



**SENATE BILL 411:
Various Motor Vehicle Law Revisions, Secs. 6, 7,
and 8:
Motor Vehicle Taxes**

2017-2018 General Assembly

Committee:		Date:	July 10, 2018
Introduced by:		Prepared by:	Trina Griffin Staff Attorney
Analysis of:	Secs. 6, 7, and 8 of S.L. 2018-42		

OVERVIEW: Secs. 6, 7, and 8 of S.L. 2018-42 clarify the applicability of local and regional public transportation registration taxes and DMV fee adjustments on motor vehicles sold by a motor vehicle dealer by making clear that the applicable rate or fee is the one in effect on the date of sale, regardless of the date of submission of the title and registration application.

These sections became effective June 22, 2018, and apply to any tax or tax increase with an effective date on or after that date.

CURRENT LAW: G.S. 105-562 and G.S. 105-570 give Regional Transit Authorities and counties, respectively, the authority to levy annual registration taxes on motor vehicles that have a tax situs within their jurisdiction.

G.S. 105-562 applies to public transportation authorities created under Article 25 of Chapter 160A of the General Statutes, regional public transportation authorities created under Article 26 of Chapter 160A of the General Statutes, and regional transportation authorities created under Article 27 of Chapter 160A of the General Statutes. A list of the existing transportation authorities as of the date of this summary can be found [here](#). The purpose of the tax is to raise revenue for capital and operating expenses for these authorities. The maximum tax is set at \$8.00 per year.

G.S. 105-570 authorizes counties that operate¹ a public transportation system to levy an annual registration tax up to a maximum of \$7.00. The proceeds of the tax may be used only to finance, construct, operate, and maintain a public transportation system.

Beginning July 1, 2020, the Division of Motor Vehicles will have the authority to adjust for inflation certain fees that are applicable to motor vehicles.² Examples include the fees for drivers licenses, copies of driving records, applications for a commercial drivers license, the per transaction compensation paid to commission contractors, and titles and registration.

BILL ANALYSIS: Secs. 6, 7, and 8 of S.L. 2018-42 clarify that the applicability of local and regional public transportation taxes and DMV fee adjustments on motor vehicles sold by a motor vehicle dealer is based on the tax rate or fee in effect on the date of sale, and not the date of submission of paperwork by the dealer to the Division.

BACKGROUND: DMV is responsible for collecting and administering the public transportation registration taxes, which are then distributed quarterly to the appropriate Authorities.³ Prior to this change,

¹ Or at least one unit of local government in the county operates a public transportation system.

² G.S. 20-4.02.

³ To the extent the tax applies to vehicles whose tax situs is in a county that is only partially within the jurisdiction of the county, the Authority shall collect and administer the tax.

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the statutes were silent as to what date to apply the tax with respect to the sale or lease of a motor vehicle, if that date differed from the registration date. Given this, it was unclear whether DMV should apply the tax rate in effect on the date of sale or the tax rate in effect on the date the registration paperwork was submitted. This situation was more common with sales by motor vehicle dealers because, unlike private sales between individuals where the sale and the registration typically occur on the same date, there is often a lag time between the date of sale and the submission of paperwork.

EFFECTIVE DATE: These sections became effective June 22, 2018, and apply to any tax or tax increase with an effective date on or after that date.