

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2007**

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**HOUSE BILL 2047**

Short Title: Adjust Highway Use Tax by MPG Groupings. (Public)

Sponsors: Representatives Luebke, Harrison (Primary Sponsors); and Insko.

Referred to: Transportation, if favorable, Finance.

May 10, 2007

A BILL TO BE ENTITLED  
AN ACT TO ADJUST THE HIGHWAY USE TAX FOR NEW MOTOR VEHICLES  
BASED ON THE MILES-PER-GALLON RATING FOR THE NEW MOTOR  
VEHICLE TO BE TAXED.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-187.3 reads as rewritten:

**"§ 105-187.3. Rate of tax.**

(a) Used Passenger Vehicle Amount. – The rate of the use tax imposed by this Article is three percent (3%) of the retail value of a used passenger motor vehicle for which a certificate of title is issued. The tax is payable as provided in G.S. 105-187.4. The maximum tax is one thousand dollars (\$1,000) for each certificate of title issued for a Class A or Class B motor vehicle that is a commercial motor vehicle, as defined in G.S. 20-4.01. The maximum tax is one thousand five hundred dollars (\$1,500) for each certificate of title issued for a recreational vehicle that is not subject to the one thousand dollar (\$1,000) maximum tax.

(a1) New Passenger Vehicle Amount. – The rate of the use tax imposed by this Article is a variable rate that is assessed based upon the miles-per-gallon rating for the new passenger motor vehicle, as defined in G.S. 20-4.01(27), as established in the Corporate Average Fuel Economy (CAFE) standards and administered by the Environmental Protection Agency and the National Highway Traffic Safety Administration. A new passenger motor vehicle that is rated to get 1 to 19.9 miles per gallon shall be assessed at a rate of four percent (4%) of the retail value of the new motor vehicle for which a certificate of title is issued. A new motor vehicle that is rated to get 20 to 31.9 miles per gallon shall be assessed at a rate of three percent (3%) of the retail value of the new motor vehicle for which a certificate of title is issued. A new motor vehicle that is rated to get 32 or more miles per gallon shall be assessed at a rate of two percent (2%) of the retail value of a new motor vehicle for which a certificate of title is issued. The tax is payable as provided in G.S. 105-187.4. There shall be no appeal from the miles-per-gallon rating assigned to the vehicle under the CAFE

1 standards for any reason. This subsection shall not apply to Class A or Class B motor  
2 vehicles. Class A and Class B motor vehicles shall continue to be taxed under the  
3 provisions of subsection (a) of this section.

4 (b) Retail Value. – The retail value of a motor vehicle for which a certificate of  
5 title is issued because of a sale of the motor vehicle by a retailer is the sales price of the  
6 motor vehicle, including all accessories attached to the vehicle when it is delivered to  
7 the purchaser, less the amount of any allowance given by the retailer for a motor vehicle  
8 taken in trade as a full or partial payment for the purchased motor vehicle. The retail  
9 value of a motor vehicle for which a certificate of title is issued because of a sale of the  
10 motor vehicle by a seller who is not a retailer is the market value of the vehicle, less the  
11 amount of any allowance given by the seller for a motor vehicle taken in trade as a full  
12 or partial payment for the purchased motor vehicle. A transaction in which two parties  
13 exchange motor vehicles is considered a sale regardless of whether either party gives  
14 additional consideration as part of the transaction. The retail value of a motor vehicle  
15 for which a certificate of title is issued because of a reason other than the sale of the  
16 motor vehicle is the market value of the vehicle. The market value of a vehicle is  
17 presumed to be the value of the vehicle set in a schedule of values adopted by the  
18 Commissioner.

19 (c) Schedules. – In adopting a schedule of values for motor vehicles, the  
20 Commissioner shall adopt a schedule whose values do not exceed the wholesale values  
21 of motor vehicles as published in a recognized automotive reference manual."  
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**SECTION 2.** This act becomes effective July 1, 2009.