



# SENATE BILL 326: Clarify HUT & Improve Vehicle Titling Process.

2017-2018 General Assembly

<b>Committee:</b>	Senate Transportation. If favorable, re-refer to Finance. If favorable, re-refer to Rules and Operations of the Senate	<b>Date:</b>	April 24, 2017
<b>Introduced by:</b>	Sens. Tillman, Meredith	<b>Prepared by:</b>	Howard Marsilio
<b>Analysis of:</b>	First Edition		Committee Counsel

**OVERVIEW:** Senate Bill 326 would clarify that certain highway use tax (HUT) exemptions related to motor vehicle title transfers do not apply to vehicles titled in another state at the time of the transfer to a North Carolina title. It would also remove redundant requirements for motor vehicle title applications.

[As introduced, this bill was identical to S326, as introduced by Sens. Tillman, Meredith, which is currently in Senate Judiciary.]

**CURRENT LAW:** G.S. 105-187.6 lists the HUT exemptions related to transfers of motor vehicle titles.

G.S. 20-52 requires that an owner of a vehicle subject to registration must apply to the Division of Motor Vehicles for a certificate of title, registration plate, and registration card for the vehicle. Subsection (a) of this section lists the required information for an application for registration and certificate of title. Currently, subdivisions (4) through (6) of this subsection relate to "eligible risk" information (for insurance purposes).

G.S. 58-2-164(b) creates criminal offenses related to providing false or misleading insurance information in applications for certificates of title pursuant to G.S. 20-52(a)(4) and (5), or participating in the same.

### BILL ANALYSIS:

**Section 1** of the bill would clarify that full exemptions, or partial exemptions, set out in G.S. 105-187.6, do not apply to motor vehicles titled previously in another state and that are now being titled in North Carolina.

The bill would not affect the following categories of title transfers, and they will remain exempted from the highway use tax:

- Motor vehicles transferred to either a manufacturer, or a motor vehicle retailer for the purpose of resale.
- Motor vehicles transferred to a volunteer fire department or volunteer rescue squad meeting certain criteria.
- Motor vehicles transferred to a State agency from a unit of local government, volunteer fire department, or volunteer rescue squad to enable the State agency to transfer the vehicle to another unit of local government, volunteer fire department, or volunteer rescue squad.

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**Section 2.(a)** of the bill would repeal G.S. 20-52 subdivisions (4) through (6), as they are duplicative of the requirement of G.S. 20-309 that requires proof of financial responsibility prior to and during the registration of a motor vehicle.

**Section 2.(b)** would require a statement that the owner has proof of financial responsibility, as already required by law, in their application for registration and certificate of title.

**Section 2.(c)** would make conforming changes, by deleting cross-references to statutes that this bill would repeal.

**EFFECTIVE DATE:** Section 2 of this act would become effective July 1, 2017, and the remainder of this act would become effective when it becomes law.