

GENERAL ASSEMBLY OF NORTH CAROLINA
1991 SESSION

CHAPTER 624
HOUSE BILL 20

AN ACT TO PROVIDE FOR A MORE EFFICIENT AND EQUITABLE
PROCEDURE FOR ASSESSING AND COLLECTING LOCAL AD VALOREM
PROPERTY TAXES ON CERTAIN MOTOR VEHICLES.

The General Assembly of North Carolina enacts:

Section 1. Subchapter II of Chapter 105 of the North Carolina General Statutes is amended by adding after Article 22 a new Article to read:

"ARTICLE 22A.

"Motor Vehicles.

"§ 105-330. Definitions.

The following definitions apply in this Article:

- (1) Classified motor vehicle. A motor vehicle classified under this Article.
- (2) Motor vehicle. Defined in G.S. 20-4.01(23).
- (3) Public service company. Defined in G.S. 105-333(14).

"§ 105-330.1. Classification of motor vehicles.

All motor vehicles, except (i) manufactured homes and (ii) motor vehicles owned by a public service company or leased by a public service company and included in the company's system property under G.S. 105-335(b)(1), are hereby designated a special class of property under authority of Article V, Sec. 2(2) of the North Carolina Constitution. Classified motor vehicles shall be listed and assessed as provided in this Article and taxes on classified motor vehicles shall be collected as provided in this Article.

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

(a) The value of a classified motor vehicle that is registered shall be determined annually as of January 1 preceding the date a new registration is applied for or the current registration is renewed. If the value of a new motor vehicle cannot be determined as of January 1 preceding the date the new registration is applied for, the value of that vehicle shall be determined for that year as of the first day of the month in which the new registration is applied for. The value of a classified motor vehicle that is unregistered 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). The ownership, situs, and taxability of a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(1) shall be determined annually as of the day on which the current vehicle registration is renewed or the day on which a new registration is applied for. The ownership, situs, and taxability of a classified motor vehicle listed or discovered pursuant to G.S. 105-

330.3(a)(2) shall be determined as of January 1 of the year in which the motor vehicle is required to be listed.

(b) A classified motor vehicle shall be appraised by the assessor at its true value in money as prescribed by G.S. 105-283. The owner of a classified motor vehicle may appeal the appraisal, situs, or taxability of the vehicle in the manner provided by G.S. 105-312(d) for appeals in the case of discovered property. Notwithstanding G.S. 105-312(d), an owner who appeals the listing, valuation, or assessment of a classified motor vehicle shall pay the tax on the vehicle when due, subject to a full or partial refund if the appeal is decided in the owner's favor.

(c) The Department of Revenue, acting through the Property Tax Division, and the Department of Transportation, acting through the Division of Motor Vehicles, shall enter into a memorandum of understanding concerning the vehicle identification information, name and address of the owner, and other information that will be required on the motor vehicle registration forms to implement the tax listing and collection provisions of this Article, and this information shall appear on the forms beginning January 1, 1993.

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

- (a) (1) Registered Vehicles. The assessor shall list, appraise, and assess all taxable classified motor vehicles for county, municipal, and special district taxes each year in the name of the record owner as of the day on which the current vehicle registration is renewed or the day on which a new registration is applied for. The owner of a classified motor vehicle listed pursuant to this subdivision need not list the vehicle as provided in G.S. 105-306; G.S. 105-312 does not apply to classified motor vehicles listed pursuant to this subdivision.
- (2) Unregistered Vehicles. The owner of a classified motor vehicle who does not register the vehicle or does not renew the registration of the vehicle on or before the expiration date of the current registration shall list the vehicle for taxes by filing an abstract with the assessor of the county in which the vehicle is located on or before January 31 following the date the unregistered vehicle is acquired or, in the case of a registration that is not renewed, January 31 following the date the registration expires, and on or before January 31 of each succeeding year that the vehicle is unregistered. If a classified motor vehicle listed pursuant to this section is registered during the calendar year in which it was listed, it shall be taxed for the fiscal year that opens in the calendar year of listing as an unregistered vehicle. A vehicle required to be listed pursuant to this subdivision that is not listed by January 31 shall be subject to discovery pursuant to G.S. 105-312.

(b) The owner of a classified motor vehicle who claims an exemption or exclusion from tax under this Subchapter has the burden of establishing that the vehicle is entitled to the exemption or exclusion. The owner may establish **prima facie** entitlement to exemption or exclusion of the classified motor vehicle by filing an

application for exempt status with the assessor. When an approved application is on file, the assessor shall omit from the tax records classified motor vehicles described in the application.

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

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

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

(a) Taxes on a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(1) shall be due each year on the first day of the fourth month following the date the registration expires or on the first day of the fourth month following the last day of the month in which the new registration is applied for. Taxes on a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(2) shall be due on September 1 following the date by which the vehicle was required to be listed.

(b) Subject to the provisions of G.S. 105-395.1, interest on unpaid taxes on classified motor vehicles listed pursuant to G.S. 105-330.3(a)(1) accrues at the rate of three-fourths of one percent (3/4%) per month following the date the taxes were due until the taxes are paid. Subject to the provisions of G.S. 105-395.1, interest on delinquent taxes on classified motor vehicles listed pursuant to G.S. 105-330.3(a)(2) accrues as provided in G.S. 105-360(a) and discounts shall be allowed as provided in G.S. 105-360(c).

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

"§ 105-330.5. Listing and collecting procedures.

(a) For classified motor vehicles listed pursuant to G.S. 105-330.3(a)(1), upon receiving the registration lists from the Division of Motor Vehicles each month, the assessor shall prepare a tax notice for each vehicle; the tax notice shall contain all county, municipal, and special district taxes due on the motor vehicle. In computing the taxes, the assessor shall appraise the motor vehicle in accordance with G.S. 105-330.2

and shall use the tax rates of the various taxing units in effect on the first day of the month in which the current vehicle registration expired or the new registration was applied for. This procedure shall constitute the listing and assessment of each classified motor vehicle for taxation.

(b) For classified motor vehicles listed pursuant to G.S. 105-330.3(a)(2), the assessor shall appraise each vehicle in accordance with G.S. 105-330.2. The assessor shall prepare a tax notice for each vehicle before September 1 following the January 31 listing date; the tax notice shall include all county, municipal, and special district taxes due on the motor vehicle. In computing the taxes, the assessor shall use the tax rates of the various taxing units in effect for the fiscal year that begins on July 1 following the January 31 listing date.

(c) When the tax notice is prepared, the county tax collector shall mail a copy of the notice, with appropriate instructions for payment, to the motor vehicle owner. The county may retain the actual cost of collecting municipal and special district taxes collected pursuant to this section, not to exceed one and one-half percent (1 1/2%) of the amount of taxes collected. The county finance officer shall establish procedures to ensure that tax payments received pursuant to this section are properly accounted for and taxes due other taxing units are remitted to the units to which they are due no later than 30 days after the date of collection.

(d) The county shall include taxes on classified motor vehicles in the tax levy for the fiscal year in which the taxes become due and shall charge the taxes to the tax collector for that year.

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

(a) The tax year for a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(1) shall begin on the first day of the first month following the date on which the registration expires or the new registration is applied for and end on the last day of the twelfth month following the date on which the registration expires or the new registration is applied for. The tax year for a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(2) shall be the fiscal year that opens in the calendar year in which the vehicle is required to be listed.

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

(c) If the owner of a classified motor vehicle listed pursuant to G.S. 105-330.3(a)(1) surrenders the registration plates from the listed vehicle to the Division of Motor Vehicles and at the date of surrender one or more full calendar months remains in the listed vehicle's tax year, the owner may apply for a release or refund of taxes on the vehicle for the full calendar months remaining after surrender. To apply for a release or refund, the owner must present to the county tax collector the certificate received from the Division of Motor Vehicles accepting surrender of the registration plates. The county tax collector shall then multiply the amount of the taxes for the tax year on the vehicle by a fraction, the denominator of which is 12 and the numerator of which is the

number of full calendar months remaining in the vehicle's tax year after the date of surrender of the registration plates. The product of the multiplication is the amount of taxes to be released or refunded. If the taxes have not been paid at the date of application, the county tax collector shall make a release of the prorated taxes and credit the owner's tax receipt with the amount of the release. If the taxes have been paid at the date of application, the county tax collector shall direct an order for a refund of the prorated taxes to the county finance officer, and the finance officer shall issue a refund to the vehicle owner.

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

On the tenth day of each month the county tax collector shall prepare a list with the name and address of the owner and the vehicle identification number of every classified motor vehicle on which taxes remain unpaid on that date and on which taxes became due on the first day of the fourth month preceding that date. The tax collector shall mail that list to the Division of Motor Vehicles. The list shall be in such form and contain such information as the Division of Motor Vehicles may require.

"§ 105-330.8. Deadlines not extended.

Except as otherwise provided in this Article, the provisions of G.S. 105-395.1 and G.S. 103-5 do not apply to deadlines established in this Article."

Sec. 2. Article 22 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-329. Article inapplicable to classified motor vehicles.

The provisions of this article do not apply to the listing, appraisal, and assessment of classified motor vehicles, as defined in G.S. 105-330."

Sec. 3. G.S. 105-373 is amended by adding a new subsection (h) to read:

"(h) Relief from Collecting Taxes on Classified Motor Vehicles. The board of county commissioners may, in its discretion, relieve the tax collector of the charge of taxes on classified motor vehicles that are one year or more past due when it appears to the board that the taxes are uncollectible. This relief, when granted, shall include municipal and special district taxes charged to the collector."

Sec. 4. G.S. 20-50.2 is repealed.

Sec. 5. Article 3 of Chapter 20 of the General Statutes is amended by adding two new sections to read:

"§ 20-50.3. Division to furnish county assessors registration lists.

On the tenth day of each month the Division shall send to each county assessor a list of vehicles for which registration was renewed or a new registration was obtained in that county during the second month preceding that date, with the name and address of each vehicle owner.

"§ 20-50.4. Division to refuse to register vehicles on which taxes are delinquent.

Upon receiving the list of motor vehicle owners and motor vehicles sent by county tax collectors pursuant to G.S. 105-330.7, the Division shall refuse to register for the owner named in the list any vehicle identified in the list until the vehicle owner presents the Division with a paid tax receipt identifying the vehicle for which registration was refused. The Division shall not refuse to register a vehicle for a person, not named in the list, to whom the vehicle has been transferred in good faith. Where a motor vehicle

owner named in the list has transferred the registration plates from the motor vehicle identified in the list to another motor vehicle pursuant to G.S. 20-64 during the first vehicle's tax year, the Division shall refuse registration of the second vehicle until the vehicle owner presents the Division with a paid tax receipt identifying the vehicle from which the plates were transferred."

Sec. 6. G.S. 20-66(d) reads as rewritten:

"(d) The Division may also provide for the issuance of license plates for motor vehicles with the dates of expiration thereof to vary from month to month so as to approximately equalize the number that expire during a registration period of one or two years. ~~the registration year. A person may purchase a license plate for a period of two years, but the Division shall not solicit, encourage, or require the purchase of a license plate for a period of more than one year."~~

Sec. 7. G.S. 20-66 is amended by adding a new subsection to read:

"(i) When the Division receives an application under subsection (a) for the renewal of registration before the current registration expires, the Division shall grant the application if it is made for the purpose of consolidating the property taxes payable by the applicant on classified motor vehicles, as defined in G.S. 105-330. The registration fee for a motor vehicle whose registration cycle is changed under this subsection shall be reduced by a prorated amount. The prorated amount is one-twelfth of the registration fee in effect when the motor vehicle's registration was last renewed multiplied by the number of full months remaining in the motor vehicle's current registration cycle, rounded to the nearest multiple of twenty-five cents (25 ¢)."

Sec. 8. G.S. 105-312, as amended by Chapter 34 of the 1991 Session Laws, reads as rewritten:

"§ 105-312. Discovered property; appraisal; penalty.

(a) Repealed by Session Laws 1991, c. 34, s. 4.

(b) Duty to Discover and Assess Unlisted Property. – It shall be the duty of the assessor to see that all property not properly listed during the regular listing period be listed, assessed and taxed as provided in this Subchapter. The assessor shall file reports of such discoveries with the board of commissioners in such manner as the board may require.

(c) Carrying Forward Real Property. – At the close of the regular listing period each year, the assessor shall compare the tax lists submitted during the listing period just ended with the lists for the preceding year, and he shall carry forward to the lists of the current year all real property that was listed in the preceding year but that was not listed for the current year. When carried forward, the real property shall be listed in the name of the taxpayer who listed it in the preceding year unless, under the provisions of G.S. 105-302, it must be listed in the name of another taxpayer. Real property carried forward in this manner shall be deemed to be discovered property, and the procedures prescribed in subsection (d), below, shall be followed unless the property discovered is listed in the name of the taxpayer who listed it for the preceding year and the property is not subject to appraisal under either G.S. 105-286 or G.S. 105-287 in which case no notice of the listing and valuation need be sent to the taxpayer.

(d) Procedure for Listing, Appraising, and Assessing Discovered Property. – Subject to the provisions of subsection (c), above, and the presumptions established by subsection (f), below, discovered property shall be listed by the assessor in the name of the person required by G.S. 105-302 or G.S. 105-306. The discovery shall be deemed to be made on the date that the abstract is made or corrected pursuant to subsection (e) of this section. The assessor shall also make a tentative appraisal of the discovered property in accordance with the best information available to him.

When a discovery is made, the assessor shall mail a notice to the person in whose name the discovered property has been listed. The notice shall contain the following information:

- (1) The name and address of the person in whose name the property is listed;
- (2) A brief description of the property;
- (3) A tentative appraisal of the property;
- (4) A statement to the effect that the listing and appraisal will become final unless written exception thereto is filed with the assessor within 30 days from date of the notice.

Upon receipt of a timely exception to the notice of discovery, the assessor shall arrange a conference with the taxpayer to afford him the opportunity to present any evidence or argument he may have regarding the discovery. Within 15 days after the conference, the assessor shall give written notice to the taxpayer of his final decision. Written notice shall not be required, however, if the taxpayer signs an agreement accepting the listing and appraisal. In cases in which agreement is not reached, the taxpayer shall have 15 days from the date of the notice to request review of the decision of the assessor by the board of equalization and review or, if that board is not in session, by the board of commissioners. Unless the request for review by the county board is given at the conference, it shall be made in writing to the assessor. Upon receipt of a timely request for review, the provisions of G.S. 105-322 or G.S. 105-325, as appropriate, shall be followed.

(e) Record of Discovered Property. – When property is discovered, the taxpayer's original abstract (if one was submitted) may be corrected or a new abstract may be prepared to reflect the discovery. If a new abstract is prepared, it may be filed with the abstracts that were submitted during the regular listing period, or it may be filed separately with abstracts designated 'Late Listings.' Regardless of how filed, the listing shall have the same force and effect as if it had been submitted during the regular listing period.

(f) Presumptions. – When property is discovered and listed to a taxpayer in any year, it shall be presumed that it should have been listed by the same taxpayer for the preceding five years unless the taxpayer shall produce satisfactory evidence that the property was not in existence, that it was actually listed for taxation, or that it was not his duty to list the property during those years or some of them under the provisions of G.S. 105-302 and G.S. 105-306. If it is shown that the property should have been listed by some other taxpayer during some or all of the preceding years, the property shall be

listed in the name of the appropriate taxpayer for the proper years, but the discovery shall still be deemed to have been made as of the date that the assessor first listed it.

(g) Taxation of Discovered Property. – When property is discovered, it shall be taxed for the year in which discovered and for any of the preceding five years during which it escaped taxation in accordance with the assessed value it should have been assigned in each of the years for which it is to be taxed and the rate of tax imposed in each such year. The penalties prescribed by ~~subsections (h) and (h1)~~ subsection (h) of this section shall be computed and imposed regardless of the name in which the discovered property is listed. If the discovery is based upon an understatement of value, quantity, or other measurement rather than an omission from the tax list, the tax shall be computed on the additional valuation fixed upon the property, and the penalties prescribed by ~~subsections (h) and (h1)~~ subsection (h) of this section shall be computed on the basis of the additional tax.

(h) Computation of Penalties. – Having computed each year's taxes separately as provided in subsection (g), above, there shall be added a penalty of ten percent (10%) of the amount of the tax for the earliest year in which the property was not listed, plus an additional ten percent (10%) of the same amount for each subsequent listing period that elapsed before the property was discovered. This penalty shall be computed separately for each year in which a failure to list occurred; and the year, the amount of the tax for that year, and the total of penalties for failure to list in that year ~~including any penalty imposed under subsection (h1) of this section~~ shall be shown separately on the tax records; but the taxes and penalties for all years in which there was a failure to list shall be then totalled on a single tax receipt.

~~(h1) If the discovered property is a motor vehicle and the county assessor determines from records of the Division of Motor Vehicles that the owner of the vehicle falsely certified that he listed the vehicle for property taxes in violation of G.S. 20-50.2(a)(1), the county assessor shall add a penalty of \$100.00 for failure to list that vehicle in that county, which penalty shall be in addition to the penalties imposed by subsection (h). This penalty shall be imposed only for the year in which the discovery is made, regardless of the number of listing periods that elapsed before the motor vehicle was discovered, and regardless of whether the owner of the vehicle falsely certified that he paid taxes on the vehicle in previous years. The civil penalty in this subsection shall not be imposed if the owner of the vehicle has been criminally punished under G.S. 20-50.2(c) with regard to the same failure to list.~~

(i) Collection. – For purposes of tax collection and foreclosure, the total figure obtained and recorded as provided in ~~subsections (h) and (h1)~~ subsection (h) of this section shall be deemed to be a tax for the fiscal year beginning on July 1 of the calendar year in which the property was discovered. The schedule of discounts for prepayment and interest for late payment applicable to taxes for the fiscal year referred to in the preceding sentence shall apply when the total figure on the single tax receipt is paid. Notwithstanding the time limitations contained in G.S. 105-381, any property owner who is required to pay taxes on discovered property as herein provided shall be entitled to a refund of any taxes erroneously paid on the same property to other taxing

jurisdictions in North Carolina. Claim for refund shall be filed in the county where such tax was erroneously paid as provided by G.S. 105-381.

(j) Tax Receipts Charged to Collector. – Tax receipts prepared as required by subsections ~~(h)~~, ~~(h1)~~, ~~(h)~~ and (i) of this section for the taxes and penalties imposed upon discovered property shall be delivered to the tax collector, and he shall be charged with their collection. Such receipts shall have the same force and effect as if they had been delivered to the collector at the time of the delivery of the regular tax receipts for the current year, and the taxes charged in the receipts shall be a lien upon the property in accordance with the provisions of G.S. 105-355.

(k) Power to Compromise. – After a tax receipt computed and prepared as required by subsections ~~(g)~~, ~~(h)~~, and ~~(h1)~~ (g) and (h) of this section has been delivered and charged to the tax collector as prescribed in subsection (j), above, the board of county commissioners, upon the petition of the taxpayer, may compromise, settle, or adjust the county's claim for taxes arising therefrom. The board of commissioners may, by resolution, delegate the authority granted by this subsection to the board of equalization and review, including any board created by resolution pursuant to G.S. 105-322(a) and any special board established by local act.

(l) ~~Except for the provision in subsection (h1) which imposes an additional penalty for false certification of motor vehicle listing, the Municipal Corporations. The provisions of this section shall apply to all cities, towns, and other municipal corporations having the power to tax property. Such governmental units shall designate an appropriate municipal officer to exercise the powers and duties assigned by this section to the assessor, and the powers and duties assigned to the board of county commissioners shall be exercised by the governing body of the unit. When the assessor discovers property having a taxable situs in a municipal corporation, he shall send a copy of the notice of discovery required by subsection (d) to the governing body of the municipality together with such other information as may be necessary to enable the municipality to proceed. The governing board of a municipality may, by resolution, delegate the power to compromise, settle, or adjust tax claims granted by this subsection and by subsection (k) of this section to the county board of equalization and review, including any board created by resolution pursuant to G.S. 105-322(a) and any special board established by local act."~~

Sec. 9. This act does not affect the rights or liabilities of the State, a taxpayer, or other person arising under a statute amended or repealed by this act before its amendment or repeal; nor does it affect the right to any refund or credit of a tax that would otherwise have been available under the amended or repealed statute before its amendment or repeal.

Sec. 10. This act becomes effective January 1, 1993. This act shall first apply to the taxation of classified motor vehicles for the fiscal year beginning July 1, 1993, and to that end it shall apply to classified motor vehicles registered in March 1993, and classified motor vehicles whose registration expires in March 1993.

In the General Assembly read three times and ratified this the 10th day of July, 1991.

James C. Gardner
President of the Senate

Daniel Blue, Jr.
Speaker of the House of Representatives