

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1330

Short Title: Highway Use Tax Correction.

(Public)

Sponsors: Representatives Cansler; Davis and Justus.

Referred to: Finance.

April 23, 1999

A BILL TO BE ENTITLED

AN ACT TO EXEMPT FROM HIGHWAY USE TAX TRANSFERS TO CERTAIN REVOCABLE TRUSTS AND TO REDUCE THE HIGHWAY USE TAX ON TRANSFERS BETWEEN A BUSINESS AND ITS OWNER.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-187.6 reads as rewritten:

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

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

- (1) To the insurer of the motor vehicle under G.S. 20-109.1 because the vehicle is a salvage vehicle.
- (2) To either a manufacturer, as defined in G.S. 20-286, or a motor vehicle retailer for the purpose of resale.
- (3) To the same owner to reflect a change or correction in the owner's name.
- (4) By will or intestacy.
- (5) By a gift between a husband and wife, a parent and child, or a stepparent and a stepchild.
- (6) By a distribution of marital or divisible property incident to a marital separation or divorce.

- 1 (7) To a handicapped person from the Department of Health and Human
2 Services after the vehicle has been equipped by the Department for use
3 by the handicapped.
- 4 (8) To a local board of education for use in the driver education program of
5 a public school when the motor vehicle is transferred:
6 a. By a retailer and is to be transferred back to the retailer within
7 300 days after the transfer to the local board.
8 b. By a local board of education.
- 9 (9) From the grantor to a trust of which the grantor is considered the owner
10 under section 676 of the Code by reason of a power in the grantor.
- 11 (b) Partial Exemptions. – A maximum tax of forty dollars (\$40.00) applies when a
12 certificate of title is issued as the result of a transfer of a motor vehicle:
13 (1) To a secured party who has a perfected security interest in the motor
14 vehicle.
15 (2) To a partnership or corporation as an incident to the formation of the
16 partnership or corporation and no gain or loss arises on the transfer
17 under section 351 or section 721 of the Internal Revenue Code, or to a
18 corporation by merger or consolidation in accordance with G.S. 55-11-
19 06.
20 (3) Between an individual and a corporation wholly owned by the
21 individual or a limited liability company wholly owned by the
22 individual.
- 23 (c) Out-of-state Vehicles. – A maximum tax of one hundred fifty dollars (\$150.00)
24 applies when a certificate of title is issued for a motor vehicle that, at the time of applying
25 for a certificate of title, is and has been titled in another state for at least 90 days."
- 26 Section 2. This act becomes effective October 1, 1999, and applies to
27 certificates of title issued on or after that date.