

VIRGINIA HIGHWAY TAXES COMPARED WITH THOSE OF BORDERING STATES

by

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TABLE OF CONTENTS

	<u>Page</u>
PREFACE	iii
SUMMARY OF FINDINGS	1
MOTOR FUEL TAXES	5
MOTOR VEHICLE REGISTRATION TAXES AND FEES	16
MOTOR VEHICLE SALES, USE, AND TITLING TAXES	27
BONDED INDEBTEDNESS OF NEIGHBORING STATES	36
TITLE REGISTRATION AND DRIVER'S LICENSING FEES.....	36

2748

PREFACE

This report is an update of, and is modeled upon, a similar publication prepared in 1965 by John Thompson of the Research Council. Both reports first present a summary comparison between the highway revenues of Virginia and those of its five neighboring states, i. e., Maryland, West Virginia, Kentucky, Tennessee, and North Carolina. The comparison includes a statement of revenue sources that indicates the various forms of taxation employed. Later sections give in detail the types of taxes levied in each state—namely, motor fuel taxes, motor vehicle registration taxes and fees, and sales, use, and titling taxes; the tax rates; the important refund and exemption provisions; and the disposition of the taxes.

3750

SUMMARY OF FINDINGS

Many of the following findings are drawn from Tables 1 and 2, both of which follow immediately after this summary.

- (1) Of the states considered, Virginia and North Carolina have the highest motor fuel tax rate--9¢ per gallon. Virginia generates more revenue from this source than does any of her bordering states, although only slightly more than North Carolina, which on a percentage basis (i. e., net motor fuel tax income as a percentage of state highway revenue) produces more from this source than does Virginia.
- (2) Because of differing responsibilities for the county road systems from state to state, there are substantial variations in the allocation of receipts from motor fuel taxes and licensing fees.
- (3) There is a great disparity between the motor vehicle registration fees of Virginia and those of neighboring states.
- (4) Virginia's driver license fees are higher than those of the bordering states.
- (5) Of the six states considered, only North Carolina derives more tax revenue from motor vehicle registrations than does Virginia.
- (6) All six states have either sales and use or titling taxes.
- (7) All the border states either currently finance part of the highway program through the use of bond funds or have done so in the past. In most of these states, highway fund receipts are earmarked to meet the requirements of bonded debt service.

- (8) From current revenue sources, excluding bond funds, Virginia collects more total highway revenue than any of the bordering states. When federal aid receipts are added to this total, Virginia highway revenues remain the largest.
- (9) Only West Virginia received more federal aid than did Virginia during the fiscal year under consideration.

STATE HIGHWAY REVENUES OF VIRGINIA AND THE BORDERING STATES FOR 1973-74

Source of Revenue	Virginia	Maryland	West Virginia	Kentucky	Tennessee	North Carolina
Net Motor Fuel Taxes (After Refunds)	\$238,698,317	\$169,603,031 ⁽²⁾	\$ 72,818,196	\$162,394,926	\$ 88,500,000	\$237,521,274 ⁽¹⁶⁾
Motor Vehicle Registration	71,306,829	68,690,088	32,423,839	34,175,248	43,600,000 ⁽¹³⁾	97,522,877
Fees ⁽¹⁾	43,066,190	47,192,217 ⁽³⁾	28,452,516	57,363,777	(14)	0 ⁽¹⁷⁾
Titling, Sales, & Use Taxes						(18)
Bond Funds	0	97,150,000 ⁽⁴⁾	10,000,000 ⁽⁶⁾	54,400,000 ⁽⁸⁾	0 ⁽¹⁵⁾	
Transfers from the State	0	0	0	0 ⁽⁹⁾	43,200,000	0
General Fund						
Other Revenue Sources	43,132,069	75,086,679	9,554,996	26,057,263 ⁽¹⁰⁾	10,900,000	1,846,567
Total State Highway Revenues Available	396,203,405	457,722,015	183,279,547	334,391,214	186,200,000	336,890,718
Federal Aid Received	121,583,625	94,719,814 ⁽⁵⁾	209,561,211 ⁽⁷⁾	111,443,844 ⁽¹¹⁾	91,400,000	104,348,825
Total State Highway Revenues	\$517,787,030	\$552,441,829	\$392,840,758	\$445,835,058	\$277,600,000	\$441,239,543

(1) Includes vehicle and operators licenses and fees for title registration.

(2) Gross figure: 2¢ to D. O. T., not otherwise distributed; of other 7¢, 65% to D. O. T., 17 1/2% to Baltimore, 17 1/2% to counties and municipalities.

(3) Titling tax only; Maryland has a sales and use tax, but its proceeds go to the general fund.

(4) Includes \$50,000,000 into trust fund, and \$47,150,000 on behalf of participating counties, issued by state to be paid by sinking funds.

(5) Includes approximately \$5,500,000 to Mass Transit Administration, and \$2,300,000 to Aviation Administration.

(6) Was \$120,000,000 in 1972-73. These bonds are general obligations of the state; some \$56,000,000 was paid to service debts during the year.

(7) Includes almost \$75,000,000 in Appalachian, A. B. C., Scenic and Forest Highway Funds.

(8) Kentucky also has \$242,515,000 of highway-related general obligation bonds outstanding, as well as \$902,124,000 of Turnpike Authority bonds outstanding (as of 7/31/74). No Turnpike Authority bonds have been issued since 1969.

(9) Kentucky will make such transfers in FY 74-75, for the first time.

(10) Includes (a) almost \$13,000,000 tolls collected, and lease fees, (b) over \$9,000,000 received from other states on joint projects.

(11) Does not include over \$26,000,000 reimbursable to Turnpike Authority.

(12) Tennessee figures are approximations.

(13) 60% of total collection.

(14) Tennessee D. O. T. receives 0 from these sources.

(15) Although 0 this year, \$100,000,000 in FY 72-73, \$147,000,000 in FY 74-75, \$35,000,000 in FY 75-76.

(16) Includes 8¢ tax for general highway purposes and 1¢ tax used for debt service on bonds.

(17) No sales and use tax receipts included here.

(18) North Carolina has \$181,000,000 of highway bonds outstanding.

2753

Table 2

PERCENTAGE BREAKDOWN OF STATE HIGHWAY REVENUES FOR VIRGINIA AND BORDERING STATES
FOR 1973-74

Source of Revenue	Virginia	Maryland	West Va.	Kentucky	Tennessee	North Carolina
Net Motor Fuel Taxes (After Refunds)	46.1%	30.7%	18.5%	36.4%	31.9%	53.8%
Motor Vehicle Registration Fees	13.8	12.4	8.3	7.7	15.7	22.15
Titling, Sales, & Use Taxes	8.3	8.6	7.2	12.9	None	None
Bond Funds	None	17.6	10.2	12.2	None	None
Transfers from the State General Fund	None	None	None	None	15.6	None
Other Revenue Sources	8.3	13.6	2.4	5.8	3.9	0.4
Total State Highway Revenues Available	76.5	82.9	46.6	75.0	67.1	76.35
Federal Aid Received For 1973-74	23.5	17.1	53.4	25.0	32.9	23.65
Total State Highway Revenues	100.0%	100.00%	100.0%	100.0%	100.0%	100.0%
	\$517,787,030	\$552,441,829	\$392,840,758	\$445,835,058	\$277,600,000	\$441,239,543

3755

MOTOR FUEL TAXES

Summary

Virginia and North Carolina have the highest basic motor fuel tax rate--9¢ per gallon--of the six states under consideration. West Virginia and Maryland have rates of 8 1/2¢ and 8¢, respectively, while Tennessee's and Kentucky's rate of 7¢ per gallon is the lowest. While Maryland and West Virginia use the term "motor fuel" to encompass all types of fuel used for motor vehicle propulsion, the other states have both "gasoline" taxes and separate "special fuels" taxes. However, the same rate is applied to one tax as the other in each state except Tennessee, where the per gallon gasoline rate is 7¢ and the special fuels tax is 8¢.

Although none of the states considered have identical exemption or refunding provisions, the differences do not appear to be significant from the standpoint of revenue production. All of the states provide for substantial refunding, if not exemption, of fuels used in certain non-highway operations. Agricultural users receive tax favors of varying degree. Virginia, in retaining up to 4¢ per gallon of taxes paid, imposes the greatest tax burden on fuel used for aviation. Refunding and exemption provisions generally appear to be employed by Virginia and the neighboring states as a means of subsidy in desired areas without significant differences in total loss of revenues. It should be noted here that only the more important refund provisions are mentioned.

All the states impose a fuel tax of at least 7¢ per gallon on motor carriers (referred to here as Special Motor Carrier Fuel Tax). This is a device utilized to assure that heavy carriers pay a tax on all fuel used in their operations on the state highways. In the states except Kentucky and Virginia, a carrier purchasing sufficient fuel in the state for the mileage traveled there receives 7¢ per gallon credit for the fuel purchased, and therefore owes no tax. Virginia and Kentucky require certain classes of carriers to pay 2¢ per gallon more on fuel consumed in the state than was paid per gallon for fuel purchased in the state. The Virginia tax applies only to property carriers having more than two axles, while the Kentucky requirement covers all motor carriers having three or more axles.

Virginia and all of the bordering states assure that the vast bulk of the revenue derived from motor fuels is used for highway maintenance and construction purposes. The differences in percentages of motor fuel revenues designated for counties, municipalities, primary systems, secondary systems, etc. are appreciable.

Virginia

Gasoline Tax

- Rate - 9¢ per gallon.
- Refunds - Complete refund or exemption is allowed for taxes paid on fuel purchased (1) by state or political subdivisions (including transportation districts), (2) for use by the United States or agencies thereof, (3) for export, (4) for use in motorboats, (5) for use in tractors for agricultural purposes, (6) for use by volunteer fire companies, (7) for use as aviation fuel outside of state, among others. The tax paid on fuel sold for use in airplanes over the state (total purchases less than 100,000 gallons) is completely refunded, less 4¢ per gallon. The tax retained by the state in this regard is degressive to a minimum of 1/4¢ per gallon when more than 400,000 gallons are purchased.
- Disposition - To the State Highway Construction and Maintenance fund, except that portion derived from aviation fuel, which shall be allocated for aviation purposes and that portion (1/2¢) derived from agricultural sales, which shall be allocated for agricultural purposes.

Special Fuels Tax

- Rate - 9¢ per gallon (fuels other than gasoline).
- Refunds - Complete refund is allowed for taxes paid on fuel purchased (1) for use other than on the highway, (2) which is transported from the state, (3) by the United States, and (4) for use by the state or any political subdivision thereof.

Disposition - To the State Highway Construction and Maintenance Fund, except such revenue derived from the 1/2¢ retained of taxes paid on fuel consumed in agricultural use, which is disbursed to the Agricultural Foundation Fund.

***Special Motor Carrier Fuel Tax**

Rate - **9¢ per gallon used in Virginia for passenger carriers, 6¢ for urban and suburban bus lines. 11¢ per gallon used in Virginia for property carriers with more than two axles.

Refunds - 9¢ per gallon credit is allowed for fuel purchased in the state.

Disposition - To State Highway Construction and Maintenance Fund.

* Purpose of this tax is to assure that a tax is paid by certain heavy carriers on every gallon of fuel consumed in operations on state roads.

** Passenger carriers are also subject to a 2% gross receipts tax which is not applicable to property carriers.

Kentucky

Gasoline Tax

- Rate - 7¢ per gallon.
- Refunds - Complete refunds or exemptions are allowed for taxes paid on fuel (1) sold to the United States or (2) exported from the state. 95% of taxes paid on fuel for use in operation of aircraft is refundable. 90% of taxes paid on fuel used in tractors or stationary engines or used in motorboats is refundable. A refund of 5/7 of the tax paid by city and suburban bus companies (operating under a certificate of convenience and necessity) is allowed.
- Disposition - All proceeds are credited to the State Road Fund, however, 2/7 of gasoline tax revenues is specially earmarked for use on rural and secondary roads.

Special Fuels Tax

- Rate - 7¢ per gallon (fuels other than gasoline and *LPG).
- Refunds - Fuel delivered into approved storage to be used for non-highway use is exempt from the tax.
- Disposition - Same as gasoline tax.

* LPG tax is enacted under separate statute.

Special Motor Carrier Fuel Tax

- Rate** - 7¢ per gallon of fuel used on highways of the state. 2¢ per gallon surtax on "heavy equipment" carriers (those having three or more axles).
- Refunds** - Credit is allowed for taxes paid on fuel purchased in Kentucky. City and suburban bus companies receive a refund of 5/7 of the amount collected.
- Disposition** - Same as Gasoline Taxes.

Maryland

2761

Gasoline Tax*

- Rate - 8¢ per gallon.
- Refunds - A complete refund of tax paid is allowed on fuel sold to the United States or used for non-highway operations. Red Cross, voluntary fire company vehicles, etc. are also due refunds.
- Disposition - 2¢ to the Transportation Trust Fund. With minor exceptions (the principal one being 1¢ to the Transportation Trust Fund for debt service on state highway construction bonds), the balance is credited to the gasoline and motor vehicle revenue account of the Transportation Trust Fund. These accounts are allocated as follows: (a) 17.5% to Baltimore, (b) 17.5% (after having provided for county sinking fund requirements) to other counties and municipalities for use in their road systems, (c) balance to Department of Transportation.

* Gasoline tax is actually denominated a "Motor Vehicle Fuels Tax" and includes any fuel used for propulsion of motor vehicles.

Special Motor Carrier Fuel Tax

- Rate - 8¢ per gallon used in operation in state of vehicles having seats for more than 9 passengers or having more than two axles.
- Refunds - Credit is allowed for tax paid on fuel purchased in the state
- Disposition - To the Transportation Trust Fund .

North Carolina

Gasoline Tax

- Rate** - 9¢ per gallon.
- Refund** - Complete refunds are allowed for taxes paid on fuels (1) exported, (2) used in public school transportation, (3) used in aircraft, or (4) sold to the United States. An 8¢ refund is allowed for taxes paid on fuel purchased (1) for non-highway use, or (2) by counties or municipalities.
- Disposition** - To the State Highway Fund.

Special Fuels Tax

- Rate** - 9¢ per gallon (all fuel other than gasoline).
- Refunds** - A refund of 8¢ per gallon is allowed for taxes paid on all special fuels used in non-highway operation. Fuel delivered into approved storage for non-highway use is exempt.
- Disposition** - Same as Gasoline Tax.

Special Motor Carrier Fuel Tax

- Rate** - 9¢ per gallon for carriers transporting for compensation or having more than two axles.
- Refund** - Full credit is given for taxes paid on fuel purchased in the state.
- Disposition** - To the State Highway and Public Works Fund.

Tennessee

Gasoline Tax

- Rate** - 7¢ per gallon.
- Refund** - Political subdivisions and governmental bodies and agencies (both state and federal) are exempted from payment of gas taxes when a minimum quantity of 500 gallons is purchased. Complete refund is allowed for taxes paid on gasoline used as farm tractor fuel, used for industrial purposes, or used in aircraft. Except for 1¢ per gallon, the tax paid on gasoline used for agricultural purposes is refunded.
- Disposition** - To a fund used solely in the construction and maintenance of the highway system (2% or 1% deducted for collection costs).

Special Fuel Tax

- Rate** - 8¢ per gallon (fuel other than gasoline or LPG); 7¢ per gallon for LPG.
- Refunds** - Fuel delivered into hand pump containers for domestic use is exempt, as is fuel sold to governmental agencies under the same limitations applicable to the gasoline tax above. Local transit companies may also obtain refunds, in an amount up to 3¢ per gallon, for fuel used in vehicles having a seating capacity of more than seven persons and not used for charter service.

Disposition

- 5¢ to Highway Fund.
- 2¢ to counties for road use.
- 1¢ to General Fund (0 in case of LPG).

Special Motor Carrier Fuel Tax

Rate

- 7¢ per gallon on all fuel used by interstate freight carriers in operation of vehicles (having gross weight over 26,000 lbs. or having three axles or more) in Tennessee.

Refunds

- Full credit is allowed for tax paid on fuel purchased in Tennessee.

Disposition

- Same as Gasoline Tax.

Gasoline Tax *

- Rate - 8 1/2¢ per gallon.
- Refunds - A complete refund or exemption is allowed on taxes paid for fuel used (1) by the United States, (2) in engines not operated on the highways, (3) for agricultural purposes, (4) by railroads, (5) in manufacturing or producing natural resources, (6) in motorboats, (7) for export, (8) pursuant to government contract, among other uses.
- Disposition - To State Road Fund with 5/14 of the tax dedicated to secondary road purposes unless needed for bond service requirements.

* The term "gasoline" is deemed broad enough in West Virginia to include any substance used as fuel in an internal combustion engine.

Special Motor Carrier Road (Fuel) Tax

- Rate - 8 1/2¢ per gallon on carrier vehicles, having seating capacity for more than 9 passengers or having more than two axles, for fuel used on the highways of the state.
- Refunds - Credit is allowed for taxes paid on all fuel purchased in the state but consumed outside of the state.
- Disposition - Same as gasoline tax.

MOTOR VEHICLE REGISTRATION TAXES AND FEES

SummaryFees

A general comparison of the license and registration requirements of Virginia and the neighboring states is made difficult by the many different classifications of vehicles by weight, visual type and commercial use. What has been done, therefore, is to simply list the major motor vehicle registration provisions in each state. Among those classes of vehicles generally omitted from consideration are motorcycles, city and suburban buses, ambulances, hearses and other unique types of vehicles.

To complete a broad picture of the highway tax burden on commercial carriers, the gross receipts tax imposed by Virginia and North Carolina should be mentioned. The Virginia provision requires payment by passenger carriers of 2% of gross receipts in addition to all other fees. Property carriers are not subject to this tax. The North Carolina tax is imposed on gross receipts of common carriers at the rate of 7 1/2% (freight carriers) and 1.9% (passenger carriers). The fee paid for registration is allowed as a credit on payment of this tax in the case of passenger carriers. In this regard, West Virginia takes a somewhat different approach, taxing motor carriers on both gross (3.74%) and net (6.6%) incomes.

Reciprocity

A definite problem exists in determining the requirement for registration of interstate carriers. If each state through which a carrier must pass requires full registration under its laws, the tax burden on an individual vehicle easily becomes unbearable. Attempts are made to solve this problem by means of reciprocity agreements which provide that interstate truckers must be registered only under the laws of the state in which the vehicle is based. Of course, the problem is considerably more involved than the highly simplified treatment here would indicate.

Disposition of Funds

Revenues derived from registration and licensing fees are allocated as follows:

- Virginia - To the Highway Construction and Maintenance Fund.
- Kentucky - To State Road Fund.
- Maryland - To Transportation Trust Fund, where it is allocated as follows:
 - (a) 17.5% to Baltimore,
 - (b) 17.5% (after having provided for county sinking fund requirements) to other counties and municipalities for use in their road systems,
 - (c) balance to Department of Transportation.
- North Carolina - To State Highway Fund
- Tennessee - 60% to Highway Fund
40% to General Fund

SPECIFIC REGISTRATION PROVISIONS

Virginia

Passenger Vehicles

Private automobiles - \$15.00

Common Carriers - 30¢ per cwt. + \$5.00

Interstate Common Carriers who so elect (rates may be apportioned)--

70¢/cwt., plus \$5.00, minimum \$30.00

Vehicles used for rent or hire--80¢/cwt. plus \$5.00

Non-Passenger Vehicles

Motor Vehicles, Trailers and Semitrailers not Designed for Transportation of Passengers pay \$5.00 plus - Minimum fee, \$15.00:

Gross Wt. lbs.	Fee Per 1,000 lbs.	
	Private	For Hire
10,001 - 11,000	\$1.30	\$1.30
11,001 - 12,000	1.40	1.40
12,001 - 13,000	1.50	1.50
13,001 - 14,000	1.60	1.60
14,001 - 15,000	1.70	1.70
15,001 - 16,000	1.80	1.80
16,001 - 17,000	2.00	2.00
17,001 - 18,000	2.20	2.20
18,001 - 19,000	2.40	3.85
19,001 - 20,000	2.60	4.15
20,001 - 21,000	2.80	4.50
21,001 - 22,000	3.00	4.70
22,001 - 23,000	3.20	5.10
23,001 - 24,000	3.40	5.40
24,001 - 25,000	3.60	5.75
25,001 - 26,000	3.80	6.10
26,001 - 27,000	4.00	6.40
27,001 - 28,000	4.20	6.70
28,001 - 29,000	4.40	7.05
29,001 - 40,000	4.50	7.20
40,001 - 45,000	5.00	8.00
45,001 - 50,000	6.00	9.60
50,001 - 55,000	7.50	10.65
55,001 - 76,000	9.00	12.00

An additional \$5.00 fee is imposed on such vehicles exceeding 6,500 lbs.

Semitrailer--\$17.00, not deductible from registration fee for truck-tractor combination. If gross weight of the semitrailer exceeds 4,000 lbs., the fee is \$22.00.

Passenger Carriers-- A tax of 2% of gross receipts derived from operations in Virginia is imposed upon all carriers of passengers for compensation.

3770

Kentucky

Passenger Vehicles

<u>Vehicle</u>	<u>Fee</u>
Private passenger automobiles and U-Drive-its.	\$ 11.50

Commercial Vehicles

<u>Gross Wt.</u>	<u>Fee</u>	<u>Gross Wt.</u>	<u>Fee</u>
0 - 6,000	\$ 11.50	26,001 - 32,000	\$216.00
6,001 - 10,000	24.00	32,001 - 38,000	300.00
10,001 - 14,000	30.00	38,001 - 44,000	474.00
14,001 - 18,000	50.00	44,001 - 62,000	588.00
18,001 - 22,000	132.00	62,001 - 73,280	750.00
22,001 - 26,000	160.00		

Motor carrier permit fee--\$25.00.

Trailers and Semitrailers

Drawn by vehicles subject to bus and truck registration fee--\$19.50.

Passenger Carriers

Motor carriers primarily transporting passengers for hire.

<u>No. of Seats</u>	<u>Tax Rate</u>
31 or less	\$4.50/seat
in excess of 31,	8.00/seat
1 - 20	0 per mi.
21 - 29	1/4¢ per mi.
30 - 34	1/2¢ per mi.
35 - 39	3/4¢ per mi.
40 - or more	1¢ per mi.

2771

<u>Utilities, R. R's, etc.</u>	<u>All Others</u>
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<u>Chassis Wt., Lbs.</u>	<u>Max. Gross Wt. Limit, Lbs.</u>
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Max. Gross Wt. Limit, Lbs.	
1	100
2	100
3	100
4	100
5	100
6	100
7	100
8	100
9	100
10	100
11	100
12	100
13	100
14	100
15	100
16	100
17	100
18	100
19	100
20	100
21	100
22	100
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83	100
84	100
85	100
86	100
87	100
88	100
89	100
90	100
91	100
92	100
93	100
94	100
95	100
96	100
97	100
98	100
99	100
100	100

<u>Max. Gross Wt. Limit, Lbs.</u>		
40,000	\$ 142.00	\$ 175.00
50,000	175.00	215.00
65,000	290.00	330.00
73,280	360.00	400.00
65,000	175.00	215.00

2772

Class G - Trailers and Semitrailers

<u>Chassis Wt. Lbs.</u>	<u>Gross Wt. Limit Lbs.</u>		
Less than 300	3,000	\$ 7.00	\$ 10.00
301 - 500	5,000	17.00	20.00
501 - 1,000	10,000	24.00	35.00
over 1,000	over 10,000		
Single axle		13.00	40.00
Two or more axles		22.00	55.00

Class I - Buses operated under charter and For Hire but not on fixed schedules.

Seating Capacity

29 or fewer	100.00	150.00
30 - 37	140.00	190.00
38 - 45	162.00	235.00
46 and over	207.00	280.00

Common Carriers

Public Passenger Carriers-- Seating capacity not exceeding 20 passengers, \$70.00 annually; seating capacity not exceeding 31, \$135.00 annually; all other 2-axle vehicles, \$180 annually; all other 3-axle vehicles, \$280.00 annually.

Public Freight Carriers-- Fees as provided above for maximum gross weight with assurance that no additional fees may be imposed by state or any political subdivision thereof.

North CarolinaPrivate Passenger Vehicles

Not more than 9 passengers	\$ 13.00
Over 9 passengers	16.00

Motor Trucks, Trailers and Buses

Common carriers of passengers	56¢/cwt.
U-drive-it vehicles - Automobiles	\$38.00 a year for 9 passengers or less
	\$ 2.40/cwt all others

Trucks, Truck-Tractors, Trailers and Semitrailers

	Farmer	<u>Rates Per Hundred Pound Gross Weight</u>	
		Private Hauler Contract Carrier	Common Carrier Property
Not over 4,500 lbs.	\$0.20	\$0.40	\$0.75
4,501 to 8,500 lbs.	.25	.50	.75
8,501 to 12,500 lbs.	.32	.63	.75
12,501 to 16,500 lbs.	.44	.88	.75
Over 16,500 lbs.	.50	1.00	.75

Minimum -- \$12.50, farmer; \$16.00 others.

Common carriers of property may elect to pay flat rate according to highest rate provided for vehicles and loads of same gross weight operated by contract haulers.

Trailers & Semitrailers--\$4.00Motor Carrier Fees

A tax of 7 1/2% of gross revenue is imposed upon common carriers of property if the alternate fee is not elected.

The tax on Common Carriers of Passengers is 1.9% of Gross Revenue, less registration fees.

Tennessee

Passenger Vehicles

Passenger vehicles - \$ 17.75

Passenger vehicles for hire (Additional Fee)

<u>Capacity</u>	<u>Fee</u>
2 passengers	\$ 6.00
3 to 5	15.00
6 to 7	21.00
Each seat over 7	15.00

Passenger vehicles operated for hire in municipalities pay fees of \$4.00 per seat, \$7.50 per seat when route does not exceed 50 miles and does not begin or end in a municipality.

Freight Motor Vehicle

<u>Declared Max. Gross Wt., Lbs.</u>	<u>Rate</u>	<u>Max. Gross Wt. Lbs.</u>	<u>Rate</u>
Class 1 not over 8,000	\$ 30.00	Class 8 42,000 to 55,980	\$ 650.00
Class 2 8,000 to 14,000	55.00	Class 9 55,980 to 62,000	750.00
Class 3 14,000 to 18,000	150.00	Class 10 62,000 to 73,280	875.00
Class 4 18,000 to 24,000	290.00		
Class 5 24,000 to 30,000	425.00		
Class 6 30,000 to 36,000	475.00		
Class 7 36,000 to 42,000	525.00		

Freight Motor Vehicles operating under Certificate of Convenience or Interstate Permission

Class 1	Not over 8,000 lbs.	\$ 40.00
Class 2	8,000 to 14,000 lbs.	90.00
Class 3	14,000 to 18,000 lbs.	240.00
Class 4	18,000 to 24,000 lbs.	375.00
Class 5	24,000 to 30,000 lbs.	550.00
Class 6	30,000 to 36,000 lbs.	625.00
Class 7	36,000 to 42,000 lbs.	675.00
Class 8	42,000 to 55,980 lbs.	800.00
Class 9	55,980 to 62,000 lbs.	915.00
Class 10	62,000 to 73,280 lbs.	1,035.00

Public Household Goods Carriers-- same as "Freight Motor Vehicle" rates, Classes 1 - 8.

West Virginia

Class A - Passenger vehicles not operated or leased for compensation.

<u>Actual Wt.</u>	<u>Fee</u>
3,000 lbs. or less	\$ 20.00
3,000 lbs. to 4,000 lbs.	24.00
Over 4,000 lbs.	30.00

Class B - Trucks and Tractors not operated For Hire or exempt

<u>Gross Wt.</u>	<u>Fee</u>
4,000 lbs. or less	\$ 20.00
4,001 to 8,000 lbs.	22.50
8,001 to 16,000 lbs.	22.50
(plus 45¢/cwt. in excess of 8,000 lbs.)	
Over 16,000 lbs.	\$ 68.50
(plus 90¢/cwt. in excess of 16,000 lbs.)	

Class C - Trailer and Semitrailers--\$17.50

(except those drawn by Class A vehicle, which pay \$6.00)

If gross weight of a class B vehicle includes trailer or semi upon which fee has been paid, \$17.50 is credited to the Class B fee.

Class H - Passenger Carrier Operating under Certificate of Public Convenience and Necessity-- Same Fee Schedule as B (except \$5.00 if operating entirely within the state.)

Class J - Carriers of Persons by Common Carriers not over Fixed Route-- \$85.00.

Class K - Trucks and Tractors for Transportation of Property for Hire--operating under a certificate of convenience. Same Fee Schedule as B (Trailer credit allowed.)

Class U - U-Drive-It passenger vehicles--\$57.50.

Carriers for Hire pay the following special license fee in addition to all other registration fees. (These fees are paid to the public service commission to meet its expenses.)

Property Carriers

1 ton or less	\$ 9.00	5 to 6 tons	\$36.00
1 to 1 1/2 tons	13.50	6 to 7 tons	40.50
1 1/2 to 2 tons	18.00	7 to 8 tons	45.00
2 to 3 tons	22.50	8 to 9 tons	49.50
3 to 4 tons	27.00	9 to 10 tons	54.00
4 to 5 tons	31.50	Each additional ton over 10	4.50

For each trailer and semitrailer the fee shall be 2/3 of the above fee.

Passenger Carriers

10 or less seats	\$13.50	31 to 40 seats	\$45.00
11 to 20 seats	22.50	over 40	54.00
21 to 30 seats	31.50		

Motor vehicle carriers also pay a 3.74% gross income tax (urban bus lines, 1.65%), plus a 6.6% net income tax (5% for urban bus lines).

MOTOR VEHICLE SALES, USE, AND TITLING TAXES

Sales and Use Taxes

A sales tax is a tax on sales or receipts from sales, usually added to the price of the commodity by the seller. In most states which have sales taxes, motor vehicles are treated the same as other commodities with a tax rate established as a certain fixed percentage of the purchase price or the retail sales price of the vehicle. Most frequently this rate is around 3 or 4 % . While in some states the value of any trade-in is excluded from the computation of the tax, in others it is not. Thus, depending upon the trade-in value, the effective tax rate may be materially altered.

In at least one state the rate applied to motor vehicle sales is less than that employed for other sales. North Carolina, for example, has a general rate of 3% while the rate for motor vehicle sales is only 2%.

"Casual", "isolated", or "occasional" sales by persons other than regular vendors are exempted from sales taxes in many states.

The "use tax" is designed to tax vehicles purchased in another state yet "used" in the taxing state. It is applied in much the same manner as the sales tax. In most states proof of payment of all sales and use taxes is a prerequisite to vehicle registration or titling.

Certain vehicles are ordinarily exempt from sales or use taxes. They are vehicles owned by the state or federal government or those owned by religious, charitable, or eleemosynary institutions.

Titling or Usage Taxes

Titling taxes are distinguished from sales and use taxes primarily by the time and method of payment. A titling tax is paid at the time of registration or titling of the vehicle after its sale. Where such a tax is in effect, motor vehicles subject to the tax are usually precluded from sales and use taxes.

The rates and bases of the tax are generally the same as those implemented in the general sales and use tax, that is, a certain percentage of the full purchase price or an assessed value based on the retail price. In some states (e.g., Maryland) no allowance is made for the value of any trade-in. In most, however, the basis of taxes is the full sales or purchase price including the value of a trade-in.

Kentucky employs a "Usage Tax" which is, in essence, a titling tax. It qualifies as a titling tax in that it is paid at the time of initial registration. This tax is applied to new motor vehicles or vehicles not previously registered in the state. Thereafter, the vehicle is subject to only the general sales tax on all subsequent resale transactions.

In most states where a separate specific tax, such as a titling tax, is levied on motor vehicles, the revenue from such a tax goes into a highway fund and not into the general fund.

3779

Kentucky

Rates - 5%

Nature of the tax - General Sales and Use Tax. Usage tax on motor vehicles payable on first registration in state, or transfer of ownership if previously registered.

Incidence and basis of taxation - Sales and use tax applies to the sale of every motor vehicle, trailer or semitrailer subsequent to Kentucky registration.

The basis of the Sales and Use tax is retail price. The basis of the usage tax is 90% of total retail price for every motor vehicle.

Exemptions - Trade-in allowances are made for the motor vehicle usage tax. Specifically excluded from usage taxes are vehicles owned by the state and federal governments, schools and charitable institutions.

Exempted from all motor vehicle taxes are farm tractors and equipment. Casual sales are also exempted.

Disposition of Receipts - While Motor Vehicle Usage tax receipts are credited as registration fees are, Sales and Use tax fees go to general funds.

Virginia

Rates - Motor Vehicle Sales and Use Tax, 2% (3% on rented vehicles). (The rate is 3% for the general retail sales and use tax, from which motor vehicles, trailers and semitrailers are exempt.)

Nature of the tax - Motor Vehicle Sales and Use Tax. Title registration fees entirely distinct-- flat fee, not a percentage of purchase price.

Incidence and basis of taxation - Collected each time the ownership of a vehicle changes.

The basis of the Motor Vehicle Sales and Use Tax is the list price attached to new vehicles in compliance with federal law, while an approved publication utilized by tax authorities provides the basis for taxation of used vehicles.

Exemptions - Specifically excluded from this tax are vehicles purchased by federal and state agencies, urban and suburban bus lines, volunteer fire departments, and rescue squads.

Disposition of Receipts - To the Highway Construction and Maintenance Fund. (General sales and use tax revenues are paid into the general fund.)

Maryland

Rates - 4%, except for farm vehicles and equipment and manufacturing equipment and machinery, which are taxed at 2% on Sales and Use.

Nature of the tax - Maryland Sales and Use Taxes are supplemented by a Motor Vehicle Titling Tax.

Incidence and basis of taxation - Sales and Use Tax applies to all sales except those of new or used vehicles upon which the titling tax has been paid. The titling tax imposes an excise upon vehicles as a prerequisite to their registration and titling.

The basis of the titling tax is the fair market value of the vehicle.

Exemptions - No allowance is made for trade-ins under either tax.

House trailer and office trailer sales are subject to the Sales and Use tax.

Vehicles owned by the federal or state government and vehicles owned for the benefit of the public are exempted from titling taxes.

Disposition of Receipts - Titling tax receipts are applied to the service of any outstanding State Highway Bonds; balance applied to construction fund for State Roads Commission. The majority of the Sales and Use tax receipts are remitted to the general funds of the state.

West Virginia

Rates - Sales and Use Tax rate, 3%; Titling Tax rate, 5%.

Business and Occupation Tax, in the case of a retailer, is .55 of 1% and in the case of rental income is 1.15% of the gross income of the business.

Nature of the Tax - Sales and Use Taxes are in effect, but sales of motor vehicles and trailers are covered by the Titling Tax. Vehicles not subject to the Titling Tax, such as mobile homes and certain other vehicles, are subject to the Sales and Use Taxes. The Business and Occupation Tax, in addition to the above mentioned taxes, imposes still another indirect tax on purchases of motor vehicles from a retailer.

Incidence and Basis of Taxation - Vehicles, for which ownership is required to be covered by certificates of title, are subject to the Titling Tax. Vehicles not required to be covered by certificates of title are exempt from Titling Taxes but subject to Sales and Use Taxes.

Basis of Titling Tax - Actual purchase price of new vehicles and present market value on used vehicles.

Basis of the Sales and Use Tax - The full retail selling price.

Exemptions - Casual sales of vehicles subject to Sales Tax are exempt. Casual sales of vehicles subject to Titling Tax are not.

Exempt from Titling Tax are buses used in interstate commerce, vehicles acquired by gift or inheritance and certain publicly owned vehicles.

Trade-in value allowances are given for Titling Tax purposes.

Disposition of Receipts - General Sales and Use Tax receipts go to the general fund, for education. Motor vehicle Titling Tax receipts all go to the State Road Fund.

North Carolina

Rates - Regular Sales and Use Tax rate is 3%.

Sales and Use Tax applied to the sale or purchase of a new or used vehicle or new chassis or new body is 2%, with the maximum tax payable with respect to any one vehicle being fixed at \$120.00

Nature of the Tax - The Sales Tax is a tax on retail sales, imposed on the seller by the state and borne by the purchaser. The Use Tax complements the Sales Tax.

Incidence and Basis of Taxation - Motor vehicle Sales and Use Taxes are levied upon every person for the privilege of using the streets and highways of the state. Such taxes must be paid before registration or titling. Definition of motor vehicles specifically excludes farm tractors and implements, road machinery, special mobile equipment, and vehicles designed for off highway use.

The basis of the taxes is full sales or purchase price of the vehicle.

Exemptions - Casual or isolated sales are exempt, if sale is made by one not a dealer in vehicles and if the tax has been paid previously on that vehicle.

Disposition of Receipts - Sales and Use Taxes provide revenue for support of the public school system and other general purposes.

Tennessee

Rates - Sales and Use Tax, 3% (3 1/2% until June 30, 1975).

Nature of the Tax - Sales and Use Taxes are imposed upon retailers for the privilege of doing business in the state. Taxes are imposed upon sales or the use or consumption of tangible personal property in Tennessee.

Incidence and Basis of Taxation - All vehicles, including house trailers purchased from retailers, are subject to taxation. Basis of the Sales Tax is full selling price, less interest and finance charges if billed separately to the buyer. The basis of the Use Tax is the same, with only relatively minor exceptions.

Exemptions- Casual sales are exempt.

Allowances are made for trade-ins.

Credit is given for Sales and Use Taxes paid in other states.

Also exempted are sales and use of publications by religious and charitable institutions, and sales made to the U. S., Tennessee or counties or municipalities.

Disposition of Receipts - Sales and Use Taxes are earmarked in this manner: 2/7 education; 1/7 to the general fund; of the remaining 4/7, 12 1/2% to municipalities, 80% to education, 5% to general fund, 1% to administration and 1 1/2% to debt service.

BONDED INDEBTEDNESS OF NEIGHBORING STATES

Without exemption the states bordering Virginia have chosen to secure needed highway revenue funds by means of debt financing.

TITLE REGISTRATION AND DRIVER'S LICENSING FEES

The title registration fees in Table 3 are separate and distinct from the titling taxes discussed above, and are less important from a revenue-raising standpoint.

Table 3

	Va.	Ky.	Md.	N. C.	Tenn.	W. Va.
Fee for initial license	\$9.00	\$3.00	\$10.00	\$3.25	\$4.00	\$5.00
Term of license	4 yrs.	2 yrs.	2 yrs.	4 yrs.	2 yrs.	4 yrs.
Cost of renewal	\$9.00	\$3.00	\$ 2.00	\$3.25	\$4.00	\$5.00
Cost per year to holder of license	\$2.25	\$1.50	\$ 1.00	\$.81	\$2.00	\$1.25
Certificate of title	\$7.00	*	\$ 2.00	\$1.00	\$1.50	\$2.00
Duplicate of title	\$2.00	*	\$ 2.00	\$1.00	\$3.00	\$2.00

* Non-title registration state.