

# Motor Vehicles

# The World of Motor Vehicle Tax

- History
- Where are we now?
- Where are we going?
- How we should prepare for implementation?

# History

- Prior to 1993 taxpayers listed their motor vehicles with the counties in January of each year and taxes were due on September 1. Large compliance issue.

# History

- In 1993 HB 20 established the current system (N.C.G.S 105-330). Taxpayer buys tag, information sent to counties, tax bill sent to taxpayer, taxes due four months after purchase of tag. If taxes are four months past due a block is placed on the tag by the county through DMV which prevents taxpayer from renewing tag until property taxes are paid.

# History

- Collection rate on registered motor vehicles has continued to drop due to the fact the taxpayers wait to pay their taxes until they need a tag.
- Below are the last five years statewide collection rates for counties:

	2009	2008	2007	2006	2005
Collection % -- Motor Vehicles:	87.70	87.19	88.42	87.32	87.67
Collection % -- All other property:	97.99	98.37	98.38	97.63	98.01
Collection % -- All property:	97.17	97.38	97.45	96.63	97.04

# History

- Below are the last five years statewide collection rates for municipalities:

	2009	2008	2007	2006	2005
Collection % -- Motor Vehicles:	86.74	86.71	86.80	87.31	87.62
Collection % -- All other property:	98.66	98.59	98.61	98.36	98.26
Collection % -- All property:	97.97	97.59	97.42	97.31	96.96

- Currently only about 60% of the taxpayers pay on time. The rest pay due to enforced collection or they pay when they need to buy a tag.
- At the end of each fiscal year there is approximately \$80 million in property taxes not collected at the local level.

# Legislative History

- **2005** -- Due to the collection problem, HB 1779 was passed with an effective date of July 1, 2009.
- **2006** – HB 2097 made some technical changes to 105-330.
- **2006** – Due to issue raised by car dealers, SB 1530 was passed which delayed the effective date to July 1, 2010.
- **2007** – SB 540 passed requiring interest earned on local government money to remain in local government account.

# Legislative History

- **2007** – HB 1688 passed and compromise reached with car dealers. Method of appropriating money to build system changed. No money appropriated, project delayed.
- **2008** – SB 1704 passed changing effective date to July 1, 2011 due to the delay in starting the project. Money is appropriated.
- **October 2008** – **Project started.**
- **2009** – SB 509 made some technical changes to 105-330.

Where are we today?

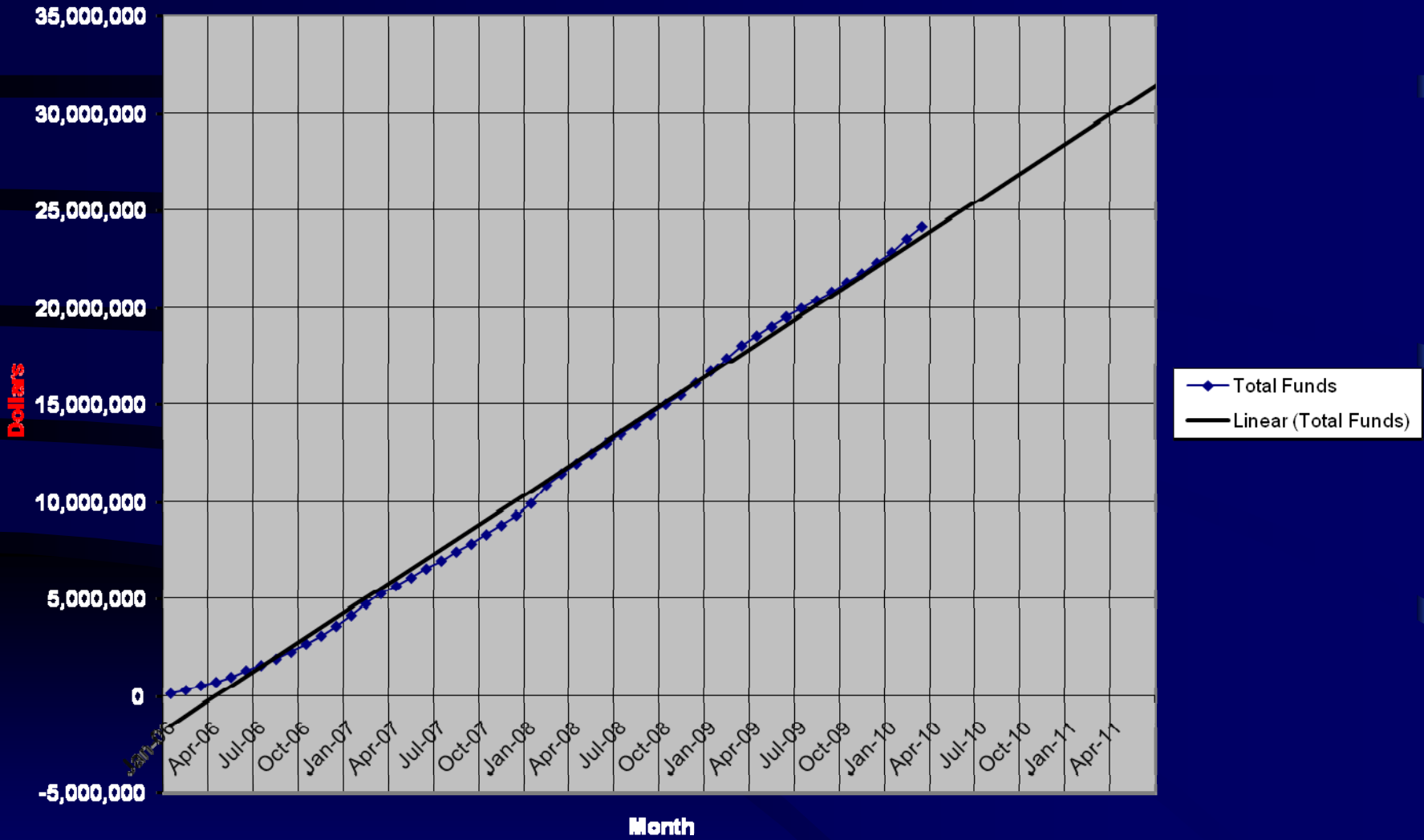
# Funding Source

- Effective January 1, 2006.
- Interest increases from 2% to 5%.
- Bills due December 1, 2005 were the first bills to which the additional 3% applied.
- 60% of the first month interest is to be remitted to the State Treasurer's office.
- This means the additional 3% for the first month goes to the State to build the new combined system.

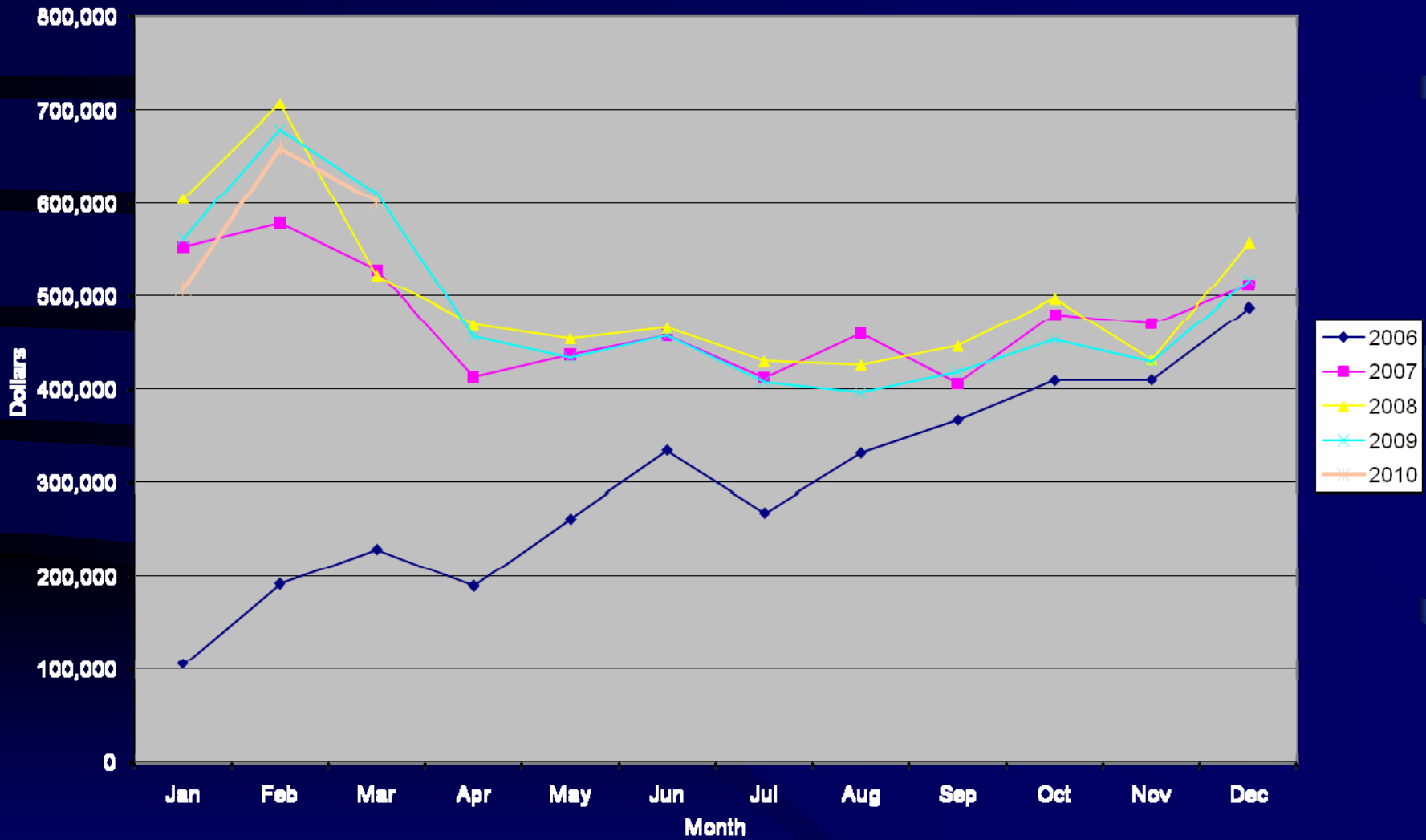
# Funding Source

- Currently there is \$24,171,270.17 in this account.
- The predicted amount by July 1, 2011 is over \$30 million.

# Total Collections



### Monthly interest collections



# Project History

- Project divided into four smaller projects:
  - Planning to Post implementation Project
  - Statewide Situs Address/Tax Jurisdiction Project
  - NC Counties Data Conversion Project
  - DOR Valuation Vendor Project
  - Committees
    - HB 1779 Program Status Steering Committee
    - HB 1779 Fiscal Group
    - HB 1779 MOU Group

# Current Status

- All project work has been placed on hold.
- All committee work has been placed on hold.

# Why?

- NCDOT has become increasingly concerned about the success of HB1779 implementation, particularly from a technical standpoint.
- NCDOT recently concluded after much work that inserting the tax functions into the existing vehicle registration computer system was more precarious than expected, putting the entire system at risk.
- Project was behind schedule and would not be completed on time and the final product would not be the best solution possible.

# Where are we going?

- All stakeholders agreed to ask for a delay in implementing HB 1779.
- New Target date: no later than July 1, 2013.
- Independent consultant will be hired to evaluate and recommend the optimum architecture and design needed to carry out the legislative mandate.

Was it the Best Decision?

Yes

# What is New?

- The RFP for the consultant has been issued.
- Link to the RFP:
- <https://www.ips.state.nc.us/ips/AGENCY/PDF/07376300.pdf>

# RFP

- The evaluation committee will consist of State employees and **local government representative(s)**.
- Includes: Financial standing, demonstration of the Vendor's background, capabilities and experience including prior relationships with the State of NC, experience with DMV industry, **experience with NC property tax systems**, and proven success with large projects.

# RFP

- The scope of this Assessment Project shall incorporate all of the components of the Master Project and all other efforts, **such as county data conversion**, that are required to meet the objectives of the legislation.
- For simplification, for the remainder of this document, DOT Project Team will be assumed to include **all State and local government participants**.

# RFP

- The Vendor shall assess and evaluate the various technical and business units required to accomplish the implementation of the legislation. This shall include staff from DMV, DOT-IT, DOR, LPAs, county (local) governments, and others areas as necessary.

Steering Committee  
DMV Commissioner, Chair

DMV Commissioner  
Executive Sponsor

Randy Barnes  
DOT CIO  
Project Manager

DOT Project  
Team

Vendor Project  
Manager

Vendor Project  
Team

DMV Subject  
Matter Experts

DOT-IT Subject  
Matter Experts

Local Gov. Subject  
Matter Experts

DOR Subject  
Matter Experts

# RFP

The Vendor shall assess and evaluate the systems in place at the county level that will be replaced by the Master Project solution. The key systems that should be reviewed will not exceed five (5). The purpose of the review is to determine what the impacts of the Master Project solution will be on local processing and whether there are opportunities to leverage existing capabilities for the overall Master Project solution.

# RFP

- The reports should also include an objective **assessment of the impacts to local government systems** and what capabilities might be considered viable for the technical recommendations.

# Questions

- How much money was spent?
- Was all the effort up to now wasted?
- What is the new time line?

# Time Line

Action	Responsibility	Date
Issuance of RFP	DOT	4/13/2010
Deadline to Submit Questions	Vendors	4/27/2010
Response to Questions	DOT	5/6/2010
Submission of Proposal	Vendors	5/20/2010
Contract Award	DOT/ITS	7/13/2010
Protest Deadline	Vendors	15 days after award

# Where are we going?

County Tax  
Departments

DOR  
Property Tax  
Division

DOT & Tag  
Agencies



Central Motor Vehicle Tax Database

All Jurisdictions Tax Rates

Standard Values for all Vehicles

All Renewal Information

Collection Reports for Each Jurisdiction

Standard Value Adjustment for Mileage

Standard Value Adjustment for Title Condition

# How to prepare for implementation

- Collect all back RMV taxes possible.
- Develop address data base.
- Be involved in the project once it starts up again.

- If the counties want this you need to let the elected officials know!