

# \$1.3B Collected in 2023 for 100 NC Counties

## The Remarkable Impact of NC's Vehicle Tax System

### A Case Study in Innovation and Partnership

Some achievements are measured by their reach, others by their public benefit, and still others by the magnitude of their impact. The North Carolina Vehicle Tax System (VTS) is a rare accomplishment that checks all three boxes. Nearly two decades in the making, this initiative is a testament to the power of collaboration, resilience, and technology to create meaningful change on a large scale.

#### NORTH CAROLINA

**Dale Folwell**

FORMER NC HOUSE REPRESENTATIVE (2005-2013)

**David Baker**

FORMER DIRECTOR OF THE LOCAL GOVERNMENT DIVISION, NC DEPARTMENT OF REVENUE (DOR)

**Johanna Reese**

FORMER LEGISLATIVE LIAISON, DEPARTMENT OF TRANSPORTATION (DOT)

**Tina Stone**

PERSONAL PROPERTY DIVISION MANAGER AND VTS LEAD, NC DEPARTMENT OF REVENUE (DOR)

#### THE FARRAGUT TEAM

**Shail Jain**

CHIEF EXECUTIVE OFFICER

**Sanjay Chouhan**

VP, ENGINEERING

**Jeff McDonald**

STRATEGIC ADVISOR, FORMER VP OF BUSINESS DEVELOPMENT

Through unprecedented collaboration among government agencies and external partners, the North Carolina VTS solved a state-wide problem that benefited residents and increased revenue to fund public resources.



## The Challenge: Inefficient Processes and Revenue Loss

In 2005, North Carolina counties faced a significant challenge: motor vehicle tax collection rates lagged at just 88%, far below the statewide average of 98-99% for the real property tax. This gap represented millions of dollars in lost revenue that could have supported schools, emergency services, and infrastructure.

Compounding the issue was an inefficient billing system. Vehicle owners received two separate bills: one from the Department of Transportation (DoT) for registration fees and another from county governments for property taxes. This fragmented process not only burdened taxpayers but also increased administrative costs and complexity. Additionally, inconsistent vehicle valuation methods among counties further hindered revenue collection and fairness.

## The Solution: Tag & Tax Together

Dale Folwell, then a North Carolina House Representative, recognized the need for a solution that would streamline processes and improve revenue collection. His vision culminated in **House Bill 1779**, a bold legislative initiative to unify vehicle registration fees and property taxes into a single bill, due annually at the time of registration renewal. The tagline was simple but powerful: **Tag and Tax Together**.

Beyond billing integration, the bill called for standardized valuation methods, collaborative studies between the Department of Revenue (DoR) and the DoT, and input from key stakeholders, including county officials and industry associations. The goal was clear: improve efficiency, accuracy, and equity across the state.

“Dale Folwell’s leadership and vision for House Bill 1779 set the foundation for a transformative system. It’s a remarkable example of government innovation that truly benefits citizens.”

SHAIL JAIN – CEO at Farragut





## Challenges Along the Journey: Complexity and Resistance

The journey to develop VTS was anything but straightforward. Integrating the DoT and DoR systems required unprecedented levels of collaboration among government agencies, counties, and external partners like FARRAGUT Systems. Resistance from stakeholders, competing priorities, and the technical challenges of modernizing legacy systems delayed progress for years.

The sheer number of stakeholders involved in VTS development—and their competing interests—made consensus-building a formidable challenge. Development meetings brought together representatives from the DMV, DoT, DoR, county assessors and collectors, external developers, and municipal associations, each with unique concerns.



“The DMV, in particular, faced significant disruption,” recalls Johanna Reese, then Legislative Liaison at the DoT, who engaged each individual stakeholder group across the initiative. “Nearly every resident interacts with the DMV for something—licenses, registration, insurance, adjudication, voter registration. This new system would touch all those processes, many of which relied on aging legacy systems in need of modernization.”

“There were times when it felt like the system would never get off the ground,” recalls Reese “but over time, as trust grew and everyone began to see the bigger picture, real progress was made.”

**Despite these challenges, Folwell and his team persisted. In 2011, a bill extension was passed, giving stakeholders until 2013 to complete the system.**



## The Breakthrough: A Unified Effort

What turned the tide was a shift in mindset among the stakeholders. “The success of VTS came down to collaboration,” says David Baker, who led the VTS development initiative for the State of North Carolina as Director of the Local Government Division of the DoR. “People set aside their individual agendas and came together to focus on the greater good.”

With renewed urgency, the DoR and DoT partnered with Farragut Systems to complete the project.

**In just 37 weeks, the team delivered a groundbreaking solution.**

**“The success of VTS came down to collaboration. People set aside their individual agendas and came together to focus on the greater good.”**

**DAVID BAKER** – Leader of the VTS Development Initiative for the State of North Carolina

## The Results: Transforming Revenue Collection



### INCREASED REVENUE

In its first year, the system recovered \$200 million in previously uncollected property taxes—far exceeding the anticipated \$80 million. Today, counties collect over \$1 billion annually through Tag and Tax Together.



### STREAMLINED PROCESSES

Taxpayers now receive a single, consolidated bill for vehicle registration and property taxes, simplifying their experience and reducing administrative costs.



### ACCELERATED TAX COLLECTION RATES:

The system prevents car purchases and tag renewals without the payment of outstanding property taxes.



### IMPROVED EFFICIENCY:

Payments are processed in real time, with funds automatically distributed to the DMV, counties, and other entities according to local tax laws.



### ENHANCED FAIRNESS:

Standardized valuation methods ensure equity across counties, improving taxpayer confidence in the system.



## More Than Technology: The Human Factor

The success of VTS wasn't just about the technology—it was about people.

"Technology can be wonderful, but if end users don't accept the solution, it won't succeed," says Tina Stone, Personal Property Division Manager at the DoR and VTS lead. "What made VTS successful was the commitment of everyone involved, from county officials to state agencies, to make it work for the citizens of North Carolina."

FARRAGUT Systems played a pivotal role in this effort, not just as a technology provider but as a partner invested in the success of the program. Their team conducted comprehensive training sessions for end users across more than 100 counties, ensuring a smooth transition and widespread adoption.

### A Model for Success

Now in its 11th year, VTS continues to deliver exceptional results. With more than 10 million vehicle renewals processed annually, it has become a cornerstone of North Carolina's tax system.

**"The impact of this system is undeniable. It's a testament to what can be achieved when people come together to solve complex problems."**

**TINA STONE** – Personal Property Division Manager at North Carolina DOR



The North Carolina Vehicle Tax System stands as a shining example of what's possible when innovation, collaboration, and determination converge. For governments and organizations facing similar challenges, it's proof that large-scale transformation is within reach.

# The People Who Made it Happen



**DALE FOLWELL**

**Former NC House Representative  
(2005-2013)**

While most thought it could not be done, Dale took on this tremendous challenge and led it with unwavering determination, championing the common good every step of the way.



**DAVID BAKER**

**Former Director of the Local  
Government Division,  
NC Department Of Revenue (DOR)**

With his wisdom and exceptional knowledge, David's real-world decision-making drove the completion of this initiative in just 37 weeks.



**JOHANNA REESE**

**Former Legislative Liaison,  
Department of Transportation (DOT)**

Through her true grit and resilience, Johanna established and nurtured successful collaboration between the DMV, DoR and DoT.



**TINA STONE**

**Personal Property Division Manager  
and VTS Lead, NC Department of  
Revenue (DOR)**

Tina built strong relationships with most every NC property tax professional - amplifying their voices throughout.

## FARRAGUT Team



**SHAIL JAIN**

**Chief Executive Officer  
and Cofounder**



**SANJAY CHOUHAN**

**VP, Engineering**



**JEFF MCDONALD**

**Strategic Advisor, former  
VP of Business Development**

**FARRAGUT™**

Founded in 1992, **FARRAGUT** is one of the leading property tax solution providers in the United States. Using the latest innovative technologies and data science at our core, FARRAGUT is your proven partner in making faster, smarter data-driven decisions in property tax, bringing equity, transformation, and efficiency to property tax assessment.

**For more information, please visit us at [FARRAGUT.com](https://FARRAGUT.com) or call 1.888.422.2626.**