



2015-2016 General Assembly

SENATE BILL 446: Dealership Loaners/Unmanned Aircraft/Brunswick Co., Part I: Franchised Dealer Loaner Vehicles

Committee:
Introduced by:
Analysis of: Part I of S.L. 2015-232

Date:
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SUMMARY: Part I of S.L. 2015-232, as amended by Sec. 42 of S.L. 2015-264, authorizes licensing of franchised dealer loaner vehicles.

This part has varying effective dates; see the full summary for details.

BILL ANALYSIS:

PART I: FRANCHISED DEALER LOANER VEHICLES

CURRENT LAW: A licensed dealer may obtain a certain number¹ of dealer license plates based on the number of vehicles sold in a 12-month period by filing an application with the DMV and paying the required fee. The fee for a dealer plate is \$28.00 for each of the first 5 plates issued to the same dealer and is one-half of the regular fee, or \$14.00, for each additional plate issued to the same dealer.² A dealer plate is issued for one year and may be transferred from one vehicle to another. Current law permits only an employee, officer, or sales representative of the franchised motor vehicle dealer or a person who has a demonstration permit to test drive a motor vehicle to drive a vehicle with a dealer plate on it; it does not address situations where the dealer loans a vehicle to a customer who's vehicle is being serviced by the dealer.

Section 1.1 authorizes, until the end of 2018, use of "u-drive-it" license plates for vehicles loaned by a franchised motor vehicle dealer, with or without charge, to customers of that dealer who are having a vehicle serviced or repaired by the dealer. This section became effective when the act became law, August 25, 2015, and expires on December 1, 2018.

Section 1.2 redefines "new vehicle" under the State's Motor Vehicle Dealers and Manufacturers Licensing Law to include a service or demonstration loaner. This section became effective August 25, 2015.

| <u>¹ Vehicles Sold In Relevant 12 Month Period</u> | <u>Maximum Number of Plates</u> |
|---|--|
| Fewer than 12 | 3 |
| At least 12 but less than 25 | 6 |
| At least 25 but less than 37 | 7 |
| At least 37 but less than 49 | 8 |
| 49 or more | At least 8, but no more than 5 times the average number of qualifying sales representatives employed by the dealer during the relevant 12 month period. |

² G.S. 20-87(7).

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Section 1.3 authorizes a new license plate, called an “LD plate” (for loaner/dealer) for an annual fee of \$200/year. This section provides parameters for use of the plate, and penalties for improper use. Purchase of the plate is permissive beginning January 1, 2016, and mandatory if a dealer provides loaner vehicles, beginning January 1, 2019. This section becomes effective July 1, 2016.

Section 1.4 authorizes, until the end of 2018, a dealer to issue a demonstration permit for a vehicle with a dealer plate loaned by a dealer to a customer having another vehicle serviced or repaired. This section became effective when the act became law, August 25, 2015, and expires on December 1, 2018.