

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1044

Short Title: Rental Car Surtax Reimbursement.

(Public)

Sponsors: Senator Cooper.

Referred to: Finance.

May 5, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPOSE A SURTAX ON CERTAIN SHORT-TERM CAR RENTALS,
TO USE THE PROCEEDS OF THE TAX TO COMPENSATE RENTAL CAR
COMPANIES FOR THE AMOUNT OF VEHICLE REGISTRATION FEES AND
PROPERTY TAXES PAID ON THEIR RENTAL CARS, AND TO DISTRIBUTE
ANY REMAINING PROCEEDS TO THE HIGHWAY FUND AND THE
HIGHWAY TRUST FUND.

The General Assembly of North Carolina enacts:

Section 1. The heading to Article 5A of Chapter 105 of the General Statutes reads as rewritten:

"NORTH CAROLINA HIGHWAY USE ~~TAX.~~ TAX AND RENTAL SURTAX."

Sec. 2. G.S. 105-187.1 reads as rewritten:

"§ 105-187.1. Definitions.

The following definitions and the definitions in G.S. 105-164.3 apply to this Article:

- (1) ~~'Commissioner' means the~~ Commissioner. – The Commissioner of Motor Vehicles.
- (2) ~~'Division' means the~~ Division. – The Division of Motor Vehicles, Department of Transportation.
- (3) ~~'Long-term lease or rental' means a~~ Long-term lease or rental. – A lease or rental made under a written agreement to lease or rent property to the same person for a period of at least 365 continuous days.
- (4) ~~'Short-term lease or rental' means a~~ Short-term lease or rental. – A lease or rental that is not a long-term lease or rental.

1 (5) Thirty-day lease or rental. – A lease or rental made under a written
2 agreement to lease or rent property to the same person for a period of
3 no more than 30 consecutive days.

4 (6) U-drive-it passenger vehicle. – A passenger vehicle that is registered
5 under G.S. 20-87(2) and has a passenger capacity of no more than 15
6 passengers."

7 Sec. 3. Article 5A of Chapter 105 of the General Statutes is amended by
8 adding a new section to read:

9 **"§ 105-187.5A. Surtax on 30-day leases or rentals of u-drive-it passenger vehicles.**

10 (a) Tax. – A surtax is levied on a retailer who elects under G.S. 105-187.5 to pay
11 tax on the gross receipts of the lease or rental of a motor vehicle. The surtax is three
12 percent (3%) of the retailer's gross receipts from 30-day leases or rentals of u-drive-it
13 passenger vehicles. Except as provided in this section, the Department of Revenue shall
14 administer the surtax in the same manner as the alternate gross receipts tax levied under
15 G.S. 105-187.5.

16 Like the other taxes imposed by this Article, this tax is a tax on the privilege of using
17 the highways of this State. The tax is imposed on the retailer, but is to be added to the
18 lease or rental price of a u-drive-it passenger vehicle and thereby be paid by the person
19 who leases or rents the vehicle.

20 (b) Amount Retained by Retailer. – A retailer who is subject to the surtax
21 imposed by this section must report the following information to the Secretary of
22 Revenue by July 1 of each year:

23 (1) The amount of vehicle registration fees paid under G.S. 20-87(2) by
24 the retailer on u-drive-it passenger vehicles during the preceding fiscal
25 year.

26 (2) The amount of property taxes paid under Subchapter II of this Chapter
27 by the retailer on u-drive-it passenger vehicles during the preceding
28 fiscal year.

29 (3) Any information required by the Secretary of Revenue to verify the
30 amount of vehicle registration fees and property taxes reported by the
31 retailer.

32 The Secretary of Revenue shall review each report filed under this subsection,
33 determine the accuracy of the amounts reported, and notify each retailer of the amount
34 of surtax the retailer may retain from surtax collections in the current fiscal year. Each
35 retailer may retain from current surtax collections the amount, as determined by the
36 Secretary of Revenue, of vehicle registration fees and property taxes paid by the retailer
37 on u-drive-it passenger vehicles during the preceding fiscal year.

38 (c) Amount for Highway Use. – When the amount of surtax collected by a
39 retailer during a fiscal year exceeds the amount the retailer may retain, the retailer must
40 remit the excess when remitting the alternate gross receipts tax imposed by G.S. 105-
41 187.5. Amounts remitted under this subsection shall be credited to the Highway Fund
42 and the Highway Trust Fund in accordance with the percentages of gas tax revenue that
43 are credited to those Funds under G.S. 105-445."

44 Sec. 4. G.S. 105-187.9 reads as rewritten:

1 **"§ 105-187.9. Disposition of tax proceeds.**

2 ~~Taxes collected under this Article at the rate of eight percent (8%)~~ The alternate gross
3 receipts tax imposed by G.S. 105-187.5 on long-term leases or rentals shall be credited
4 to the General Fund. Taxes collected under this Article at the rate of three percent (3%) The
5 alternate gross receipts tax on short-term leases or rentals imposed by G.S. 105-187.5
6 and the highway use tax imposed by this Article shall be credited to the North Carolina
7 Highway Trust Fund. The surtax on the gross receipts from 30-day leases or rentals
8 shall be credited to the Highway Fund and the Highway Trust Fund in accordance with
9 G.S. 105-187.5A. In each fiscal year the State Treasurer shall transfer the sum of one
10 hundred seventy million dollars (\$170,000,000) of the taxes deposited in the Trust Fund
11 to the General Fund by transferring one-fourth of this amount at the end of each quarter
12 in the fiscal year."

13 Sec. 5. This act becomes effective July 1, 1993. Notwithstanding G.S. 105-
14 187.5A(b), as enacted by this act, a retailer must submit the report required by that
15 subsection to the Department of Revenue by July 15, 1993.