the transfer

1 under section 351 or section 721 of the Internal Revenue Code, or to a
2 corporation by merger or consolidation in accordance with G.S. 55-
3 110.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 **"§ 20-14. Duplicate licenses.**

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

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

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

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

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

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

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

35 **"§ 20-37.9. Notification of change of address.**

36 Whenever the holder of a special identification card issued under the provisions of
37 G.S. 20-37.7 has a change in the address as shown on ~~such~~ the special identification
38 card, he or she shall apply for reissuance of a special identification card within 60 days
39 after the address has been changed. The fee for reissuance of ~~the~~ a special identification
40 card ~~shall be five dollars (\$5.00).~~ is the same as the fee set in G.S. 20-37.7 for issuing a
41 special identification card. ~~Provided that in those instances in which the~~ If a change of
42 address is ~~through~~ the result of governmental action and there is no actual change of
43 geographical location, ~~no change of address on the holder of the card shall be required until~~

1 ~~the expiration thereof or reissuance is applied for by the holder thereof. is not required to~~
 2 change the address on the card until the Division issues the holder another card."

3 Sec. 12. G.S. 20-26(c) reads as rewritten:

4 "(c) The Division shall furnish copies of license records required to be kept by
 5 subsection (a) of this section to other ~~persons, firms and corporations~~ persons for uses
 6 other than official upon prepayment of the ~~fee therefor, according to the following schedule:~~
 7 following fees:

8 (1) Limited extract copy of license record,
 9 for period up to three years \$~~4.00~~ \$5.00

10 (2) Complete extract copy of license record ~~4.00~~ 5.00

11 (3) Certified true copy of complete license

12 ~~record~~ 7.00. All fees received by the Division under ~~the provisions of~~
 13 ~~this subsection shall be paid into and become a part of the 'Highway Fund.'~~ credited to the
 14 Highway Fund."

15 Sec. 13. G.S. 20-42(b) reads as rewritten:

16 "(b) The Commissioner and ~~such~~ officers of the Division as he may designate ~~are~~
 17 ~~hereby authorized to~~ designated by the Commissioner may prepare under the seal of the
 18 Division and deliver upon request a certified copy of any ~~record~~ document of the
 19 Division, charging a fee of ~~four dollars (\$4.00)~~ five dollars (\$5.00) for each document so
 20 ~~certified, and every such certified.~~ A certified copy shall be admissible in any proceeding
 21 in any court in like manner as the original thereof, without further certification. Provided
 22 that any copy of any record of the Division ~~The certification fee does not apply to a~~
 23 document furnished to State, county, municipal and court officials of this State for
 24 official use shall be furnished without charge. use."

25 Sec. 14. G.S. 20-73 reads as rewritten:

26 "**§ 20-73. New owner to secure must get new certificate of title.**

27 ~~The transferee, within 20 days after the purchase of any vehicle, shall present the~~
 28 ~~certificate of title endorsed and assigned as hereinbefore provided, to the Division and~~
 29 ~~make application for a new certificate of title for such vehicle except as otherwise~~
 30 ~~permitted in G.S. 20-75 and 20-76. Any transferee willfully failing or refusing to make~~
 31 ~~application for title shall be guilty of a misdemeanor.~~ (a) Time Limit. – A person to
 32 whom a vehicle is transferred, whether by purchase or otherwise, must apply to the
 33 Division for a new certificate of title. An application for a certificate of title must be
 34 submitted within 20 days after the vehicle is transferred.

35 A person may apply directly for a certificate of title or may allow another person,
 36 such as the person from whom the vehicle is transferred or a person who has a lien on
 37 the vehicle, to apply for a certificate of title on that person's behalf. A person to whom
 38 a vehicle is transferred is responsible for getting a certificate of title within the time
 39 limit regardless of whether the person allowed another to apply for a certificate of title
 40 on the person's behalf.

41 (b) Exceptions. – This section does not apply to a dealer or an insurance
 42 company to whom a vehicle is transferred when the transfer meets the requirements of
 43 G.S. 20-75. A person who must follow the procedure in G.S. 20-76 to get a certificate
 44 of title and who applies for a title within the required 20-day time limit is considered to

1 have complied with this section even when the Division issues a certificate of title to the
2 person after the time limit has elapsed.

3 (c) Penalties. – A person to whom a vehicle is transferred who fails to apply for a
4 certificate of title within the required time is subject to a civil penalty of ten dollars
5 (\$10.00) and is guilty of a misdemeanor. A person who undertakes to apply for a
6 certificate of title on behalf of another person and who fails to apply for a title within
7 the required time is subject to a civil penalty of twenty dollars (\$20.00). When a person
8 to whom a vehicle is transferred fails to obtain a title within the required time because a
9 person who undertook to apply for the certificate of title did not do so within the
10 required time, the Division may impose a civil penalty only on the person who
11 undertook to apply for the title. Civil penalties collected under this subsection shall be
12 credited to the Highway Fund."

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

14 "§ 20-74. Penalty for failure to make application for transfer within the time
15 specified by law. making false statement about transfer of vehicle.

16 It is the intent and purpose of this Article that every new owner or purchaser of a
17 vehicle previously registered shall make application for transfer of title within 20 days
18 after acquiring same, or see that such application is sent in by the lienholder with proper
19 fees, and responsibility for such transfer shall rest on the purchaser. Any person, firm or
20 corporation failing to do so shall pay a penalty of four dollars (\$4.00) in addition to the
21 fees otherwise provided in this Article. It is further provided that any dealer or owner
22 who shall knowingly make any A dealer or another person who, in an application
23 required by this Division, knowingly makes a false statement in any application
24 required by this Division as to about the date a vehicle was sold or acquired shall be
25 guilty of a misdemeanor, and upon conviction shall be fined not more than fifty dollars
26 (\$50.00) or imprisoned not more than 30 days. All moneys collected under this section
27 shall go to the State Highway Fund."

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

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

38 No. of Vehicles Annual Permit Rate per Vehicle

39			
40	First 50	\$25.00	<u>\$50.00</u>
41	51 to 100	20.00	<u>40.00</u>
42	101 to 150	15.00	<u>30.00</u>
43	Over 150	10.00	<u>20.00</u>

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

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

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

12 (1) For motor vehicle dealers, distributors, and wholesalers, ~~thirty dollars~~
13 ~~(\$30.00)~~ fifty dollars (\$50.00) for each principal place of business, plus
14 eight dollars (\$8.00) for a supplementary license for each car lot not
15 immediately adjacent thereto;

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

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

21 (4) For factory representatives, or distributor branch
22 representatives, ~~six dollars (\$6.00)~~; (\$6.00) for each license or
23 transfer of license;

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

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

27 "**§ 20-291. Salesman, etc., Salesman and other licensees to carry license and display**
28 **it on request; license to name employer.**

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

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