

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: HB 1001
SHORT TITLE: Exempt Old Cars/Property Tax
SPONSOR(S): Proposed Committee Substitute **Version II**
FISCAL IMPACT: **Expenditures:** **Increase ()** **Decrease ()**
 Revenues: **Increase ()** **Decrease (X)**
 No Impact ()
 No Estimate Available ()

FUND AFFECTED: General Fund () Highway Fund () Local Govt. (X)
 Other Funds ()

BILL SUMMARY: The proposed act defines an antique automobile as a private passenger vehicle that exceeds 30 years of age from January 1, of the model year, is maintained for exhibitions, club activities, parades, and is individually owned for occasional use.

EFFECTIVE DATE: Taxable years beginning on or after October 1, 1995

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:
County and city units of government that levy a property tax
Department of Revenue Property Tax Division

**ESTIMATE
FISCAL IMPACT
(\$ Millions)**

	<u>FY</u> 95-96	<u>FY</u> 99-00
REVENUES:		
LOCAL	\$ (1.0 to 3.1)	\$ (1.53 to 4.17)

ASSUMPTIONS AND METHODOLOGY: The Department of Transportation reports 103,578 vehicles are registered in the State that range in model years 1905 to 1965. The combined rate used in the estimate is the weighted average property tax rate per \$100.00 of assessed valuation by tax jurisdiction and by location of property; weighted average valuation by tax jurisdiction is .994 cents. The growth in the revenue loss is the increase in vehicles entering the thirty year exemption category annually.

The estimate assumes all 103,578 registered vehicles are collectable and would meet the requirements of the act. Thus the revenue loss may well be overstated due the specific requirements of the vehicles subject to a property tax exemption. In order to prepare an estimate that adequately reflects the actual number of vehicles and their values for which a property tax is being levied, all 100 counties would need to be surveyed.

SOURCE OF DATA:
Department of Revenue

Department of Transportation

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: H. Warren Plonk

APPROVED BY: Tom L. Covington TomC

DATE: July 1, 1995

[FRD#001]

UPDATED JULY 25, 1995

<Font=9>**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: HB 1001
SHORT TITLE: Exempt Old Cars/Property Tax
SPONSOR(S): Proposed Committee Substitute **Version II**
FISCAL IMPACT: **Expenditures:** **Increase ()** **Decrease ()**
 Revenues: **Increase ()** **Decrease (X)**
 No Impact ()
 No Estimate Available ()

FUND AFFECTED: **General Fund ()** **Highway Fund ()** **Local Govt. (X)**
 Other Funds ()

BILL SUMMARY: The proposed act defines an antique automobile as a private passenger vehicle that exceeds 30 years of age from January 1, of the model year, is maintained for exhibitions, club activities, parades, and is individually owned for occasional use.

EFFECTIVE DATE: Taxable years beginning on or after October 1, 1995

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:
County and city units of government that levy a property tax
Department of Revenue Property Tax Division

**ESTIMATE
FISCAL IMPACT
(\$ Millions)**

	<u>FY</u> 95-96	<u>FY</u> 99-00
REVENUES:		
LOCAL	\$ (1.0 to 3.1)	\$ (1.53 to 4.17)

ASSUMPTIONS AND METHODOLOGY: The Department of Transportation reports 103,578 vehicles are registered in the State that range in model years 1905 to 1965. The combined rate used in the estimate is the weighted average property tax rate per \$100.00 of assessed valuation by tax

jurisdiction and by location of property; weighted average valuation by tax jurisdiction is .994 cents. The growth in the revenue loss is the increase in vehicles entering the thirty year exemption category annually.

The estimate assumes all 103,578 registered vehicles are collectable and would meet the requirements of the act. Thus the revenue loss may well be overstated due the specific requirements of the vehicles subject to a property tax exemption. In order to prepare an estimate that adequately reflects the actual number of vehicles and their values for which a property tax is being levied, all 100 counties would need to be surveyed.

SOURCE OF DATA:

Department of Revenue
Department of Transportation

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: H. Warren Plonk

APPROVED BY: Tom L. Covington TomC

DATE: July 1, 1995

[FRD#001]

UPDATED VERSION - JULY 27, 1995

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**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: HB 1001

SHORT TITLE: Exempt Old Cars/Property Tax

SPONSOR(S): Senate Committee Substitute H1001-PCS2190/3rd
Edition

FISCAL IMPACT: **Expenditures:** **Increase ()** **Decrease ()**
 Revenues: **Increase ()** **Decrease (X)**
 No Impact ()
 No Estimate Available ()

FUND AFFECTED: **General Fund () Highway Fund () Local Govt. (X)**
Other Funds (x) Highway Trust Fund

BILL SUMMARY: The proposed act designates an antique automobile as a special class of property so long as the vehicle is a private passenger vehicle that is at least 35 years of age from the date of manufacture, is maintained for exhibitions, club activities, parades, and is individually owned for occasional use. A motor vehicles eligible for classification under this act shall be assessed for taxation at the lower of its true value or \$500.00.

Senate action amends 3rd edition. The Senate amendment allows a credit against the highway use tax for vehicles formerly titled in this State and now titled in another state that reapply for a North Carolina title within one year.

EFFECTIVE DATE: Taxable years beginning on or after October 1, 1995

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:

County and city units of government that levy a property tax
 Department of Revenue Property Tax Division
 Department of Motor Vehicles

**ESTIMATE
 FISCAL IMPACT**

	FY	FY	FY	FY
FY	95-96	96-97	97-98	98-99

99-00

REVENUES:

LOCAL	Annual loss less than (\$700,000)
HWY Trust Fund (7/25/95 Amend.)	Annual loss (\$15,000)

* There maybe some small gains from vehicle owners registering their cars as antique automobiles in order to get the reduced the tax value.

ASSUMPTIONS AND METHODOLOGY: The Department of Transportation reports 2795 vehicles are registered in the State as antique automobiles or horseless carriages having a value of \$1,397,500; [2795 * \$500.00]. This number is compared to the same number of vehicles having an estimated value of \$3,000. The estimate was made by taking the difference in levy for the two groups using the following information: the combined rate used in the estimate is the weighted average property tax rate per \$100.00 of assessed valuation by tax jurisdiction and by location of property; .994 cents.

7/25/95 Amendment: The Division of Motor Vehicles does not capture data on the number of vehicles that reapply for a State registration within 12 months of leaving the State. With full reciprocity of registration granted to students, the military, and people on short-term job assignments, the number of title transactions that fall under this exemption is very small. The Division estimates 100 vehicles or less annually. The maximum tax for an out-of-state title transaction is \$150.00. [100 * \$150.00 = \$15,000)

SOURCE OF DATA

Department of Revenue
Department of Transportation

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: H. Warren Plonk

APPROVED BY: Tom L. Covington **TomC**

DATE: July 27, 1995



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