

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: Senate Bill 543 (Third Edition)

SHORT TITLE: Durham Motor Vehicle Levy.

SPONSOR(S): Senator McKissick

FISCAL IMPACT (\$ Millions)					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES					
Local Government	\$1.56	\$1.56	\$1.56	\$1.56	\$1.56
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: City of Durham					
EFFECTIVE DATE: Municipal Vehicle Tax for Public Transportation effective when the City of Durham chooses to levy it. The rest is effective when bill becomes law.					

BILL SUMMARY:

Senate Bill 543 would authorize the City of Durham to raise its motor vehicle tax from \$10 to \$15. This bill repeals the current local modification allowing a levy of \$10 upon the enactment of the new tax. Of the new \$15 motor vehicle tax, \$5 may be used for any lawful purpose and \$10 must be used for public transportation.

The new tax is authorized in the following way:

- **Town Charter:** The Town Charter is amended to allow the City to levy a tax of \$5 for any vehicle resident in the City. The proceeds must be used for public transportation. (See Section 2.(a)).
- **G.S. 20-97(b):** The Town is authorized by this subsection to levy a tax of \$5 for any vehicle resident in the City. The proceeds may be used for any lawful purpose. (See Section 1).
- **Local modification of G.S. 20-97(c):** This subsection is amended to allow the City of Durham to levy a tax of \$5 for any vehicle resident in the City. The proceeds must be used for public transportation. (See Section 2.(b)).

.Source: Adopted from the bill analysis done by the Committee Counsel to House Local Government II on June 10, 2009

ASSUMPTIONS AND METHODOLOGY:

Senate Bill 543 repeals Section 1 of S.L. 2003-229, Section 1 of S.L. 2004-103, and S.L. 2008-31, which authorized the City of Durham to levy a vehicle tax of up to ten dollars (\$10.00) per year for any general purpose. This act was set to expire June 30, 2009. Under its expiration, City of Durham would have the authority under the unmodified G.S. 20-97(b) to levy a tax of \$5 on vehicles in the City. The proceeds of this tax can be used for any lawful purpose. Its repeal will have the same effect as its expiration. Durham will have the authority to levy the \$5 tax in G.S. 20-97(b) and, therefore, this has no impact on future revenues.

Senate Bill 543 adds an article to the Charter of the City of Durham allowing Durham to levy a tax of up to \$5 on any vehicle resident in the city. This is a new revenue source the proceeds of which must be used to maintain local public transportation systems. According to the Department of Transportation Driver and Vehicle Services there are currently 155,879 resident vehicles in the City of Durham. Multiplying this number by the \$5 levy results in a \$779,395 increase in revenues for FY 2009-10.

Senate Bill 543 also amends GS 20-97(c) to include Durham in the cities allowed to levy an additional \$5 per year upon any vehicle resident. The proceeds of this tax must be used to maintain local public transportation systems. This will generate an additional \$779,395 in revenues for FY 2009-10.

Overall, Senate Bill 543 will increase revenues by a total of \$1,558,790 for FY 2009-10. Assuming that the number of vehicles stays roughly the same over time, the increase in revenues for FY 2010-11, FY 2011-12, FY 2012-13, and FY 2013-14 will also be \$1,558,790. Whereas, under current law, the City of Durham is authorized to spend the proceeds of its \$10 motor vehicle tax on any general purpose, Senate Bill 543 would structure the tax so that proceeds up to \$5 would be authorized for any general purpose and the remaining proceeds would be authorized only for maintaining local public transportation.

SOURCES OF DATA: NC Department of Transportation: Driver and Vehicle Services.

TECHNICAL CONSIDERATIONS: None

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