

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	
	[\$]	[\$]	[\$]	[\$]	[\$]	[\$]	[\$]	[\$]	[\$]	[\$]	[\$]	[\$]	
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%	
2013-14.....	574,704,729	22,650,005	61,814,982	659,169,716	597,354,734	-	597,354,734	61,814,982	7.35%	16.49%	7.74%	7.68%	
2014-15.....	628,466,644	23,916,454	65,776,523	718,159,621	652,383,098	-	652,383,098	65,776,523	9.35%	5.59%	6.41%	8.95%	
2015-16.....	700,325,903	28,799,759	73,061,051	802,186,713	729,125,662	-	729,125,662	73,061,051	11.43%	20.42%	11.07%	11.70%	

Detail may not add to totals due to rounding.

§ 105-187.2-§ 105-187.3:

A highway use tax is imposed on the privilege of using the highways in this State. A tax rate of 3% is applied to the retail value of a motor vehicle for which a certificate of title is issued (as of July 1, 2014, the tax also applies to any dealer administrative fee regulated by § 20-101.1). The tax does not apply to the sales price of a service contract, provided the charge is separately stated on the bill of sale or other similar document given to the purchaser at the time of the sale. [SL 2015-259, s. 5(d)]

Effective for sales made on or after January 1, 2016, the maximum tax is increased to \$2,000 (previously \$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 § 20-4.01, and for each certificate of title issued for a recreational vehicle (previously, \$1,500 applied for each certificate of title issued for a recreational vehicle not subject to the \$1,000 maximum tax). [SL 2015-241, s. 29.34A(a)]

The retail value is the sales price of the motor vehicle, including all accessories attached to the vehicle when it is delivered to the purchaser, less the amount of any allowance given by the retailer for a motor vehicle taken in trade as a full or partial payment for the purchased motor vehicle.

§ 105-187.5 imposes an alternate tax on the privilege of using the highways in this State for those who *rent* or *lease* motor vehicles. The tax rate on the gross receipts from the short-term (less than 365 days) lease or rental of a motor vehicle is 8%; the tax rate on the gross receipts from the long-term lease or rental of a motor vehicle is 3%. The maximum tax caps applicable to retail sales on certain motor vehicles apply to a continuous lease or rental of such a motor vehicle to the same person. The alternate tax is imposed on a retailer, but is then added to the lease or rental price of a motor vehicle such that the person who leases or rents the vehicle pays the tax.

Payment of the highway use tax is remitted to the Commissioner of Motor Vehicles during the certificate of title application process.

Historical note: 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.

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.

†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.]

Proceeds from the 8% levy applicable to short-term leases are deposited in the General Fund.