

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

H

1

HOUSE BILL 1854

Short Title: Vehicle Property Tax Changes.

(Public)

---

Sponsors: Representative Allred.

---

Referred to: Judiciary II, if favorable, Finance.

---

April 23, 2007

A BILL TO BE ENTITLED

AN ACT TO REFORM THE METHOD OF COLLECTING PROPERTY TAXES ON  
AUTOMOBILES.

The General Assembly of North Carolina enacts:

**SECTION 1.** S.L. 2005-294 is repealed.

**SECTION 2.** G.S. 105-330.2 reads as rewritten:

"§ **105-330.2. Appraisal, ownership, and situs.**

(a) Date Determined. – ~~The value of a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(1) (registered vehicles) shall be determined as of January 1 of the year the taxes are due. If the value of a new motor vehicle cannot be determined as of that date, the value of that vehicle shall be determined for that year as of the date that model vehicle is first offered for sale at retail in this State.~~

~~The ownership, situs, and taxability of a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(1) (registered vehicles) shall be determined annually as of the day on which a new registration is applied for or the day on which the current vehicle registration is renewed, regardless of whether the registration is renewed after it has expired.~~

~~The value of a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(2) (unregistered vehicles) shall be determined as of January 1 of the year in which the motor vehicle is required to be listed pursuant to~~  
G.S. 105-330.3(a)(2).G.S. 105-330.3(a). The ownership, situs, and taxability of a classified motor vehicle listed or discovered pursuant to G.S. 105-330.3(a)(2) ~~(unregistered vehicles)~~ 105-312 shall be determined as of January 1 of the year in which the motor vehicle is required to be listed.

(b) Value; Appeal. – A classified motor vehicle shall be appraised by the assessor at its true value in money as prescribed by G.S. 105-283. If the assessor considers the sales price of the motor vehicle in determining the true value of the motor vehicle, the assessor must not include any amount for which the taxpayer is liable under Article 5A of this Chapter. The owner of a classified motor vehicle may appeal the appraised value

1 of the vehicle in the manner provided by G.S. 105-312(d) for appeals in the case of  
2 discovered property and may appeal the situs or taxability of the vehicle in the manner  
3 provided by G.S. 105-381. The owner of a classified motor vehicle must file an appeal  
4 of appraised value with the assessor within ~~30~~90 days after the date of the tax notice  
5 prepared pursuant to G.S. 105-330.5. Notwithstanding G.S. 105-312(d), an owner who  
6 appeals the appraised value of a classified motor vehicle shall pay the tax on the vehicle  
7 when due, subject to a full or partial refund if the appeal is decided in the owner's favor.

8 (c) Administration. – The Department of Revenue, acting through the Property  
9 Tax Division, and the Department of Transportation, acting through the Division of  
10 Motor Vehicles, shall enter into a memorandum of understanding concerning the  
11 vehicle identification information, name and address of the owner, and other  
12 information that will be required on the motor vehicle registration forms to implement  
13 the tax listing and collection provisions of this Article."

14 SECTION 3. G.S. 105-330.3 reads as rewritten:

15 "§ 105-330.3. ~~Assessor's duty~~Duty to list classified motor vehicles; application for  
16 exempt status.

17 (a) (1) ~~Registered Vehicles. The assessor shall list, appraise, and assess all~~  
18 ~~taxable classified motor vehicles for county, municipal, and special~~  
19 ~~district taxes each year in the name of the record owner as of the day~~  
20 ~~on which the current vehicle registration is renewed or the day on~~  
21 ~~which a new registration is applied for. The owner of a classified~~  
22 ~~motor vehicle listed pursuant to this subdivision need not list the~~  
23 ~~vehicle as provided in G.S. 105-306; G.S. 105-312 does not apply to~~  
24 ~~classified motor vehicles listed pursuant to this subdivision.~~ Listing. –  
25 The Department of Transportation, acting through the Division of  
26 Motor Vehicles, shall list during the listing period set out in  
27 G.S. 105-307(a) all taxable classified motor vehicles that have been  
28 titled in the State. The Division of Motor Vehicles shall separate this  
29 list by county and send a listing of all the vehicles titled in each county  
30 to the assessor of each county by the last day of the following month.  
31 The owner of a classified motor vehicle listed pursuant to this  
32 subdivision need not list the vehicle as provided in G.S. 105-306;  
33 G.S. 105-312 does not apply to classified motor vehicles listed  
34 pursuant to this subdivision.

35 (2) ~~Unregistered Vehicles. The owner of a classified motor vehicle who~~  
36 ~~does not register the vehicle or does not renew the registration of the~~  
37 ~~vehicle on or before the expiration date of the current registration shall~~  
38 ~~list the vehicle for taxes by filing an abstract with the assessor of the~~  
39 ~~county in which the vehicle is located on or before January 31~~  
40 ~~following the date the unregistered vehicle is acquired or, in the case~~  
41 ~~of a registration that is not renewed, January 31 following the date the~~  
42 ~~registration expires, and on or before January 31 of each succeeding~~  
43 ~~year that the vehicle is unregistered. If a classified motor vehicle listed~~  
44 ~~pursuant to this section is registered during the calendar year in which~~

1           it was listed, it shall be taxed for the fiscal year that opens in the  
2           calendar year of listing as an unregistered vehicle. A vehicle required  
3           to be listed pursuant to this subdivision that is not listed by January 31  
4           shall be subject to discovery pursuant to G.S. 105-312.

5           (b) The owner of a classified motor vehicle who claims an exemption or  
6           exclusion from tax under this Subchapter has the burden of establishing that the vehicle  
7           is entitled to the exemption or exclusion. The owner may establish prima facie  
8           entitlement to exemption or exclusion of the classified motor vehicle by filing an  
9           application for exempt status with the assessor. When an approved application is on file,  
10          the assessor shall omit from the tax records classified motor vehicles described in the  
11          application.

12          (c) The owner of a classified motor vehicle that has been omitted from the tax  
13          records as provided in subsection ~~(b)~~(a) shall report to the assessor any classified motor  
14          vehicle registered in the owner's name or owned by him that does not qualify for  
15          exemption or exclusion for the current year. This report shall be made within 30 days  
16          after the renewal of registration or initial registration of the vehicle or, for an  
17          unregistered vehicle, on or before January 31 of the year in which the vehicle is required  
18          to be listed by subdivision ~~(a)(2)~~; receipt of a tax notice omitting the classified motor  
19          vehicle. A classified motor vehicle that does not qualify for exemption or exclusion but  
20          has been omitted from the tax records as provided in subsection ~~(b)~~(a) is subject to  
21          discovery under the provisions of G.S. 105-312, except that in lieu of the penalties  
22          prescribed by G.S. 105-312(h) there shall be assessed a penalty of one hundred dollars  
23          (\$100.00) for each registration period that elapsed before the disqualification was  
24          discovered.

25          (c1) If the owner of a classified motor vehicle moves from one county to another  
26          county, the owner shall notify the Division of Motor Vehicles by entering the  
27          appropriate information on a form made available by the Division of Motor Vehicles.  
28          The Division of Motor Vehicles shall make the corresponding changes to the list  
29          required by subsection (a).

30          (d) The provisions of G.S. 105-282.1 do not apply to classified motor vehicles."

31          **SECTION 4.** G.S. 105-330.4 reads as rewritten:

32          "**§ 105-330.4. Due date, interest, and enforcement remedies.**

33          (a) Taxes on a classified motor vehicle ~~listed pursuant to G.S. 105-330.3(a)(2)~~  
34          shall be due on September 1 following the date by which the vehicle was required to be  
35          listed. ~~Taxes on a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(1) shall~~  
36          ~~be due each year on the following dates:~~

37                  (1) ~~For a vehicle registered under the staggered system, taxes shall be due~~  
38                  ~~on the first day of the fourth month following the date the registration~~  
39                  ~~expires or on the first day of the fourth month following the last day of~~  
40                  ~~the month in which the new registration is applied for.~~

41                  (2) ~~For a vehicle newly registered under the annual system, taxes shall be~~  
42                  ~~due on the first day of the fourth month following the date the new~~  
43                  ~~registration is applied for. For a vehicle whose registration is renewed~~

1 under the annual system, taxes shall be due on May 1 following the  
2 date the registration expired.

3 (b) Subject to the provisions of G.S. 105-395.1, interest on unpaid taxes on  
4 classified motor vehicles listed pursuant to G.S. 105-330.3(a)(1) accrues at the rate of  
5 five percent (5%) for the first month following the date the taxes were due and  
6 three fourths percent ( $\frac{3}{4}$  %) for each month thereafter until the taxes are paid, unless the  
7 notice required by G.S. 105-330.5 is prepared after the date the taxes are due. In that  
8 circumstance, the interest accrues beginning the second month following the date of the  
9 notice until the taxes are paid. Subject to the provisions of G.S. 105-395.1, interest on  
10 delinquent taxes on classified motor vehicles listed pursuant to G.S. 105-330.3(a)(2)  
11 accrues as provided in G.S. 105-360(a) and discounts shall be allowed as provided in  
12 G.S. 105-360(c).

13 (c) Unpaid taxes on classified motor vehicles may be collected by levying on the  
14 motor vehicle taxed or on any other personal property of the taxpayer pursuant to  
15 G.S. 105-366 and G.S. 105-367, or by garnishment of the taxpayer's property pursuant  
16 to G.S. 105-368. Notwithstanding the provisions of G.S. 105-366(b), the enforcement  
17 measures of levy, attachment, and garnishment may be used to collect unpaid taxes on  
18 classified motor vehicles listed pursuant to G.S. 105-330.3(a)(1) at any time after  
19 interest accrues. Notwithstanding the provisions of G.S. 105-355, taxes on classified  
20 motor vehicles listed pursuant to G.S. 105-330.3(a)(1) do not become a lien on real  
21 property owned by the taxpayer."

22 **SECTION 5.** G.S. 105-330.5 reads as rewritten:

23 **"§ 105-330.5. Listing and collecting procedures.**

24 (a) For classified motor vehicles listed pursuant to G.S. 105-330.3(a)(1), upon  
25 receiving the registration lists from the Division of Motor Vehicles each month, the  
26 assessor shall prepare a tax notice for each ~~vehicle~~; classified motor vehicle titled in the  
27 county; the tax notice shall contain all county, municipal, and special district taxes due  
28 on the motor vehicle. In computing the taxes, the assessor shall appraise the motor  
29 vehicle in accordance with G.S. 105-330.2 and shall use the tax rates of the various  
30 taxing units in effect on the first day of the month in which the current vehicle  
31 registration expired or the new registration was applied for. January 1. This procedure  
32 shall constitute the listing and assessment of each classified motor vehicle for taxation.  
33 The tax notice shall contain:

- 34 (1) The date of the tax notice.
- 35 (2) The appraised value of the motor vehicle.
- 36 (3) The tax rate of the taxing units.
- 37 (4) A statement that the appraised value of the motor vehicle may be  
38 appealed to the assessor within 30 days after the date of the notice.

39 (a1) ~~When a new registration is obtained for a vehicle registered under the annual~~  
40 ~~system in a month other than December, the assessor shall prorate the taxes due for the~~  
41 ~~remainder of the calendar year. The amount of prorated taxes due is the product of the~~  
42 ~~proration fraction and the taxes computed according to subsection (a). The numerator of~~  
43 ~~the proration fraction is the number of full months remaining in the calendar year~~

1 following the date the registration is applied for and the denominator of the fraction is  
2 12.

3 (b) When the tax notice required by subsection (a) is prepared, the county tax  
4 collector shall mail a copy of the notice, with appropriate instructions for payment, to  
5 the motor vehicle owner. The county may retain the actual cost of collecting municipal  
6 and special district taxes collected pursuant to this Article, not to exceed one and  
7 one-half percent (1 1/2%) of the amount of taxes collected. The county finance officer  
8 shall establish procedures to ensure that tax payments received pursuant to this Article  
9 are properly accounted for and taxes due other taxing units are remitted to the units to  
10 which they are due at least once each month. Each month, a county shall provide  
11 reasonable information to the municipalities and special districts located in it to enable  
12 them to account for the tax payments remitted to them.

13 (b1) Repealed by Session Laws 1995, c. 329, s. 2.

14 (c) ~~For classified motor vehicles listed pursuant to G.S. 105-330.3(a)(2), the~~ The  
15 assessor shall appraise each classified motor vehicle in accordance with G.S. 105-330.2.  
16 The assessor shall prepare a tax notice for each vehicle before September 1 following  
17 the January 31 listing date; the tax notice shall include all county and special district  
18 taxes due on the motor vehicle. In computing the taxes, the assessor shall use the tax  
19 rates of the taxing units in effect for the fiscal year that begins on July 1 following the  
20 January 31 listing date. Municipalities shall list, assess, and tax classified motor  
21 vehicles ~~listed pursuant to G.S. 105-330.3(a)(2)~~ as provided in G.S. 105-326, 105-327,  
22 and 105-328 and shall send tax notices as provided in this section.

23 (d) The county shall include taxes on classified motor vehicles ~~listed pursuant to~~  
24 ~~G.S. 105-330.3(a)(1)~~ in the tax levy for the fiscal year in which the taxes become due  
25 and shall charge the taxes to the tax collector for that year, ~~unless the tax notice required~~  
26 ~~by subsection (a) is prepared after the date the taxes are due. If that occurs, the county~~  
27 ~~shall include the taxes from that notice in the tax levy for the current fiscal year and~~  
28 ~~shall charge the taxes to the tax collector for that year."~~

29 **SECTION 6.** G.S. 105-330.6 reads as rewritten:

30 **"§ 105-330.6. Motor vehicle tax year; transfer of plates; surrender of plates.**

31 (a) Tax Year. ~~The tax year for a classified motor vehicle listed pursuant to~~  
32 ~~G.S. 105-330.3(a)(1) and registered under the staggered system begins on the first day~~  
33 ~~of the first month following the date on which the former registration expires or the new~~  
34 ~~registration is applied for and ends on the last day of the month in which the current~~  
35 ~~registration expires. The tax year for a classified motor vehicle listed pursuant to~~  
36 ~~G.S. 105-330.3(a)(1) and registered under the annual system begins on the first day of~~  
37 ~~the first month following the date on which the registration expires or the new~~  
38 ~~registration is applied for and ends the following December 31. The tax year for a~~  
39 ~~classified motor vehicle listed pursuant to G.S. 105-330.3(a)(2) is the fiscal year that~~  
40 ~~opens in the calendar year in which the vehicle is required to be listed.~~

41 (a1) ~~Change in Tax Year. — If the tax year for a classified motor vehicle changes~~  
42 ~~because of a change in its registration for a reason other than the transfer of its~~  
43 ~~registration plates to another classified motor vehicle pursuant to G.S. 20-64, and the~~  
44 ~~new tax year begins before the expiration of the vehicle's original tax year, the taxpayer~~

1 may receive a credit, in the form of a release, against the taxes on the vehicle for the  
2 new tax year. The amount of the credit is equal to a proportion of the taxes paid on the  
3 vehicle for the original tax year. The proportion is the number of full calendar months  
4 remaining in the original tax year as of the first day of the new tax year, divided by the  
5 number of months in the original tax year. To obtain the credit allowed in this  
6 subsection, the taxpayer must apply within 30 days after the taxes for the new tax year  
7 are due and must provide the county tax collector information establishing the original  
8 tax year of the vehicle, the amount of taxes paid on the vehicle for that year, and the  
9 reason for the change in registration.

10 (b) Transfer of Plates. — If the owner of a classified motor vehicle listed pursuant  
11 to G.S. 105-330.3(a)(1) transfers the registration plates from the listed vehicle to  
12 another classified motor vehicle pursuant to G.S. 20-64 during the listed vehicle's tax  
13 year, the vehicle to which the plates are transferred is not required to be listed or taxed  
14 until the current registration expires or is renewed.

15 (c) Surrender of Plates. — If the owner of a classified motor vehicle listed  
16 pursuant to G.S. 105-330.3(a)(1) either transfers the motor vehicle to a new owner or  
17 moves out-of-state and registers the vehicle in another jurisdiction, and the owner  
18 surrenders the registration plates from the listed vehicle to the Division of Motor  
19 Vehicles, then the owner may apply for a release or refund of taxes on the vehicle for  
20 any full calendar months remaining in the vehicle's tax year after the date of surrender.  
21 To apply for a release or refund, the owner must present to the county tax collector  
22 within one year after surrendering the plates the receipt received from the Division of  
23 Motor Vehicles accepting surrender of the registration plates. The county tax collector  
24 shall then multiply the amount of the taxes for the tax year on the vehicle by a fraction,  
25 the denominator of which is the number of months in the tax year and the numerator of  
26 which is the number of full calendar months remaining in the vehicle's tax year after the  
27 date of surrender of the registration plates. The product of the multiplication is the  
28 amount of taxes to be released or refunded. If the taxes have not been paid at the date of  
29 application, the county tax collector shall make a release of the prorated taxes and credit  
30 the owner's tax notice with the amount of the release. If the taxes have been paid at the  
31 date of application, the county tax collector shall direct an order for a refund of the  
32 prorated taxes to the county finance officer, and the finance officer shall issue a refund  
33 to the vehicle owner."

34 **SECTION 7.** G.S. 105-330.7 reads as rewritten:

35 "**§ 105-330.7. List of delinquents sent to Division of Motor Vehicles.**

36 On the ~~tenth~~first day of ~~each month~~February the county tax collector shall prepare a  
37 list with the name and address of the owner and the vehicle identification number of  
38 every classified motor vehicle listed pursuant to G.S. ~~105-330.3(a)(1)~~105-330.3(a) on  
39 which taxes remain ~~unpaid on that date and on which taxes became due on the first day~~  
40 ~~of the fourth month preceding that date.~~unpaid. The tax collector shall mail that list to  
41 the Division of Motor Vehicles. The list shall be in the form and contain the information  
42 required by the Division of Motor Vehicles."

43 **SECTION 8.** This act is effective for taxes imposed for taxable years  
44 beginning on or after July 1, 2009.