



**SENATE BILL 446:**  
**Dealer Loaners/Unmanned Aircraft/Brunswick**  
**Co**

2015-2016 General Assembly

<b>Committee:</b> House Finance	<b>Date:</b> August 11, 2015
<b>Introduced by:</b> Sen. B. Jackson	<b>Prepared by:</b> Trina Griffin
<b>Analysis of:</b> PCS to Second Edition	Committee Counsel
S446-CSSV-38	

**SUMMARY:** *The Proposed Committee Substitute for Senate Bill 446 makes changes in three areas:*

- *Provides for licensing of franchised dealer loaner vehicles.*
- *Clarifies that agents or agencies of the State or a political subdivision of the State have the authority to procure and operate unmanned aircraft systems upon approval of the State CIO, and modifies State regulation of unmanned aircraft systems to comply with federal guidelines.*
- *Authorizes Brunswick County to regulate by ordinance the operation of boats and vessels in navigable waters within the County's jurisdictional boundaries.*

**BILL ANALYSIS:**

**PART I: FRANCHISED DEALER LOANER VEHICLES**

**CURRENT LAW:** A licensed dealer may obtain a certain number<sup>1</sup> 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.<sup>2</sup> 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 would become effective when the bill becomes law and would expire on December 1, 2018.

<u><sup>1</sup> 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.

<sup>2</sup> G.S. 20-87(7).

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**Section 1.2** redefines "new vehicle" under the State's Motor Vehicle Dealers and Manufacturers Licensing Law to include a service or demonstration loaner.

**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 would become 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 would become effective when the bill becomes law and would expire on December 1, 2018.

## **PART II: UNMANNED AIRCRAFT SYSTEMS CHANGES**

This Part is identical to Section 29.28 of the 5th Edition of House Bill 97 (2015 Appropriations Act), which passed the House on May 26, 2015.

Until December 31, 2015, no State or local governmental entity or officer can procure or operate an unmanned aircraft system or disclose personal information about any person acquired through the operation of an unmanned aircraft system unless the State Chief Information Officer (CIO) approves an exception specifically granting disclosure, use, or purchase. Any exceptions to the prohibition must be immediately reported to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

**Section 2.1** would clarify and expand the authority of the State CIO to approve or disapprove of the procurement and operation of an unmanned aircraft system by agents or agencies of the State or a political subdivision of the State and the disclosure of personal information acquired through the operation of an unmanned aircraft system by agents or agencies of the State or a political subdivision of the State. The State CIO would be able to consult with the Division of Aviation of the Department of Transportation (Division) when making such decisions. Agents or agencies of the State that receive approval from the State CIO would be able to procure or operate an unmanned aircraft system prior to the implementation of the knowledge and skills test required by G.S. 63-95. Agents or agencies of the State or a political subdivision of the State who submit requests on or after the date of implementation of the knowledge and skills test would be required to have both CIO approval (until December 31, 2015) and pass the knowledge and skills test.

Currently an inconsistency exists between one provision that prohibits agents or agencies of the State or a political subdivision of the State from operating an unmanned aircraft system until the knowledge and skills test required by G.S. 63-95 is implemented, and another provision that requires approval by the State CIO for procurement or operation of an unmanned aircraft system by agents or agencies of the State or a political subdivision of the State until December 31, 2015.

**Section 2.2** would resolve the inconsistency by authorizing the State CIO to approve the procurement and operation of unmanned aircraft systems by agents or agencies of the State or a political subdivision of the State before the knowledge and skills test is implemented.

The Division is required to develop a knowledge and skills test for operating an unmanned aircraft system and provide for administration of the test.

Because proposed federal regulations would already require operators of unmanned aircraft systems to pass a knowledge test of federal regulations, **Section 2.3** would clarify that the State test must ensure that the operator of an unmanned aircraft system is knowledgeable of the State statutes and regulations regarding the operation of unmanned aircraft systems.

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G.S. 63-96 requires a license for the commercial operation of unmanned aircraft systems. To be issued a license, a person must be at least 18 years old, possess a valid driver's license, pass the knowledge test, and satisfy other applicable requirements.

To align with federal regulations, **Section 2.4** would replace the term "license" with "permit", reduce the age at which a person can receive a permit, and make conforming changes.

G.S. 63-96 requires commercial operators to pass the knowledge test before operating an unmanned aircraft system.

**Section 2.5** would provide that prior to implementation of the knowledge test, any person authorized by the FAA for commercial operation of an unmanned aircraft system in this State is not in violation of G.S. 63-96 as long as he or she applies for a State permit for commercial operation within 60 days of the full implementation of the permitting process and is subsequently issued a State commercial operation permit.

## **PART III: BRUNSWICK COUNTY TO REGULATE NAVIGABLE WATERS WITHIN ITS BOUNDARIES**

**Section 3.1** of the bill would:

- Authorize Brunswick County to adopt and enforce ordinances for the navigable waters within the County's jurisdictional boundaries that relate to the operation of boats and vessels; and
- Provide that if any rules or regulations of the North Carolina Wildlife Commission, the Division of Marine Fisheries in the Department of Environment and Natural Resources, the Marine Fisheries Commission, the U.S. Coast Guard, or the U.S. Army Corps of Engineers expressly conflict with ordinances adopted by the County under the authority granted by this act, then the State or federal rule or regulation shall prevail over the County ordinance to the extent of the conflict.

**EFFECTIVE DATE:** Except as otherwise provided, this act would become effective when it becomes law.

*Kelly Tornow, counsel to House Judiciary VI, and Giles Perry, counsel to House Transportation, substantially contributed to this summary.*