

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1044  
Finance Committee Substitute Adopted 6/24/93

Short Title: Rental Car Surtax Reimbursement.

(Public)

Sponsors:

Referred to:

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 four  
12 percent (4%) 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. G.S. 105-130.5(a) is amended by adding a new subdivision to read:

14 "(14) The amount of personal property taxes deducted under section 164 of  
15 the Code, to the extent this amount is retained by the taxpayer under  
16 G.S. 105-187.5A."

17 Sec. 6. G.S. 105-134.6(c) is amended by adding a new subdivision to read:

18 "(6) The amount of personal property taxes deducted under section 164 of  
19 the Code, to the extent this amount is retained by the taxpayer under  
20 G.S. 105-187.5A."

21 Sec. 7. This act becomes effective July 1, 1993. Notwithstanding G.S. 105-  
22 187.5A(b), as enacted by this act, a retailer must submit the report required by that  
23 subsection to the Department of Revenue by July 15, 1993, and shall expire June 30,  
24 1996.