

**NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** Senate Bill 92 (Finance Committee Substitute)  
**SHORT TITLE:** Emergency Vehicle Tax Exemptions  
**SPONSOR(S):** Senators Hoyle; Martin of Pitt, Kerr, Forrester,  
Albertson, and Foxx

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

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

**BILL SUMMARY:** The bill exempts from the highway use tax certain fire-fighting vehicles purchased by all-volunteer fire departments. The committee substitute clarifies that the exemption only applies to volunteer fire departments that are not a unit of local government and that are organized as non-profit corporations.

Vehicles eligible for the exemption include:

1. a fire truck,
2. a pump truck,
3. a tanker truck,
3. a ladder truck, and
2. a four-wheel drive vehicle intended to be mounted with a water tank and hose and used for forest fire fighting.

**Background**

The highway use tax was enacted in 1989 and is a major revenue source for the North Carolina Highway Trust Fund. Currently there are eight categories of title transactions fully exempt from the 3% highway use tax (G.S. 105-187.6(a)).

Local fire departments are organized in one of three ways:

- (1) as part of a local government supported by tax revenues,
- (2) as a private, non-profit corporation contracted by the local government to provide firefighting services,
- (3) or as a "hybrid", a branch of local government given given the authority to exercise a high degree of control over its own budget

**EFFECTIVE DATE:** July 1, 1995

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:** Department of Transportation, Division of Motor Vehicles

**FISCAL IMPACT**

FY96                      FY97                      FY98                      FY99                      FY00

**REVENUES:**

**GENERAL FUND**

**HIGHWAY FUND**

**HIGHWAY TRUST FUND**(\$200,000) (\$200,000)  
(\$200,000)(\$200,000)(\$200,000)

**LOCAL**

**EXPENDITURES:** None

**POSITIONS:** None

**ASSUMPTIONS AND METHODOLOGY:**

Fire Departments

The NC State Firemen's Association membership represents over 90% of all fire departments in North Carolina. Of a membership of 1159 units:

- 47 consist of paid personnel only
- 917 consist of volunteers only
- 195 operate with both paid and volunteer personnel

Average prices of new vehicles eligible for the exemption were obtained from the NC Firemen's Association:

Fire trucks	\$150,000
Pump trucks	\$150,000
Ladder trucks	\$350,000
Tanker trucks	\$125,000
Brush trucks	\$ 50,000

It is assumed that:

- (1) 1000 fire departments would be eligible for this exemption,
- (2) firefighting vehicles are replaced every 20 years,
- (3) all vehicles listed above are currently eligible for the \$1000 maximum tax rate available to commercial vehicles over 26,000 lbs. of registered weight, and
- (4) each department owns two of the vehicles listed above and purchases a replacement vehicle every 10 years

The cost estimate assumes that a volunteer fire department buys one of the firefighting vehicles listed above once every ten years for an annual total of 200 vehicles eligible for the exemption.

**SOURCES OF DATA:** Division of Motor Vehicles, NC State Firemen's Association, Department of Insurance

**TECHNICAL CONSIDERATIONS:**

FISCAL RESEARCH DIVISION 733-4910

PREPARED BY: Ruth Sappie

APPROVED BY: TomC

DATE: February 14, 1995

**AMENDMENT**

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**NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** Proposed Amendment to Senate Bill 92

**SHORT TITLE:** Volunteer Fire Vehicles Tax-Exempt

**SPONSOR(S):** Senator Perdue

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

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

**BILL SUMMARY:** The amendment adds rescue squad vehicles to the highway use tax exemption in Senate Bill 92 for fire-fighting vehicles owned by volunteer fire departments. Rescue squads must be all-volunteer and organized as non-profit corporations to be eligible for the exemption.

**EFFECTIVE DATE:** July 1, 1995

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:** Division of Motor Vehicles

**FISCAL IMPACT**

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
	<u>FY00</u>			
<b>REVENUES</b>				
GENERAL FUND				
HIGHWAY FUND				
HIGHWAY TRUST FUND	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)
LOCAL	(\$75,000)			
<b>EXPENDITURES</b>				

**POSITIONS:**

**ASSUMPTIONS AND METHODOLOGY:** It is assumed that: (1) there are 358 emergency services vehicles owned by all-volunteer, non-profit rescue squads, (2) the average cost of a new rescue services vehicle is \$50,000, (3) rescue vehicles are eligible for the \$1000 maximum tax rate given to commercial motor vehicles, and (4) rescue vehicles are replaced every five years.

Using these assumptions, 75 vehicles of this type would be purchased each year for an annual revenue loss to the Highway Trust Fund of \$75,000.

**SOURCES OF DATA:** Division of Motor Vehicles, NC Association of Rescue and EMS, Inc., Department of Insurance

**TECHNICAL CONSIDERATIONS:**  
**FISCAL RESEARCH DIVISION** 733-4910  
**PREPARED BY:** Ruth Sappie  
**APPROVED BY:** tOMc  
**DATE:** February 16, 1995



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