

# Gap Billing Update

RUTHERFORD COUNTY REVENUE DEPARTMENT

# Topics

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- ▶ What is Gap Billing?
- ▶ Gap Billing Law
- ▶ Gap Billing VTS Report
- ▶ Results seen across NC
- ▶ Tax Notice/cost
- ▶ Taxpayer Frequently Asked Questions

# Brief History of Motor Vehicle Taxation in NC

- ▶ Prior to 1993 all motor vehicles had to be listed during January real property listing and were taxed with real property.
  - ▶ Taxes were due September 1, delinquent January 6 following due date
- ▶ Beginning June 1993 with March 1993 renewals, DMV began sending file to the County to bill registered motor vehicles monthly based upon renewal or issuance date.
  - ▶ Taxes were due 1<sup>st</sup> day of fourth month following registration, delinquent 30 days from date of notice.
- ▶ Beginning September 2013, North Carolina introduced an integrated statewide registration/property tax collection system where the County still has valuation and tax rate authority but collection is now done by NCDMV or local License Plate Agencies at the time of renewal or issuance of registration.
  - ▶ Taxes are due on the date the owner applies for a new registration or the 15<sup>th</sup> day of the month in which the current registration sticker expires, delinquent on the 16<sup>th</sup> day.

# What is Gap Billing?

- ▶ Gap billing is the billing of property tax for motor vehicles for the months that were missed being taxed due to a lapse between registrations.
  - ▶ For example, if your vehicle registration expired in July 2017 and you did not renew until January 2018 and your new expiration date changed due to NCDMV regulations to be January 2019. The months between July 2017 and January 2018 are gap months because the vehicle is essentially unregistered for those months.

# Gap Billing Law

NCGS 105-330.3(2)

- ▶ (2) For any months for which the vehicle was not taxed between the date the registration expired and the start of the current registered vehicle tax year, the vehicle is taxed as an unregistered vehicle as follows:
  - ▶ a. The value of the motor vehicle is determined as of January 1 of the year in which the taxes are computed.
  - ▶ b. In computing the taxes, the assessor must use the tax rates and any additional motor vehicle taxes of the various taxing units in effect on the date the taxes are computed.
  - ▶ c. The tax on the motor vehicle is the product of a fraction and the number of months for which the vehicle was not taxed between the date the registration expires and the start of the current registered vehicle tax year. The numerator of the fraction is the product of the appraised value of the motor vehicle and the tax rate of the various taxing units. The denominator of the fraction is 12.
  - ▶ d. The taxes are due on September 1 following the date the notice was prepared. Taxes are payable at par or face amount if paid before January 6 following the due date. Taxes paid on or after January 6 following the due date are subject to interest charges. Interest accrues on taxes paid on or after January 6 pursuant to G.S. 105-360.

# Gap Billing Law Summary

- ▶ Defining of unregistered vehicle under 105-330.3
- ▶ Bills will be due September 1<sup>st</sup>
  - ▶ Bills created after September 1<sup>st</sup> will be due the following September 1<sup>st</sup>
- ▶ Interest begins January 6<sup>th</sup> following the due date
  - ▶ Interest is 2% the first month
  - ▶  $\frac{3}{4}\%$  each month thereafter

# Gap Billing VTS Report

Gap Billing Value is a fractional value of the current Bill ID Multiplied by the number of skipped months.

Type of registration renewal transaction processed.

Vehicle Value	Gap Billing Value	End Bill Renewal Type	Months Skipped
\$4,330.00	\$5,051.67	Issuance	14
\$15,210.00	\$25,350.00	Issuance	20
\$2,880.00	\$1,680.00	Issuance	7
\$300.00	\$500.00	Issuance	20
\$34,350.00	\$20,037.50	Renewal	7
\$9,640.00	\$1,606.67	Renewal	2
\$1,720.00	\$286.67	Issuance	2

12 Month Value from Bill ID Column.

Months Skipped between the Bill ID and the Previous Bill ID.

# Gap Billing Results for 1 Month

- ▶ Tyrrell –22 records, total GAP billing value  $\$57,612.33 * .0069$  (tax rate .69) = \$397.53
- ▶ Watauga –137 records, total GAP billing value  $\$242,162.15 * .00313$  (tax rate .313) = \$757.97
- ▶ Rowan –606 records, total GAP billing value  $\$978,777.31 * .006625$  (tax rate .6625) = \$6,484.40
- ▶ Wake –1,191 records, total GAP billing value  $\$6,214,224.83 * .006005$  (tax rate .6005) = \$37,316.42
- ▶ **Estimated for Rutherford County based on January 2018 VTS report – 513 records, total GAP billing value  $\$706,735 * .006070$  (tax rate .6070) = \$4,289.88**



# Property Tax Bill/Cost



Rutherford County Revenue Department  
PO Box 143  
Rutherfordton, NC 28139-0143

www.rutherfordcountync.gov/tax

«Owner\_Line1»  
«Owner\_Line2»  
«Owner\_Line3»  
«Owner\_Line4»

## VEHICLE REGISTRATION GAP TAX NOTICE

**VALUE:** Vehicle value is determined as of January 1 of the year the current registration expires.

**APPEAL:** Per NCGS 105-317.1(c), appeals of value, situs, and taxability must be filed with the tax office within thirty (30) days of the billing date on this statement.

**INTEREST:** Interest accrues at the rate of 5% on the Interest Begins date shown below and ¼ of 1% each following month.

**FAILURE TO PAY:** Delinquent taxes are subject to garnishment of wages and levy on personal property immediately upon becoming delinquent.

Bill Number	Tax Year	Billing Date	Bill Due Date	Interest Begin Date
«BillNumber»	«Tax_Year»	«BillDate»	«DueDate»	«InterestBeginDate»
Property Description:	«PropertyDescription»		Number of Unregistered Months:	«NumberOfUnregisteredMonths»
Physical Location:	«PropertyLocation»		Current Registration Expiration:	«CurrentPlateExpiration»
Value:	«PersonalValue»		Number of Gap Months Billed:	«GapMonthsBilled»

Description	Rates/Fees	Amount Due (\$)
«TableStart:Tax»-«Description»	«Taxes»	«AmountDue»-«TableEnd:Tax»
TOTAL DUE		«Due»
<b>COMMONLY ASKED QUESTIONS:</b>  <b>WHAT IS A GAP TAX NOTICE</b> A gap tax notice is a property tax bill that covers the months between the expiration of a vehicle's registration and the renewal of that registration or the issuance of a new registration.  <b>WHY AM I RECEIVING THIS PROPERTY TAX BILL?</b> The registration for the vehicle listed on this notice expired. The vehicle registration was recently renewed or a new registration was issued. During the lapse in registration, the vehicle was considered unregistered. Rutherford County is required to collect property taxes for vehicles with an unregistered status per NC General Statute 105-330.3(2).  <b>I PAID PROPERTY TAX WHEN I RENEWED.</b> Property taxes paid to the NC Department of Motor Vehicles at the time of renewal or issuance are for the same 12 month period as your registration. The taxes billed on this notice are only for the months your vehicle was not registered.		

### PLEASE RETURN THIS PORTION WITH YOUR PAYMENT

BILL NUMBER	Billing Date	Due Date	IF PAID BY DUE DATE, PAY THIS AMOUNT	AMOUNT PAID
«BillNumber»	«BillDate»	«Cdate»	«Due»	

#### ON-LINE PAYMENT: (SEE REVERSE FOR DETAILS)

If paying with your bank's on-line bill pay option, be sure to reference your current tax account number and use the mailing address shown below. Correspondence without payments should be mailed to RUTHERFORD COUNTY REVENUE DEPT. PO BOX 143, RUTHERFORDTON, NC 28139-0143

**MAKE CHECK PAYABLE & REMIT TO:**  
**RUTHERFORD COUNTY REVENUE DEPT.**  
**PO BOX 143**  
**RUTHERFORDTON, NC 28139-0143**

NAME: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
CITY/STATE/ZIP: \_\_\_\_\_

«Owner\_Line1»  
«Owner\_Line2»  
«Owner\_Line3»  
«Owner\_Line4»

«ScanLine»

«ScanLineDiscount»

## Cost/Benefit to County

Estimated Levy (one month)

\$4,289.88

Estimated cost of print and postage

\$1,282.50

\$3,007.38

X 12

Estimated Levy (one year)

\$36,088.56

# FAQ

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