

TABLE 40. NORTH CAROLINA HIGHWAY USE TAX NET COLLECTIONS

[§ 105 ARTICLE 5A.]

[Tax Revenue Generated from Motor Vehicle Retail Sales and Leases]

Fiscal year	Highway Use Tax Collections								Year-over-year % change			
	Revenue generated from retail sales at 3% rate	Revenue generated from long-term leases at 3% rate	Revenue generated from short-term leases at 8% rate	Total revenue generated from all rates	Collections to Highway Trust Fund [3% rate proceeds]	Annual transfer to General Fund from Highway Trust Fund*	Net Highway Trust Fund receipts after appropriation	Collections to General Fund [8% lease proceeds + appropriation]	Revenue generated from retail sales at 3% rate	Revenue generated from long-term leases at 3% rate	Revenue generated from short-term leases at 8% rate	Total revenue generated from all rates
	[\$]	[\$]	[\$]	[\$]	[\$]	[\$]	[\$]	[\$]	[%]	[%]	[%]	[%]
1998-99.....	448,056,636	41,456,795	35,398,039	524,911,470	489,513,431	170,000,000	319,513,431	205,398,039	9.01%	-1.76%	13.77%	8.38%
1999-00.....	496,775,934	48,492,419	31,320,520	576,588,873	545,268,353	170,000,000	375,268,353	201,320,520	10.87%	16.97%	-11.52%	9.84%
2000-01.....	492,373,134	52,793,621	25,710,847	570,877,602	545,166,755	170,000,000	375,166,755	195,710,847	-0.89%	8.87%	-17.91%	-0.99%
2001-02.....	511,111,396	44,209,144	26,196,182	581,516,722	555,320,540	171,700,000	383,620,540	197,896,182	3.81%	-16.26%	1.89%	1.86%
2002-03.....	517,449,803	35,308,776	29,768,723	582,527,302	552,758,579	377,400,000	175,358,579	407,168,723	1.24%	-20.13%	13.64%	0.17%
2003-04.....	547,705,783	30,640,458	40,780,642	619,126,883	578,346,241	252,422,125	325,924,116	293,202,767	5.85%	-13.22%	36.99%	6.28%
2004-05.....	551,432,079	28,682,062	43,909,573	624,023,714	580,114,141	242,520,317	337,593,824	286,429,890	0.68%	-6.39%	7.67%	0.79%
2005-06.....	548,395,734	28,840,970	49,821,633	627,058,337	577,236,704	252,558,117	324,678,587	302,379,750	-0.55%	0.55%	13.46%	0.49%
2006-07.....	570,672,943	34,374,413	49,250,929	654,298,286	605,047,356	57,486,602	547,560,754	106,737,531	4.06%	19.19%	-1.15%	4.34%
2007-08.....	534,878,642	30,750,234	53,016,394	618,645,270	565,628,876	172,543,306	393,085,570	225,559,700	-6.27%	-10.54%	7.65%	-5.45%
2008-09.....	413,752,308	27,597,594	47,714,293	489,064,195	441,349,902	147,531,245	293,818,657	195,245,538	-22.65%	-10.25%	-10.00%	-20.95%
2009-10.....	416,317,237	24,166,027	43,836,892	484,320,156	440,483,265	108,561,829	331,921,436	152,398,721	0.62%	-12.43%	-8.13%	-0.97%
2010-11.....	454,136,155	15,963,462	53,235,229	523,334,846	470,099,617	72,894,864	397,204,753	126,130,093	9.08%	-33.94%	21.44%	8.06%
2011-12.....	489,072,183	16,624,702	55,176,488	560,873,373	505,696,885	76,720,918	428,975,967	131,897,406	7.69%	4.14%	3.65%	7.17%
2012-13.....	535,345,345	19,443,463	57,372,140	612,160,948	554,788,808	27,595,861	527,192,947	84,968,001	9.46%	16.96%	3.98%	9.14%

Detail may not add to totals due to rounding.

Effective October 1, 1989, retail sales of motor vehicles became exempt from the 2% rate (\$300 limit) sales and use tax and became subject to the 3% rate of highway use tax with a minimum tax of \$40 and a maximum tax of \$1,000 on any one motor vehicle. The maximum tax per vehicle increased from \$1,000 to \$1,500 effective for transactions made on or after July 1, 1993. Effective October 1, 2001, the \$1,500 limit was repealed for most vehicles. [A \$1,000 maximum applies to Class A and Class B commercial motor vehicles; recreational vehicles not subject to the \$1,000 maximum retained the \$1,500 cap.]

Under the new law, lessors of motor vehicles were given the option of either paying the 3% highway use tax on the purchase price of the vehicle at acquisition or an 8% tax on the gross receipts generated from leasing the vehicle. The irrevocable election of paying the 3% highway use tax or the 8% gross receipts tax was to be made by the retailer when applying for a certificate of title for a vehicle. [The 2003 General Assembly enacted an exception to the one-time rental vehicle tax election allowing a retailer who had paid the 3% use tax to also pay the 8% gross receipts tax provided the decision to pay the additional tax be made by July 1, 2003.] The 8% rate applies to short-term leases (less than 365 days); the 3% rate applies to long-term leases.

The North Carolina Highway Trust Fund was established during the 1989 General Assembly to subsidize transportation improvements. The legislation directed the taxes collected during 1990-91 to be deposited in the General Fund. Thereafter, taxes generated from the 3% rate were to be deposited in the Highway Trust Fund, and beginning in 1991-92, a specified allocation would be transferred from the Highway Trust Fund to the General Fund. Proceeds from the 8% levy applicable to short-term leases were to be deposited in the General Fund.

*Annual transfer of funds from the Highway Trust Fund to the General Fund as provided under § 105-187.9(b)(1) and § 105-187.9(b)(2).

[Transfer provisions were repealed by SL 2010-31, s. 28.7(i), and SL 2013-183, s. 4.1, effective July 1, 2013.]