



The Collection of Taxes on Motor Vehicles

Christopher B. McLaughlin

Since Article 22A was added to the Machinery Act in 1993, the assessment and collection of property taxes on registered motor vehicles has been governed by very different rules than those that apply to taxes on real property and other types of personal property.¹ This bulletin examines these rules in detail, employing a question-and-answer format. A table summarizing the rules is also provided.

In 2005 the General Assembly enacted a law, commonly known as H.B. 1779, that would dramatically change the motor vehicle tax assessment and collection process once again.² H.B. 1779 was originally scheduled to take effect in 2009 but has been delayed repeatedly by substantive changes to the law and by concerns over development of the necessary computer software.³ As of the posting date of this bulletin, it remains unclear when or if the proposed changes will become effective. For that reason, this bulletin focuses primarily on the property tax provisions for registered motor vehicles that were effective for the 2010–2011 tax year. The last section offers a brief overview of how the process would work if H.B. 1779 becomes effective.

1. What vehicles are subject to Article 22A?

Article 22A of the Machinery Act applies only to classified motor vehicles. For both property tax and Division of Motor Vehicles (DMV) purposes, a motor vehicle is (i) a self-propelled vehicle or (ii) a vehicle that is designed to be run upon the highways which is pulled by a self-propelled

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1. Article 22A of the North Carolina General Statutes (hereinafter G.S.), which contains the special provisions for the taxation of motor vehicles, was added to G.S. Ch. 105 effective 1993 by S.L. 1991-624.

2. S.L. 2005-294.

3. See, e.g., S.L. 2008-134, S.L. 2009-445, and S.B. 1177 (2009), repeatedly extending the effective date of H.B. 1779. Several members of the General Assembly have introduced bills that would repeal H.B. 1779 entirely and keep the current taxation system for registered motor vehicles in place. See, e.g., H.B. 1434 (2009).

vehicle.⁴ The term specifically excludes mopeds but otherwise includes all cars, trucks, motor-cycles, golf carts, and trailers.

The Machinery Act considers all motor vehicles *classified* except these four categories: (i) vehicles exempt from the registration requirement, such as farm equipment; (ii) manufactured homes and mobile offices or classrooms; (iii) trailers registered on a multi-year basis; and (iv) vehicles owned or leased by public service companies.⁵ If a motor vehicle is not classified, it is not covered by Article 22A and should be taxed as “regular” personal property.⁶

The bulk of Article 22A concerns *registered* classified motor vehicles (RMVs), meaning those that have been registered with the DMV to operate upon the state’s highways.⁷ These registrations must be renewed annually.⁸ A few types of vehicles must be registered annually each January 1.⁹ But the vast majority of vehicles are registered on a staggered basis throughout the calendar year. As discussed in detail below, property taxes on a registered classified motor vehicle are tied to the vehicle’s registration date, which could fall in any month of the year. As a result, there are no fixed dates on which property taxes on RMVs become due or delinquent as there are for property taxes on real property and other types of personal property. Table 1 summarizes these floating dates and deadlines for property taxes on RMVs.

Only two of the special tax provisions in Article 22A apply to *unregistered* classified motor vehicles: the notice requirement discussed in Question 2, below, and the appeal process discussed in Question 6. Outside of those two issues, unregistered classified motor vehicles should be listed, assessed, and taxed as is other taxable personal property such as boats and planes.¹⁰

For example, assume Wanda Wolfpack owns two cars, a Honda Civic and a Ford Explorer. To save money, Wanda decides she will drive only the Civic for the coming year and lets the registration on the Explorer expire in November 2010. Wanda should list the unregistered Explorer as taxable personal property for 2011 taxes during the January 2011 listing period. Those taxes will be due on September 1, 2011, and delinquent on January 6, 2012, just like property taxes on Wanda’s real property and other taxable personal property.

4. In G.S. 105-330(2), the Machinery Act adopts the definition of motor vehicle used in G.S. 20-4.01(23), from the chapter that creates the Division of Motor Vehicles and establishes procedures for registration, driver’s licenses, and the like.

5. G.S. 105-330.1.

6. G.S. 105-275(16) exempts from taxation most non-business personal property, including household furnishings, clothing, pets, and lawn equipment. However, this exclusion does not include motor vehicles, mobile homes, planes, and boats, meaning these types of personal property are taxable.

7. G.S. 20-50(a). G.S. 20-51 provides a list of vehicles that are exempt from the registration requirement, including farm equipment, cars owned by the federal government, and motorized wheelchairs. These vehicles are not classified by the Machinery Act and therefore not subject to Article 22A’s special tax provisions.

8. G.S. 20-66.

9. The following types of owners and vehicles operate under the “annual” registration system that requires renewals every January 1: Civil Air Patrol members, Consular Corps members, N.C. district attorneys, N.C. House members, N.C. senators, judges and magistrates, clerks of superior court, National Guard members, state government vehicles, registers of deeds, sheriffs and retired sheriffs, U.S. House members, U.S. senators, U.S. attorneys, and U.S. marshals. See N.C. Department of Transportation, Division of Motor Vehicles, “Frequently Asked Questions for Staggered Renewals,” available at www.ncdot.org/dmv/vehicle_services/registrationtitling/faq.html#faq11 (last visited June 14, 2010).

10. See note 6.

Table 1. Controlling Dates for the Assessment and Collection of Taxes on Registered Motor Vehicles (RMVs)

	Value	Tax Rate	Tax Year	Levy Year	Ownership, Situs, Taxability	Due Date	Interest	Block Date
New Registrations	G.S. 105-330.2(a)	G.S. 105-330.5(a)	G.S. 105-330.6(a)	G.S. 105-330.5(d)	G.S. 105-330.2(a)	G.S. 105-330.4(a)	G.S. 105-330.4(b)	G.S. 105-330.7
Staggered Registrations	January 1 of the year taxes are due	Rate in effect first day of month in which registration applied for	Begins first day of first month that follows the date the new registration is applied for Ends on the last day of the month in which new registration expires	Included in levy for fiscal year in which taxes become due unless tax notice is prepared after due date—then include taxes in levy for current fiscal year	Date registration applied for	First day of fourth month following last day of month in which new registration applied for	5% accrues first month following date taxes due <i>UNLESS notice prepared after due date—then 5% accrues the first day of the second month after notice</i> .75% each month thereafter	Tenth day of fourth month after month taxes become due
Annual Registrations			Begins first day of first month following the date new registration applied for and ends Dec. 31					
Renewed Registrations	Value	Tax Rate	Tax Year	Levy Year	Ownership, Situs, Taxability	Due Date	Interest	Block Date
Staggered Registrations	G.S. 105-330.2(a)	G.S. 105-330.5(a)	G.S. 105-330.6(a)	G.S. 105-330.5(d)	G.S. 105-330.2(a)	G.S. 105-330.4(a)	G.S. 105-330.4(b)	G.S. 105-330.7
Staggered Registrations	January 1 of the year taxes are due	Rate in effect first day of month in which former registration expired	Begins first day of first month following date registration expires Ends on the last day of the month in which the current registration expires	Included in levy for fiscal year in which taxes become due <i>UNLESS tax notice is prepared after due date—then include taxes in levy for current fiscal year</i>	Date of renewal (even if renewed after license expires)	First day of fourth month following date former registration expires	5% accrues first month following date taxes due <i>UNLESS notice prepared after due date—then 5% accrues the first day of the second month after notice</i> .75% each month thereafter	Tenth day of fourth month after month taxes become due
Annual Registrations			Begins first day of first month following the date the registration expires Ends Dec. 31			May 1 following date former registration expires		

Note: The bulk of this table was originally compiled by my School of Government colleague Shea Riggsbee Denning.

2. What are the special tax notice requirements for classified motor vehicles?

For most property taxes, the Machinery Act does not require any type of tax notice or tax bill.¹¹ For taxes on classified motor vehicles, both registered and unregistered, the assessor is required to provide tax notices that include the appraised value of the vehicle, the tax rate of the tax units included on the notice, and a statement informing taxpayers that appeals of the appraised value must be filed with the assessor within thirty days of the date of the notice.¹² This notice must also include all county and special district taxes. It may also include municipal taxes, depending on whether the vehicle is registered or unregistered.

For registered vehicles, the notice must include municipal taxes even if the county does not normally collect municipal property taxes.¹³ The county may retain up to 1.5 percent of all taxes on registered motor vehicles that it collects on behalf of municipalities and special districts.¹⁴

For unregistered vehicles, the assessor's notice should not include municipal taxes unless the county normally collects municipal taxes under an interlocal agreement. In such cases, the collection fee that the county charges the municipality for the collection of taxes on unregistered motor vehicles is governed by the terms of the agreement and not by the statutory 1.5 percent fee that applies to the collection of municipal taxes on registered motor vehicles.

3. What are municipal privilege taxes on motor vehicles and how are they collected?

All municipalities are authorized to levy taxes on the privilege of operating a motor vehicle within their borders of up to \$5 per vehicle, plus an additional \$5 per vehicle if the municipality operates a public transportation system.¹⁵ The General Assembly has granted a number of municipalities the authority to levy additional motor vehicle privilege taxes, but in no case may these exceed \$30 per vehicle.¹⁶

Assessors generally treat municipal privilege taxes on motor vehicles the same as municipal property taxes for both tax notice and collection purposes.¹⁷ This occurs despite the fact that Article 22A and the rest of the Machinery Act technically cover only property taxes and not privilege taxes.¹⁸

11. G.S. 105-348 puts all taxpayers on notice of the taxes owed on their property regardless of whether they receive tax bills.

12. G.S. 105-330.5(a) and (c).

13. G.S. 105-330.5(a).

14. G.S. 105-330.5(b).

15. G.S. 20-97(b) and (c). At least one county (Caswell) has received local authority to levy these taxes as well. See S.L. 1979-450 and S.L. 1987-334.

16. See, e.g., S.L. 2007-108, authorizing the towns of Apex and Morrisville to levy privilege taxes of up to \$15 per vehicle. G.S. 20-97(c) limits the total amount of municipal privilege taxes on motor vehicles, including those authorized by local bills, to \$30.

17. Although municipal privilege license taxes are included on the tax notice for motor vehicles, the option to block the taxpayer's registration does not exist for delinquent municipal privilege taxes. That remedy can be used only for delinquent property taxes on motor vehicles. See Question 11 for more on this remedy. For a detailed discussion of the collection remedies for privilege license taxes, please see Christopher B. McLaughlin, "Beyond the Property Tax: Collecting Other Taxes and Fees," *Property Tax Bulletin* No. 154 (April 2010), available at www.sog.unc.edu/pubs/electronicversions/pdfs/ptb154.pdf.

18. G.S. 105-273(15) defines "taxes" for the purposes of the Machinery Act as "the principal amount of any property tax or dog license tax and costs, penalties, and interest." Noticeably absent from that definition are privilege license taxes on motor vehicles.

4. When must the assessor create tax notices for motor vehicles?

Tax notices for unregistered motor vehicles that are listed by the taxpayer directly with the assessor must be prepared by September 1.¹⁹ Tax notices for registered motor vehicles cannot be prepared until the DMV informs the assessor that a motor vehicle registration has been applied for or renewed. For registered motor vehicles on the staggered system, the DMV should provide this information by the tenth day of the second month after registration or renewal.²⁰ For example, in December the assessor will be notified of registrations that were renewed or applied for in October.

Occasionally registration information is sent to the wrong county or a similar mistake is made, resulting in delayed notification to the assessor and therefore a delayed tax notice. As discussed in Question 9, a delayed tax notice can affect the tax's delinquency date.

5. When are ownership, situs, and taxability of RMVs determined?

The ownership, situs, and taxability of RMVs are determined as of the date on which a new registration is applied for or on which an existing registration is renewed.²¹ Taxpayers who wish to contest these decisions may do so through the release and refund process in G.S. 105-381.

6. When is the value of a motor vehicle determined and how can it be appealed?

The assessor must value RMVs for tax purposes as of January 1 of the year in which the property taxes become due.²² (See Question 9 for details on the due date for taxes on RMVs.) Unregistered motor vehicles are valued for tax purposes as of January 1 of the year in which the property is listed, the same date that real property and other taxable personal property is valued.²³

Owners of both registered and unregistered motor vehicles must appeal the assessed value of their vehicles within thirty days of the date of the required tax notice described in Question 2.²⁴ The assessor's office must process motor vehicle valuation appeals in the same way it processes discovery appeals.²⁵ The assessor should first arrange an informal conference with the taxpayer to discuss the matter and then give the taxpayer notice of the assessor's final decision within fifteen days of that conference (or fifteen days from when the taxpayer provides any additional information requested or promised at that conference).²⁶ The taxpayer then has fifteen days from that final notice to appeal the assessor's valuation to the board of equalization and review, if that board is still in session, or to the board of county commissioners.²⁷ If the taxpayer is unhappy

19. G.S. 105-330.5(c).

20. G.S. 20-50.3. For the few types of vehicles on the fixed calendar year registration process, the DMV informs assessors of new or renewed registrations by March 10.

21. G.S. 105-330.2(a).

22. G.S. 105-330.2(a).

23. *Id.*

24. G.S. 330.2(b).

25. G.S. 105-330.2(b) requires that appeals of classified motor vehicle valuations proceed "in the manner provided by G.S. 105-312(d) for appeals in the case of discovered property." That said, the power to compromise discovery bills created by G.S. 105-312(k) does *not* apply to motor vehicle tax bills.

26. G.S. 105-312(d).

27. *Id.*

with the decision by either of those boards, the taxpayer can appeal the valuation to the state Property Tax Commission and then to the state appellate courts.

Taxpayers appealing the value of their vehicles must still pay the taxes on the vehicles when due.²⁸ If the taxpayer wins the appeal, the tax office must refund the excess taxes paid plus interest. This requirement is unique to motor vehicle valuation appeals.²⁹

7. What is the tax year for RMVs?

The tax year for an RMV begins on the first day of the month following the date on which either (i) a new registration is applied for or (ii) an existing registration expires.³⁰ The tax year runs for the twelve-month registration period.

For example, assume that the registration on Fred Fortyniner's Volvo expires in July 2010. His motor vehicle tax year will run from August 2010 to July 2011 regardless of when he actually renews the registration. If Fred chooses not to renew the registration, then he must list the Volvo as personal property in January 2011 for 2011 property taxes, and the tax year will be the same as that for all other personal property taxes—July 2011 through June 2012.

If an unregistered vehicle is listed for "regular" taxation in January but is later registered with the DMV, it should still be taxed as regular personal property for the full tax year.³¹ Continuing with the example above, assume that Fred's Volvo is unregistered as of January 2011 and he lists it for "regular" taxation. If Fred changes his mind and registers his Volvo in May 2011, the car should still be taxed as "regular" personal property for the 2011–2012 fiscal year. The registered motor vehicle tax bill triggered by the May 2011 registration should be disregarded by the tax office. Fred would not list the Volvo for "regular" taxation in January 2012, however, because at that point the car would be registered. When the registration expires in May 2012, the Volvo will then be switched back to the registered motor vehicle tax process and will be subject to a tax year of June 2012 to May 2013. Fred would be entitled to a prorated tax credit, in the form of a release, for the taxes owed on the Volvo for its new tax year. The credit would be for 1/12 of the 2011–2012 taxes he paid on the unregistered Volvo and would be applied to the new tax bill on the registered Volvo. Otherwise, Fred would be double-taxed for June 2012.³² See Question 12 for details about prorated tax refunds.

28. G.S. 105-330.2(b).

29. In contrast, taxpayers who appeal the value of their real property or other types of personal property are not required to pay the taxes on the property in question and are not subject to enforced collection remedies while their appeals are pending. G.S. 105-378(d).

30. G.S. 105-330.6(a).

31. G.S. 105-330.3(a)(2).

32. G.S. 105-330.6(a1).

8. What tax rate applies to RMVs?

RMVs are subject to the property tax rate in effect for all other property in the taxing unit on the first day of the month in which a new registration is applied for or in which the old registration expires.³³ For example, assume that the registration for Donald Duke's Toyota Camry expires on June 30, 2011. Regardless of when Donald renews his registration, the tax rate applicable to his Camry will be the rate in place for all other property in the county as of June 1, 2011—meaning the property tax rate set by the county as of July 1, 2010. Although Donald's tax year will coincide with the 2011–2012 fiscal year, he will be assessed taxes on the Camry based on the rate applicable during the 2010–2011 fiscal year.

9. When are taxes on RMVs due and delinquent?

Taxes on RMVs are due on the first day of the fourth month following the month in which the old registration expired or a new registration is applied for.³⁴ As is true for all property taxes, the due date for RMV taxes serves as the end date for early-payment discounts³⁵ and the start date for the five-year limitation on refunds³⁶ and the ten-year statute of limitations on enforced collections.³⁷ However, the due date has added significance for property taxes on RMVs.

The due date determines when the RMV will be valued for tax purposes, because the assessor must value the RMV as of January 1 in the calendar year the taxes become due.³⁸ The due date also determines the levy in which the taxes will be included for the purposes of the tax collector's annual settlement. Assuming that the required tax notice is prepared before the due date, RMV taxes are included in the levy for the fiscal year in which the taxes become due.³⁹ If the notice is prepared after the due date, then the taxes are included in the levy for the fiscal year in which the notice is prepared.

Finally, the due date determines the date on which interest begins to accrue and enforced collection remedies may begin.⁴⁰ If the tax notice is prepared prior to the due date, then interest begins on the first day of the first month after the due date.⁴¹ If the tax notice is prepared after the due date, then interest begins on the first day of the second month after the notice is prepared.⁴² Interest on delinquent RMV taxes is greater than that for other delinquent property taxes: taxes on RMVs accrue interest of 5 percent the first month, then .75 percent each month thereafter.⁴³

33. G.S. 105-330.5(a).

34. G.S. 105-330.4(a)(1).

35. G.S. 105-360(c).

36. G.S. 105-381(a)(3).

37. G.S. 105-378(a).

38. G.S. 105-330.2(a).

39. G.S. 105-330.5(d).

40. G.S. 105-365.1(a)(1), -330.4(c).

41. G.S. 105-330.4(b).

42. *Id.*

43. *Id.*

Here is an example of how these rules are applied. Assume that Tom Tarheel registers his new Chevy pickup truck in November 2010 and that Tom's tax notice is prepared by the due date. The applicable property tax dates would be as follows:

Registration Date:	November 12, 2010
Ownership, Situs, and Taxability Date:	November 12, 2010
Valuation Date:	January 1, 2011
Tax Year:	December 2010 to November 2011
Tax Rate:	Rate in effect for the 2010–2011 fiscal year
Due Date:	March 1, 2011
Interest Begins:	April 1, 2011
Tax Levy:	2010–2011 fiscal year

Now assume that the DMV initially sends Tom's registration information to the wrong county, which delays Tom's tax notice until July 15, 2011, well after the due date. This delay would change both the interest date and the tax levy in which Tom's taxes will be included:

Registration Date:	November 12, 2010
Ownership, Situs, and Taxability Date:	November 12, 2010
Valuation Date:	January 1, 2011
Tax Year:	December 2010 to November 2011
Tax Rate:	Rate in effect for the 2010–2011 fiscal year
Due Date:	March 1, 2011
Interest Begins:	September 1, 2011
Tax Levy:	2011–2012 fiscal year

10. What enforced collection remedies are available for taxes on RMVs, when can they begin, and against whom can they be used?

Taxes on RMVs can be collected using attachment and garnishment of intangible property such as bank accounts and wages⁴⁴ or by levy and sale of any personal property owned by the responsible taxpayer, including but not limited to the vehicle that generated the delinquent taxes.⁴⁵ As discussed in the next question, a tax collector also may ask the DMV to block the taxpayer from renewing the registration for a vehicle on which property taxes are outstanding. Unlike taxes on other types of personal property, taxes on RMVs are not a lien on real property owned by the same taxpayer.⁴⁶ As a result, foreclosure on real property is never an option to collect taxes on RMVs.

As with other property taxes, enforced collections of taxes on RMVs can begin on the delinquency date, which is the date on which they accrue interest.⁴⁷ Enforced collection remedies

44. G.S. 105-368.

45. G.S. 105-366 and -367.

46. G.S. 105-330.4(c).

47. G.S. 105-365.1(a)(1), -330.4(c). In certain circumstances, enforced collection remedies may begin before the delinquency date. *See* G.S. 105-366(c) and (d) and Christopher B. McLaughlin, "Attachment

can be aimed only at the taxpayer who was the owner of record as of the date on which a new registration is applied for or on which an existing registration is renewed.⁴⁸

Here is how these rules work in practice. Assume that Dave Deacon registers a Cadillac Escalade on May 15, 2010. In June 2010, he sells the Escalade to Peter Pirate. On October 1, 2010, the unpaid property taxes on the Escalade become delinquent and start accruing interest. Dave is the only responsible taxpayer for the delinquent taxes, despite the fact that he sold the vehicle to Peter before the taxes were due, much less delinquent. The tax collector may seize and levy any property owned by Dave or may attach Dave's bank account or wages. The tax collector may not seize and sell the Escalade or any other personal property owned by Peter, nor may the collector foreclose on anyone's real property.

11. When can the tax collector put a "block" on the taxpayer's motor vehicle registration?

This remedy, unique to RMV taxes, can be requested on the tenth day of the fourth month after taxes become due.⁴⁹ Unlike the interest date, the block date does not change even if the tax notice is prepared late.

For example, assume the registration on Billy Blue Devil's Mazda Miata expires in January 2010 and he renews the registration the next month. Regardless of when the tax notice is prepared, Billy's taxes will be due on May 1, 2010. If Billy fails to pay the taxes, the tax collector will be able to request that the DMV place a block on his registration on September 10, 2010. But that block will not affect Billy until he needs to renew his registration again in early 2011, nine months after the taxes were due. This disconnect between the tax dates and the registration dates is one reason the General Assembly has proposed an overhaul of the entire process.

At present, the authority to block a registration extends only to the motor vehicle on which the taxes are owed.⁵⁰ A block cannot be used for taxes owed on other property or for outstanding municipal privilege license taxes on an RMV. For example, if Billy Blue Devil owns a Nissan Pathfinder in addition to his Mazda Miata, the fact that Billy is delinquent on his Miata taxes cannot affect the registration of his Pathfinder, or vice-versa. The Pathfinder could be levied upon and sold to satisfy taxes on the Miata, but its registration could not be blocked on account of those taxes.⁵¹

and Garnishment," *Property Tax Bulletin* No. 152 (February 2010), available at www.sog.unc.edu/pubs/electronicversions/pdfs/ptb152.pdf.

48. G.S. 105-365.1(b)(3).

49. G.S. 105-330.7. This date will also always be the tenth day of the eighth month after an existing registration expired or a new registration is applied for.

50. G.S. 20-50.4(a). However, if the new registered motor vehicle property tax system described in Question 13 becomes reality, then a new version of G.S. 20-50.4 will become effective and permit the DMV to deny registration for the failure to pay municipal vehicle fees.

51. G.S. 105-366 and -330.4(c) permit the tax collector to levy upon and sell any tangible personal property of a taxpayer personally responsible for delinquent property taxes.

12. What happens if the taxpayer sells an RMV in the middle of the tax year?

A taxpayer who sells a registered motor vehicle in the middle of its tax year has two taxation options: (i) surrender the license plates from the sold vehicle and receive a prorated tax release or refund for the months remaining on the sold vehicle's tax year or (ii) transfer the license plates from the sold vehicle to a different vehicle and not pay taxes on the second vehicle until the existing registration expires.

Under the first option, the taxpayer can obtain a partial tax release or refund by surrendering the license plates to the DMV and presenting two documents to the county tax office: (i) a form FS20, the receipt provided by the DMV for the surrendered license plates, and (ii) a bill of sale or other proof of ownership transfer.⁵² These documents must be provided to the county tax office within one year of the date on the form FS20. The tax collector must then determine the number of full months remaining in the vehicle's tax year after the date on the form FS20 and provide a prorated tax release or refund for those months.

For example, assume Suze Seahawk owns a Ford Focus with a tax year that runs from September 2010 to August 2011. She pays her motor vehicles taxes of \$100 in November 2010. If Suze sells the Focus in January 2011, surrenders her plates to the DMV in February 2011, and provides a form FS20 and proof of sale to the tax office in March 2011, she will be entitled to a partial refund of the taxes she paid on the Focus. The refund will be \$50, representing the six full months (March to August) remaining in the tax year for the Focus after she surrendered her plates in February. Note that the proration is based on the date of the form FS20, not the date of sale or the date on which the taxpayer requests the refund.

Under the second option, a taxpayer may transfer the license plates from a sold vehicle to a newly purchased vehicle. In that situation, the newly purchased vehicle will not be listed or taxed until the registration from the sold vehicle expires and the owner renews the plates on the newly purchased car.⁵³

Consider the Suze Seahawk example again, but assume that instead of surrendering the license plates from the Ford Focus after she sells that car she transfers those plates to a newly purchased Dodge Ram pickup truck. Suze will not be required to register or pay taxes on her new pickup truck until the registration for the Ford Focus expires in August 2011. She will be taxed on the value of her new pickup truck when she registers it for September 2011 through August 2012.

13. How will the taxation of RMVs change if H.B.1779 takes effect?

Quite a bit. H.B. 1779 would fully integrate the registration and taxation of RMVs so that taxes must be paid at the time of vehicle registration. Doing this would eliminate the existing lag time between the registration of a vehicle and the billing of taxes on that vehicle. It would also eliminate the long delay before a registration block affects a taxpayer under the existing system.

Under the future system, the Property Tax Division of the Department of Revenue (DOR) would be responsible for creating combined registration and tax notices for all RMVs. The DOR

52. G.S. 105-330.6(c). A prorated refund is also available to a taxpayer who moves out of North Carolina and registers a vehicle in another state. In that situation, the taxpayer must provide a form FS20 and proof that the vehicle has been registered in another state.

53. G.S. 105-330.6(b).

would be responsible for valuing all motor vehicles based on statewide valuation standards it develops. Assessors would assist the DOR by providing tax rates for all taxing units in their counties as well as mileage and condition information on individual vehicles when available.

Local government tax collectors would no longer be responsible for collecting taxes on RMVs because both taxes and registration fees would be collected at the time of registration or renewal by the DMV or its agents. If an owner refuses to pay taxes on a vehicle, the DMV will not register that vehicle or renew an existing registration for that vehicle. Exceptions would apply for automobile dealers, where new car buyers would be able to obtain two-month registrations on newly purchased vehicles without paying the property taxes on those vehicles. Once the new owner paid the taxes owed on the newly sold vehicles, the limited registrations would become valid for the entire year.

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