

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 2085

Short Title: Repeal Minimum Hwy. Use Tax.

(Public)

Sponsors: Representatives Luebke, Cunningham, B. Miller, Moore (Co-Sponsors); Alexander, Braswell, D. Brown, Burton, Church, Crawford, Cromer, Fitch, Gamble, Gardner, Gottovi, Green, Griffin, Hill, Howard, Jenkins, Joye, Lee, Michaux, Oldham, Smith, Wainwright, and Wilmoth.

Referred to: Finance.

June 8, 1994

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.
- (2) To a partnership or corporation as an incident to the formation of the 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. 55-11-
3 06."

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

5 **"§ 105-187.7. Credit for tax paid in another state.**

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

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

13 **"§ 105-187.8. Refund for return of purchased motor vehicle.**

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

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

24 Sec. 5. This act becomes effective October 1, 1994.