

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 139

Short Title: Repeal Minimum Hwy. Use Tax.

(Public)

Sponsors: Representatives R. Hunter; Hightower, Lee, Howard, Buchanan, Gamble, Luebke, and Weatherly.

Referred to: Finance.

February 8, 1995

A BILL TO BE ENTITLED

AN ACT TO REPEAL THE MINIMUM HIGHWAY USE TAX.

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) 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 certificate of title issued for a Class A or Class B motor vehicle that is a commercial motor vehicle, as defined in G.S. 20-4.01. The tax may not be more than one thousand five hundred dollars (\$1,500) for each certificate of title issued for any other motor vehicle."

Sec. 2. G.S. 105-187.6(b) reads as rewritten:

"(b) Partial Exemptions. – A maximum tax of forty dollars (\$40.00) ~~Only the minimum tax imposed by this Article~~ applies when a certificate of title is issued as the result of a transfer of a motor vehicle:

- (1) To a secured party who has a perfected security interest in the motor vehicle.

1 (2) To a partnership or corporation as an incident to the formation of the
2 partnership or corporation and no gain or loss arises on the transfer
3 under section 351 or section 721 of the Internal Revenue Code, or to a
4 corporation by merger or consolidation in accordance with G.S. 55-11-
5 06."

6 Sec. 3. G.S. 105-187.7 reads as rewritten:

7 **"§ 105-187.7. Credit for tax paid in another state.**

8 A person who, within 90 days before applying for a certificate of title for a motor
9 vehicle on which the tax imposed by this Article is due, has paid a sales tax, an excise
10 tax, or a tax substantially equivalent to the tax imposed by this Article on the vehicle to a
11 taxing jurisdiction outside this State is entitled to a credit against the tax due under this
12 Article for the amount of tax paid to the other jurisdiction. ~~The credit may not reduce the~~
13 ~~person's liability under this Article below the minimum forty dollar (\$40.00) tax."~~

14 Sec. 4. G.S. 105-187.8 reads as rewritten:

15 **"§ 105-187.8. Refund for return of purchased motor vehicle.**

16 When a purchaser of a motor vehicle returns the motor vehicle to the seller of the
17 motor vehicle within 90 days after the purchase and receives a vehicle replacement for
18 the returned vehicle or a refund of the price paid the seller, whether from the seller or the
19 manufacturer of the vehicle, the purchaser may obtain a refund of the privilege tax paid
20 on the certificate of title issued for the returned motor vehicle, ~~less the minimum tax of forty~~
21 ~~dollars (\$40.00)-vehicle.~~

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

26 Sec. 5. This act becomes effective October 1, 1995.