



SENATE BILL 354: NC TEN.

2023-2024 General Assembly

Committee:	Senate Transportation. If favorable, re-refer to Finance. If favorable, re-refer to Appropriations/Base Budget. If favorable, re-refer to Rules and Operations of the Senate	Date:	April 5, 2023
Introduced by:	Sens. Sawyer, McInnis, Woodard	Prepared by:	Wendy Ray Staff Attorney
Analysis of:	First Edition		

OVERVIEW: *Senate Bill 354 would amend laws related to transportation funding as follows:*

- *Increase registration fees for electric vehicles and authorize an additional registration fee for plug-in hybrid vehicles.*
- *Remove the \$2,000 cap on highway use tax for commercial and recreational vehicles.*
- *Enact a new tax applicable to transportation network companies for prearranged transportation services.*
- *Modify the cap on certain public private partnerships.*

CURRENT LAW AND BILL ANALYSIS: Senate Bill 354 would do all of the following:

Electric and hybrid vehicle fees. The Division of Motor Vehicles collects annual registration fees for passenger vehicles according to classifications set out in statute. The regular private passenger vehicle registration fee under G.S. 20-87 is currently \$38.75. Current law provides for an additional fee of \$140.25 for the registration of a plug-in electric vehicle that operates solely on electric power. North Carolina law does not currently provide for an additional registration fee for hybrid vehicles. Registration fees, which are credited to the Highway Fund, are adjusted for inflation quadrennially and are next due to be adjusted on July 1, 2024.

Section 1.1 would increase the additional fee applicable to electric vehicles from \$140.25 to \$180.00. It would also provide for an additional fee of \$90.00 applicable to hybrid vehicles. Both fees would be subject to quadrennial adjustment.

Remove highway use tax cap for certain vehicles. The transfer of a motor vehicle for which a certificate of title is issued is subject to highway use tax, which is generally imposed at a rate of 3% of the retail value of the vehicle. However, the maximum tax is currently set at \$2,000 for Class A or B commercial motor vehicles and recreational vehicles. Taxes collected are credited to the Highway Trust Fund. **Section 2** would remove the cap for those vehicles so they would be taxed at the 3% rate.

Enact tax on transportation services. Transportation network companies use online platforms to connect passengers with drivers to provide prearranged transportation services. Those services are not currently taxed in North Carolina. **Section 3** would authorize imposition of a tax on transportation network companies for those services at a flat rate of 50 cents for each exclusive-ride service and 25 cents for each shared-ride service for the year 2024. Each calendar year thereafter the tax would equal the tax imposed

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the preceding year multiplied by the percentage applicable to the motor fuels tax rate calculation. The proceeds of this tax would be credited to the Highway Fund.

Public-private partnerships. The Department of Transportation currently has the authority to enter into partnership agreements with private entities and authorized political subdivisions to finance transportation infrastructure projects in this State. G.S. 136-18(39a) limits the Department and Turnpike Authority to a total of three partnership agreements with private entities for projects subject to specific statutory provisions. **Section 4.1** would modify the cap on public private partnership agreements so the Department and the Turnpike Authority would be able to enter into up to three agreements each.

EFFECTIVE DATE: Except for the modification of the cap on public private partnerships, which would be effective when it becomes law, the provisions of the bill would be effective January 1, 2024.