

North Carolina Automobile Dealers Association

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For Immediate Release:

New Car & Truck Dealers Oppose Double Taxation of Customers *Support Improvements to North Carolina Roads*

(RALEIGH, NC) The North Carolina Automobile Dealers Association (NCADA) today announced its support of state highway improvements, while at the same time expressed strong concerns about a proposed “double taxation” strategy to fund the projects. Lawmakers are considering raising transportation funding by increasing motor vehicle consumer tax payments to an estimated tune of \$65 million in 2012 and \$80 million in 2013.

Currently, consumers purchasing a new or used vehicle pay a Highway Use Tax based upon the retail value of the vehicle, less any amount given for a trade-in vehicle as full or partial payment for the purchased vehicle. As the consumer has typically already paid a Highway Use Tax on the trade-in vehicle when it was purchased, this tax treatment avoids taxing the value of the trade-in again, (i.e. double taxation).

The new proposal would eliminate the current net trade-in allowance calculation. Under this new scenario, a customer with a vehicle trade-in valued at \$10,000 would be required to pay an additional \$300 in new taxes.

“North Carolina’s franchised dealers applaud Governor Perdue’s efforts to improve our state’s roadways and agree that work has to be done,” states Robert Glaser, President of NCADA. “But the economy is just beginning to show very modest signs of improvement, and we believe now is not the time to make it even costlier for someone to purchase a car, which would further stimulate our economy.”

NCADA urges the General Assembly to explore other options which would spread transportation funding costs over all users of our state’s roads each year, as opposed to placing the burden solely on those citizens who need to purchase a car in the next few years.

The North Carolina Automobile Dealers Association (NCADA) is a trade association representing North Carolina’s franchised automobile, truck and RV dealers. Formed in 1935, today’s NCADA actively represents nearly 600 new car, truck and RV dealers.

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