
Coates' Canons Blog: “Fore!” Golf Carts and Local Taxes

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Can local governments levy property taxes on residential golf

carts? This seemingly simple question doesn't have a simple answer. I say yes, but the NC Department of Revenue says no. A good chunk of money hangs in the balance as golf carts grow more popular and more upscale (check out this faux '57 Chevy cart listed for \$15,000!).

Golf carts are personal property, of course, not real property. G.S. 105-275(16) exempts from property taxes everyone's non-business personal property (think refrigerators, televisions, and PlayStations). If a golf cart is used for business purposes (by a golf course, for example), then that cart does not qualify for the exemption created by G.S. 105-275(16) and is taxable business personal property. But golf carts used by individuals for residential purposes could fall under the non-business personal property exemption.

However, G.S. 105-275(16) excludes from its exemption “motor vehicles” (which is why we pay property taxes on our cars and trucks and motorcycles). If golf carts are “motor vehicles” for the purposes of G.S. 105-275(16), then they excluded from the exemption and are taxable. If not, they are exempt.

Reasonable people can disagree on this question because the term “motor vehicle” is not defined by the Machinery Act. The only definition I can find in the General Statutes for that term is in the chapter that contains our state's motor vehicle regulations. G.S. 20-4.01(23) defines “motor vehicle” as “Every vehicle which is self-propelled and every vehicle designed to run upon the highways which is pulled by a self-propelled vehicle. Except as specifically provided otherwise, this term shall not include mopeds or electric assisted bicycles.”

That's a pretty broad definition. Notably it does not limit the term “motor vehicles” to those vehicles that are or may be registered with the Division of Motor Vehicles.

But is it broad enough to cover golf carts? Golf carts are clearly self-propelled. It's unclear whether the “designed to run on the highways” language applies to all vehicles or just those designed to be towed behind another vehicle. I think that language applies only to towed vehicles. If true, then golf carts definitely qualify as motor vehicles. But for the sake of argument let's assume that a vehicle must be “designed to run upon the highways” to qualify as a motor vehicle under NC law.

Are golf carts “designed to run upon the highways”? Golf carts cannot be registered or tagged with the DMV, but they can be street legal. My School of Government colleague Shea Denning explains here how local governments have the

authority to authorize golf carts to operate on public streets where the speed limit is 35 miles per hour or less. If golf carts are legal to drive on some public streets, then I think they qualify as “designed to run upon the highways.” (Note that G.S. 20-4.01(13) defines the word “highway” to mean the same as “street”—basically any space open to the public for vehicular traffic.)

The DOR disagrees. In its view, the “designed to run on the highways” language is required for all motor vehicles and excludes golf carts because most are intended for off-road use. This argument is supported by the definition of the term “golf cart” in G.S. 20-4.01(12b): “A vehicle designed and manufactured for operation on a golf course for sporting or recreational purposes and that is not capable of exceeding speeds of 20 miles per hour.” This leads the DOR to conclude that golf carts are not intended to be used on the highways, do not qualify as “motor vehicles” under G.S. 105-275(16), and are therefore covered by the non-business personal property exemption.

I respectfully disagree with the DOR on this issue. If a residential golf cart is legal for use on public streets in a certain town or county, then I think it qualifies as a motor vehicle and should not be eligible for an exemption under G.S. 105-275(16). Those golf carts should be taxed the same as other taxable personal property such as boats, planes, and unregistered cars.

My conclusion that golf carts can qualify motor vehicles leads to another tax question: should golf carts be subject to local motor vehicle privilege license taxes? As my School of Government colleague Kara Millonzi describes here, these taxes are authorized by G.S. 20-97(b1). That subsection allows municipalities to levy taxes on “any vehicle resident in the town.” It does not limit the tax to registered vehicles. But in practice these taxes are limited to registered motor vehicles, with the DMV collecting the taxes along with registration fees and property taxes at the time an owner registers a vehicle or renews the existing tags on vehicle.

Despite this practice, could a town choose to levy its vehicle tax on unregistered golf carts? I say no (and on this issue, the DOR and I agree).

G.S. 20-97(b1) does not explicitly limit the tax to registered motor vehicles. But subsection (a) of that provision observes that the local taxes it authorizes are the only local taxes permitted on vehicles “licensed by the state”—in other words, registered vehicles. What’s more, that section is included in “Part 7: Title and Registration Fees” of Chapter 20’s motor vehicle regulations. Read in context, I think the local taxes authorized by G.S. 20-97(b1) apply only to registered motor vehicles. If so, then municipal motor vehicles taxes could not be levied on golf carts.

Links

- canons.sog.unc.edu/wp-content/uploads/2017/11/golf_cart_chevy.jpg
- www.saferwholesale.com/4-Seater-57-Old-Car-48v-Bel-Air-Custom-Stretch-Li-p/gsi-57oldcar-limo.htm
- www.ncga.state.nc.us/gascripts/statutes/statutelookup.pl?statute=105-275
- www.ncga.state.nc.us/gascripts/statutes/statutelookup.pl?statute=20-4.01
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