

HB 386 (O.C.G.A. § 48-5B-1) The motor vehicle portions of this bill provide as follows:

**# For motor vehicles titled in Georgia on or after March 1, 2013, this bill will:**

- Exempt purchases of such vehicles from Georgia sales tax.
- Exempt such vehicles from annual ad valorem taxes on motor vehicles.
- Impose a new one-time state and local title ad valorem tax fee (the “New Title Fee”).

**# The combined state and local rate of the New Title Fee will be:**

- 6.5% of the statutory fair market value in 2013;
- 6.75% of the statutory fair market value in 2014;
- 7.0% of the statutory fair market value in 2015 and thereafter unless adjusted upward to account for revenue shortfalls.
- In 2016, 2018, and 2022, if a state revenue shortfall has occurred, the rate may be increased by a percentage necessary to offset the shortfall. Under no circumstance can the rate exceed 9.0% of the statutory fair market value.

**# The New Title Fee is applicable to “casual sales” between private citizens and is collected when the vehicle is titled in the name of the new owner.**

**# The New Title Fee is paid to the county where the purchaser is a resident.**

**# To avoid penalties, purchasers on or after March 1, 2013 must submit within 30 days from the date of purchase:**

- An application for certificate of title; and
- Payment of any state and local title ad valorem tax fees.
- A dealership may, on behalf of the purchaser, file the application for title and submit any necessary payments to the county; a dealer providing this service must submit the application and payment within 10 days of the date of purchase.

# The proceeds from the New Title Fee will be distributed to local authorities, school boards, and the State in accordance with specific statutory requirements.

**# A purchaser of a motor vehicle in this state for which a title was issued on or after January 1, 2012 but before March 1, 2013 may opt into the new system, thereby becoming exempt from annual ad valorem tax.**

- The “opt in” must be done on or after March 1, 2013, but before January 1, 2014.
- Any sales tax that was paid at the time of purchase and any ad valorem tax paid will be credited against the New Title Fee. If the sales tax paid plus any ad valorem tax paid lower than the amount of the New Title Fee, the difference will be due. However, if the sales tax paid plus any ad valorem tax paid is greater than the amount of the New Title Fee, the difference will not be refunded.

# Upon the death of an owner of a motor vehicle, the deceased's immediate family members (spouse, parent, child, sibling, grandparent, or grandchild) who inherit a motor vehicle that was subject to the old annual ad valorem tax system and that has not been subject to the New Title Fee can remain on the old annual ad valorem tax system, or the family member can instead opt to pay the New Title Fee. If the family member opts to pay the New Title Fee, the vehicle will no longer be subject to the old annual ad valorem tax system. The New Title Fee, if elected, will be assessed at the full rate in effect at the time the title is transferred.

# Immediate family members who inherit a motor vehicle for which a New Title Fee was paid by the deceased owner will pay a New Title Fee at a reduced rate of one-half percent of the fair market value at the time the title is transferred.

# A vehicle which was subject to the old annual ad valorem tax system and that has not been subject to the New Title Fee can be transferred between immediate family members with the old annual ad valorem tax system remaining in place. However, the immediate family member receiving the vehicle can instead opt to pay the New Title Fee. If elected, the New Title Fee will be assessed at the full rate in effect at the time the title is transferred.

# Vehicles for which a New Title Fee has already been paid can be transferred to an immediate family member of the current owner at a reduced New Title Fee rate of one-half percent of the fair market value of the vehicle at the time the title is transferred.

# Disabled veterans who were exempt from sales tax on vehicle purchases prior to the establishment of the New Title Fee will also be exempt from the New Title Fee.

# Motor vehicles subject to the New Title Fee will still be subject to annual registration renewal requirements (with issuance of the annual tag decal) with payment of the nominal registration renewal fee.

The motor vehicle portion of House Bill 386 will become effective on March 1, 2013.