



SENATE BILL 201: Various Motor Vehicle and Transportation Law Changes.

2021-2022 General Assembly

Committee:		Date:	July 27, 2022
Introduced by:		Prepared by:	Wendy Ray Staff Attorney
Analysis of:	S.L. 2022-68		

OVERVIEW: *S.L. 2022-68 makes the following changes to motor vehicle and transportation laws:*

- *Criminalizes as a Class I felony the unlawful possession of a catalytic converter.*
- *Extends the revocation effective date for permits or licenses that were revoked due to Driving Eligibility Certificate ineligibility from 10 to 30 days after mailing of the revocation notice.*
- *Authorizes the Division of Motor Vehicles (DMV) to issue three new special registration plates and repeals authorization to issue one existing special registration plate.*
- *Requires the DMV to provide a dealer license plate registration card to motor vehicle dealers that lists all valid dealer license plates issued to the dealer.*
- *Clarifies requirements for displaying a dealer license plate on a motor vehicle.*
- *Clarifies the applicability of the Move Over Law.*
- *Amends requirements for temporary dealer licenses issued during a pending license renewal application.*
- *Makes it an infraction with up to a \$50 penalty for a motor vehicle dealer to fail to inspect a used motor vehicle offered for retail sale as required by law.*
- *Amends requirements for registration and certificate of title applications for motor vehicles owned by firms, partnerships, corporations, or other entities.*
- *Authorizes the DMV to charge a fee to authorized individuals to verify registration or liability insurance information from motor vehicle and drivers license records.*
- *Exempts motor vehicles used by State agencies for research pilot or demonstration projects from highway use tax, certificate of title fees, and registration fees.*
- *Expands the application of certain Department of Transportation (DOT) contracting laws to rail equipment.*
- *Specifies the treatment of certain federal funds within the Transportation Investment Strategy (STI) formula.*
- *Provides for a delay in STI reprioritization for certain projects with route redesignations.*
- *Clarifies the treatment of net proceeds from the disposition of lands that involve DOT.*
- *Expands the application of the State's policy to encourage and promote participation by disadvantaged minority-owned and women-owned businesses in contracts let by DOT.*
- *Directs DOT to increase Small Professional Services Firm contracting.*

Jeffrey Hudson
Director



Legislative Analysis
Division
919-733-2578

Senate Bill 201

Page 2

➤ *Increases the project cost cap for previously authorized project delivery method pilot program.*

This act became effective July 8, 2022, except as otherwise specified for certain sections. Please see full summary for more detail.

CURRENT LAW AND BILL ANALYSIS:

Possession of catalytic converter. In 2021, the General Assembly amended the larceny of motor vehicle parts statute to make it a Class I felony if the part is a catalytic converter. The legislation also added a presumption that a person has committed larceny of a motor vehicle part if they are in possession of a catalytic converter that has been removed from a motor vehicle unless the person is an individual specifically exempted by statute.

Section 1 repeals G.S. 14-72.8(b), which established the presumption, and creates a new criminal offense, separate from larceny of a motor vehicle part, making possession of a catalytic converter that has been removed from a motor vehicle a Class I felony unless the person is an individual specifically exempted by statute. The section also makes conforming changes to related statutes. This section becomes effective December 1, 2022, and applies to offenses committed on or after that date.

Delay effective date of revocations. In order to obtain a provisional drivers license or limited learner's permit, a person who is less than 18 years old must have a high school diploma or its equivalent or a driving eligibility certificate. Schools are required to notify the DMV when a student fails to meet requirements for a driving eligibility certificate, and the DMV must then notify the driver that his or her permit or license revocation will be effective on the tenth day after mailing the revocation notice.

Section 2 extends the revocation effective date from the 10th day to the 30th day after the DMV has mailed the notification. This section becomes effective October 1, 2022, and applies to revocation notices mailed on or after that date.

Special Registration Plates. North Carolina offers many special registration plates. Upon application and payment of the required registration fees, a person may obtain from the DMV a special registration plate for a motor vehicle registered in that person's name, if the person qualifies for the plate. In 2014, the General Assembly enacted legislation creating a new development process for special registration plates, which requires the organization desiring the plate to submit the required number of paid applications to the DMV before legislation is introduced to authorize the plate.

Sections 3, 18, and 19 authorize the DMV to issue the following new special registration plates:

- United States Army Special Forces special registration plate – Issuable to a member or veteran of the United States Army Special Forces, a standard background plate bearing the name and insignia of the United States Army Special Forces. The plate is exempt from the plate development process and authorization expiration provisions. The fee for the plate is the regular registration fee plus a \$10 special registration plate fee.
- Pilot Mountain State Park – Issuable to a registered owner of a motor vehicle, a standard background plate bearing the phrase "Pilot Mountain National Landmark" with a logo depicting the park. The organization requesting the plate completed the plate development process, as reported by the DMV in 2022. The fee is \$30, with \$20 going to the Friends of Sauratown Mountains to be used for preserving and promoting Pilot Mountain State Park.
- North Carolina Association of Fire Chiefs – Issuable to a registered owner of a motor vehicle, a full-color background plate with a black background with a red line and the phrase "NC Fire Officer" across the top, the phrase "North Carolina" along the bottom, the Association of Fire Chiefs logo on the left side, and the letters "FO" on the right side. The organization requesting the

Senate Bill 201

Page 3

plate completed the plate development process, as reported by the DMV in 2021. The fee is \$30, with \$20 going to the North Carolina Association of Fire Chiefs to be used for education programs for North Carolina firefighters.

Section 20 repeals the authorization for the DMV to issue the Honorary Plate, issuable to a member of the Honorary Consular Corps. Any existing plates will be phased out as they become due for renewal.

These sections become effective October 1, 2022.

Dealer plates. G.S. 20-79 provides for registration plates issuable to licensed motor vehicle dealers with specific requirements for issuance and use. Section 4 requires the DMV to issue a registration card to motor vehicle dealers that lists all valid dealer license plates issued to that dealer. This section becomes effective December 1, 2022, and applies to dealer plates issued on or after that date.

Section 5 makes changes to G.S. 20-79(d) to make clear that a dealer plate displayed on a motor vehicle is required to match either (1) a copy of the registration card for the dealer's plate carried by the person operating the vehicle, or (2) a registration card for the dealer's plate that is on file at the dealer's address listed on the registration card and available to be produced within 24 hours upon the request of a law enforcement officer. This section becomes effective December 1, 2022, and applies to offenses committed on or after that date.

Clarify applicability of Move Over Law. G.S. 20-157(a) requires drivers to stop their vehicles on the side of a roadway upon the approach of certain listed emergency or public service vehicles that are traveling in response to a fire or other emergency and giving warning signals. G.S. 20-157(f) requires drivers on roads with two or more lanes to slow their vehicles and move to the furthest lane from parked or standing emergency or public service vehicles, or, on one-lane roads, slow their vehicles until safely past the emergency or public service vehicle.

Section 6 clarifies that G.S. 20-157(f) is applicable to the emergency or public service vehicles listed in G.S. 20-157(a), not "as described" in that subsection – i.e. the vehicles don't have to be traveling in response to an emergency when they are parked or standing within 12 feet of a roadway and giving a proper warning signal. This section became effective August 1, 2022, and applies to offenses committed on or after that date.

Temporary dealer license requirements. G.S. 20-295 requires the DMV to approve or deny a motor vehicle dealer's application for a license or license renewal within 30 days after it is received. License renewals that have been submitted timely and before their expiration will remain valid for up to 30 days after their expiration and until the DMV grants or denies the application. During application review, the DMV is required to send to the dealer a temporary license.

Section 7 requires temporary dealer licenses sent during the license renewal grace period to contain the following notation: "This temporary license is issued pursuant to G.S. 20-295 during a license renewal application review by the North Carolina Division of Motor Vehicles and is valid to engage in business in this State with all rights and privileges of a license." This section becomes effective October 1, 2022, and applies to applications for license renewals submitted to the Division of Motor Vehicles on or after that date.

Penalty for failure to inspect vehicle. Current law requires that a used vehicle must be inspected by motor vehicle dealers before it is offered for sale at retail with exceptions. Section 8 specifies that a dealer's failure to inspect a used motor vehicle before it is offered for retail sale as required is an infraction with a maximum penalty of \$50. This section becomes effective December 1, 2022, and applies to offenses committed on or after that date.

Senate Bill 201

Page 4

Application for registration of company vehicle. Current law requires that an application for a certificate of title or vehicle registration submitted by a vehicle owner that is a firm, partnership, a corporation, or another entity, include the address of the entity, along with other information required by law. Section 9 specifies that an entity owner must also provide a drivers license number or identification card number belonging to a responsible member of the entity in its application. This section becomes effective October 1, 2022.

Fee for record requests. Current law outlines the authorities, prohibitions, and requirements that relate to the DMV's disclosure of information contained in motor vehicle records. Section 10 authorizes the DMV to charge a fee of \$1 per record to authorized individuals for verification of motor vehicle registration or liability insurance. The DMV is also required to adjust the fee in accordance with the quadrennial inflation adjustment laws. This section became effective July 1, 2022.

Exempt certain vehicles used by State agencies from taxes and fees. Section 11 exempts motor vehicles to be used by a State agency in a research pilot or demonstration project from highway use taxes, certificate of title fees, and registration fees.

Rail equipment deemed highway construction, maintenance, or repair for contracting. Current law specifies that the construction, maintenance, and repair of ferryboats, marine floating equipment, and docks by DOT shall be deemed highway construction, maintenance, or repair for the purposes of G.S. 136-28.1 (contains various contract provisions specific to DOT) and Chapter 44A (Statutory Liens and Charges) and Chapter 143C (State Budget Act).

Section 12 specifies that the construction, maintenance, and repair of rail equipment is treated the same as ferryboats, docks, etc. for the purposes of those laws.

NEVI and CRP federal funds in STI formula. Current law (Article 14B of Chapter 136) sets out the requirements of the STI formula which DOT uses for transportation project planning using certain funds. For highway division need projects, DOT must utilize alternative quantitative criteria for funding from certain programs outlined by law.

Section 13 expands the application of this alternative quantitative criteria to Federal National Electric Vehicle Infrastructure Program and Federal Carbon Reduction Program funds.

STI reprioritization delay for projects with route redesignations. Section 14 requires a waiting period for projects that are submitted and evaluated as division needs projects in the STI prioritization process but then are resubmitted in a different category with eligibility based on a redesignation of a roadway from a secondary route to a primary route. The provision requires that project to sit out two rounds of prioritization before being eligible in the new category. Until December 31, 2023, the Secretary is authorized to waive the waiting period but must report to the General Assembly on any waivers requested and the reasons for granting or denying them.

Application of net proceeds from disposition of DOT property. Current law addresses disposition and management of most State lands and further specifies how net proceeds must be handled. For these purposes, "net proceeds" generally means the gross amount received from the sale, lease, rental, or other disposition of any State lands, less certain expenses and a service charge to be paid into the State Land Fund. There are several exceptions to these general provisions, which include that proceeds of any disposition by lease, rental, or easement of lands (i) owned by DOT or (ii) owned by the Department of Administration and solely maintained by DOT are not subject to the State Land Fund service charge, and these net proceeds are directed to the Highway Fund.

Senate Bill 201

Page 5

Section 15 repeals the State Land Fund service charge exception for lands disposed of by lease, rental, or easement, and makes clear that all net proceeds from sale or lease of property owned by DOT or owned by the State and maintained by DOT must be paid into the Highway Fund.

Disadvantaged Business Program. G.S. 136-28.4 outlines the State policy and DOT's study requirements, program design requirements, and reporting requirements to encourage and promote participation by disadvantaged minority-owned and women-owned businesses in contracts let by DOT for State transportation infrastructure projects and in the procurement of materials for these projects. For these purposes, the term "contract" specifically includes contracts let under the procedures outlined by law for construction, maintenance, operations, or repair contracts over, or less than, a \$5 million threshold. This policy and program expire August 31, 2022.

Section 16 further specifies that contracts for professional engineering services and other kinds of professional or specialized services necessary in connection with the planning, operations, design, maintenance, repair, and construction of transportation infrastructure are included in the application of this policy and program. Additionally, this section delays the expiration of this policy and program to August 31, 2027.

Small Professional Services Firm outsourcing. Section 17 directs DOT to increase Small Professional Services Firm contracting for Highway Fund and Highway Trust Fund projects, authorizes restricting solicitations and awards to firms identified by DOT, and clarifies these contracts are let using a Qualification Based Selection process.

Increase cost cap for projects in project delivery method pilot program. Section 21 amends a provision of the 2018 Appropriations Act that authorized a pilot project under which DOT is authorized to award contracts for up to five transportation construction projects with a cost of less than \$100 million on a construction manager-general contractor basis. This section increases the cap for projects under this pilot project to \$500 million.

EFFECTIVE DATE: The act became effective July 8, 2022, except as otherwise specified for certain sections.

Howard Marsilio and Kellette Wade, counsel to the House and Senate Transportation Committees, substantially contributed to this summary.