



# HOUSE BILL 199: DMV Proposed Legislative Changes.

2023-2024 General Assembly

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<b>Committee:</b>	House Rules, Calendar, and Operations of the House	<b>Date:</b>	May 2, 2023
<b>Introduced by:</b>	Reps. B. Jones, Shepard, McNeely, Tyson	<b>Prepared by:</b>	Wendy Ray
<b>Analysis of:</b>	Third Edition		Staff Attorney

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**OVERVIEW:** *House Bill 199 would make the following changes to laws related to motor vehicles:*

- *Authorize and study issuance of a digital version of a drivers license that can be displayed on a mobile device as a supplement to a traditional drivers license.*
- *Require ignition interlock as a condition for restoration of a drivers license when revocation was based on a conviction of death by motor vehicle when impaired driving is an element of the offense.*
- *Authorize the Division to adopt rules restricting disclosure of personal information about a judicial officer.*
- *Increase the fee for certain records requests from \$1 to \$5.*
- *Eliminate the requirement that license plates be replaced every seven years.*
- *Increase the notary fee for Division employees and officers.*
- *Make changes to membership of the LPA Advisory Committee.*
- *Clarify EMS/rescue entity eligibility for permanent registration plates.*
- *Clarify circumstances under which transporter plates may be used.*
- *Require the Division to study using alternative materials for registration plates.*
- *Require the Division to study ways to modernize issuance of dealer plates.*
- *Conform statutory odometer disclosure requirement to the federal requirement.*
- *Authorize issuance of multiple State government official special registration plates for vehicles registered to the State government official.*
- *Increase the penalty for violation of a registration provision involving a temporary registration plate from a Class 3 misdemeanor to a Class I felony.*
- *Require the Division to implement a print-on-demand system for issuance of temporary registration plates.*
- *Authorize the Division to own and maintain a fleet of vehicles used in specialized investigative operations.*
- *Require all headlamps modified or installed on a motor vehicle to comply with the federal motor vehicle safety standard.*

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- *Increase fees for service of process upon nonresident drivers.*
- *Clarify the process by which a lienor must notify owners of personal property subject to a lien prior to selling the property to satisfy the lien.*
- *Require rental car companies, when renting light cargo vehicles, to make a good faith effort to recover as part of the rental transaction no more than the actual costs incurred for license and registration fees, in the same manner as is required when renting passenger vehicles.*
- *Authorize remote electronic notarization and electronic signatures for motor vehicle transactions.*
- *Extend the duration of temporary registration plates issued by dealers from 30 to 60 days, and increase from 20 to 60 the number of days within which a dealer must mail or deliver a vehicle purchaser's application and fees for titling and registration to the Division for processing.*

**CURRENT LAW AND BILL ANALYSIS:** House Bill 199 would amend current law related to motor vehicles as follows:

**Mobile drivers license.** The Division of Motor Vehicles currently issues drivers licenses that are printed in a format specified by statute (G.S. 20-7). Digital versions are not currently authorized. **Section 1** would authorize the Division to issue a supplemental digital version of a person's valid drivers license that would be capable of display on a mobile device owned by that person. This authorization would become effective July 1, 2025. Prior to that time, the Division would be directed to study issues related to mobile drivers licenses and develop a plan for implementing their issuance. The Division would be directed to report its findings and recommendations to the General Assembly no later than January 1, 2024.

**Ignition interlock requirement.** G.S. 20-17.8 requires a person whose drivers license was revoked as a result of a conviction of specified impaired driving offenses to only operate a vehicle equipped with an ignition interlock system as a condition of restoration of the license. **Section 2** would add convictions of offenses under the death by motor vehicle statute (G.S. 20-141.4) that include impaired driving as an element to the specified offenses in G.S. 20-17.8 that require ignition interlock as a condition for restoration of a revoked license. This section would become effective December 1, 2023, and would apply to offenses committed on or after that date.

**Disclosure of judicial officers' personal information.** Disclosure of personal information in motor vehicle records is allowed for limited purposes in accordance with the federal Driver's Privacy Protection Act (18 U.S.C. § 2721) and as set out in G.S. 20-43.1. **Section 3** would authorize the Division to adopt rules restricting the disclosure of personal information about a State or federal judicial officer. This section would become effective July 1, 2023.

**Increase fee for records requests.** G.S. 20-43.1 authorizes the Division, in accordance with the federal Driver's Privacy Protection Act, to provide vehicle registration and insurance information upon request. The Division is authorized to charge a fee of \$1 per record for such requests. This fee is subject to quadrennial adjustment for inflation under G.S. 20-4.02. **Section 3** would increase the fee per record from \$1 to \$5. This section would become effective July 1, 2023.

**Replacement of license plates.** Current law requires the Division to replace license plates every seven years. **Section 4** would delete this requirement.

**Increase Division employee notary fees.** Officers and employees of the Division are authorized under G.S. 20-42 to administer oaths and acknowledge signatures, with fees per signature set by statute. **Section 5** would increase the statutory fee for signatures from \$2 to \$6 for one signature, from \$3 to \$7 for two

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signatures, and from \$4 to \$8 for three or more signatures. This section would become effective July 1, 2023.

**LPA Advisory Committee membership.** G.S. 20-63.02 establishes the License Plate Agent (LPA) Advisory Committee, which is directed to work with the Division to ensure excellence and efficiency in services provided by commission contractors. The Committee currently consists of six members appointed by the North Carolina Association of Motor Vehicle Registration Contractors (Association), as well as ex officio Division staff members appointed by the Commissioner. **Section 6** would amend the membership of the Committee so that, of the six members that are not ex officio Division staff members, four would be members of the Association appointed by the Association, and two would be commission contractors that are not members of the Association appointed by the Commissioner.

**Permanent plate eligibility.** The issuance of permanent registration plates is governed by G.S. 20-84. The plates are issuable for vehicles owned by specified entities, including incorporated emergency rescue squads and rural fire departments. In order to obtain the plate, an authorized representative of the entity must provide proof of ownership, proof of financial responsibility, and pay a one-time fee of \$6. **Section 7** would amend G.S. 20-84 to add specific eligibility requirements for emergency rescue squads and rural fire departments applying for permanent plates. The entity would be required to establish that it is listed in the Emergency Medical Services System plan for the county it serves, that it maintains an active provider number, and that it actively provides first responder services. This section would further authorize the Division to require proof of eligibility for all permanent registration plates issued and require it to revoke permanent plates issued to those that do not meet eligibility requirements.

**Use of transporter plates.** Under G.S. 20-79.2, the Division may issue transporter plates to businesses and dealers to authorize operation of a motor vehicle in limited circumstances, as set out in the statute. The fee for a plate is half the regular passenger vehicle registration fee, is issued for one year, and may be transferred between qualifying vehicles. **Section 8** would amend various circumstances listed in G.S. 20-79.2 for which transporter plates may be issued to restrict out of state use, to prohibit use on vehicles towing a vehicle that would qualify for a plate, and to limit the number of plates issued to a person for parades or public events.

**Study materials used for registration plates.** Currently, aluminum is the raw material used to manufacture registration plates issued by the Division. **Section 9** would direct the Division, in consultation with the Department of Adult Correction, to study the use of alternative materials for manufacturing plates. The Division would be required to report its findings and recommendations to the General Assembly no later than January 1, 2024.

**Study modernization of dealer plates.** Under G.S. 20-79, the Division issues license plates to dealers for use on vehicles in a dealer's inventory subject to restrictions set out in statute. The number of plates a dealer may be issued depends on the number of vehicles sold and the number of sales representatives the dealer employs in a 12-month period. **Section 9.5** would direct the Division to study ways to modernize and improve issuance of dealer plates and to report its findings and recommendations to the General Assembly no later than December 31, 2023.

**Odometer disclosure requirement.** In accordance with federal law, North Carolina law requires the transferor of a motor vehicle to provide a written disclosure to the transferee that includes the odometer reading reflecting the mileage on the vehicle or disclosing that the reading does not reflect the actual mileage and should not be relied on. G.S. 20-347(d) provides that the disclosure is not required for vehicles that are 10 years old or older. This exemption is no longer in compliance with federal requirements. Beginning January 1, 2021, federal regulations require the odometer disclosure for a vehicle any time it is transferred in its first 20 years. Exemption from the requirement applies after 20 years if the vehicle is

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model year 2011 or newer, while model year 2010 or older vehicles are subject to the prior 10-year requirement and are therefore exempt (49 C.F.R. § 580.17). **Section 10** would amend the statutory exemption from the odometer disclosure requirement to comply with the federal requirement. Vehicles that are model year 2010 or older would be exempt from the requirement, but vehicles that are model year 2011 or newer would only be exempt after 20 years.

**Special registration plates for State government officials.** State government official special registration plates are currently authorized and issuable to State government officials listed in G.S. 20-79.5 for the regular registration fee plus the \$10 special registration plate fee. The statute assigns specific numbers to specific elected and appointed officials. **Section 11** would allow a State official who is eligible for a plate to obtain multiple plates for multiple vehicles registered in his or her name. The plates would be differentiated by adding a hyphen and distinguishing letter after the official's assigned number.

**Increase penalty for violation involving temporary registration plate.** Under G.S. 20-111(2), it is unlawful to display, permit to display, or possess a registration card or plate knowing it to be fictitious, revoked, or altered, or to willfully display an expired plate knowing it to be expired. Violation is a Class 3 misdemeanor, for which punishment ranges from a fine only to 20 days of community, intermediate, or active punishment, depending on prior conviction level. G.S. 20-79.1 makes violation of that and other registration provisions equally applicable to temporary registration plates, which are authorized to be issued by dealers to purchasers of motor vehicles. **Section 12** would make violation of G.S. 20-111(2) a Class I felony when it involves a temporary registration plate. Punishment for a Class I felony ranges from 3 months of community punishment to 24 months of intermediate or active punishment, depending on prior record level. This section would become effective December 1, 2023, and would apply to offenses committed on or after that date.

**Print-on-demand temporary registration plate system.** **Section 13** would direct the Division to implement a new statewide system to allow issuers of temporary registration plates to print the plates on-site at the time of issuance in a manner that allows the vehicle owner's information to be electronically associated with the plate and transferred to the Division. The system would have to be implemented no later than January 1, 2024. Mandatory participation by issuers of temporary registration plates would be required beginning October 1, 2024. The Division would be directed to enter into contracts with qualified vendors for establishment and support of the system, and new statutory provisions in G.S. 20-79.1B would provide minimum standards for the system.

**Authorize Division to own vehicles.** General law requires State agency-owned vehicles to be transferred to and maintained by the Department of Administration, with a limited number of exceptions set out in G.S. 143-341(8)i.3. **Section 14** would provide an additional exception to allow the Division to own and maintain custody and control over vehicles used in specialized investigative operations.

**Headlamp requirements.** Part 9 of Article 3 of Chapter 20 of the General Statutes sets out equipment requirements for motor vehicles, including lighting requirements, and makes it unlawful to operate a vehicle on the highway without required equipment. Specific requirements for headlamps are set out in G.S. 20-131. **Section 15** would add a requirement to G.S. 20-131 that headlamps modified or installed on a vehicle after initial manufacture must comply with Federal Motor Vehicle Safety Standard (FMVSS) 108. FMVSS 108 specifies performance requirements for original and replacement lamps applicable to manufacturers of vehicles and vehicle equipment.

**Service of process fees.** G.S. 1-105 provides for service of process on nonresident drivers via the Commissioner of Motor Vehicles in actions arising from accidents involving nonresident drivers on highways in this State. The fee to be provided the Commissioner for service is \$10. **Section 16** would

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increase the fee to \$20 and would require a fee of \$100 for service on a defendant outside the United States. This section would become effective July 1, 2023, and would apply to service on or after that date.

**Clarify notification process for lien enforcement.** G.S. 44-4 sets out the process for enforcement of a lien on personal property by sale of the property subject to the lien. The lienor is required to provide notice to the owner of the property. If the property is a motor vehicle required to be registered, the lienor may either provide notice to the Division, which will then notify the owner, or the lienor may provide notice to the owner on a form approved by the Division. **Section 17** would make clarifying changes to the notice provisions and allow notice by certified mail with electronic tracking as an alternative to certified mail with the traditional return receipt postcard.

**Rental car company recovery of vehicle license and registration fees.** Article 28 of Chapter 66 regulates advertising and rental agreements by rental car companies in the business of providing vehicles to the public, including how certain fees are disclosed and advertised. The Article defines "vehicle" as a private passenger type primarily intended for transport of persons, and therefore does not cover light cargo trucks and vans used primarily to transport property. The Article defines "vehicle license and registration fees" as those imposed on a rental transaction to recoup the costs incurred by the company to license, title, inspect, and register rental vehicles, and further requires certain disclosures if those fees are charged and a good faith effort to ensure that fees collected for that purpose do not exceed the actual costs incurred by the rental car company. If the company collects more than its actual cost in a calendar year, it must retain the excess amount, apply it to costs incurred the next calendar year, and adjust the amount collected in the next calendar year accordingly. **Section 18** would define "rental vehicles" to include light cargo vehicles in the Article only for purposes of requiring rental car companies that rent that type of vehicle to make a good faith effort to recover only actual vehicle license and registration fees for those vehicles in the same manner as is required for rental vehicles used to transport people.

**Remote electronic notarization and electronic signatures for motor vehicle transactions.** Article 2 of Chapter 10B of the General Statutes governs remote electronic notaries and notarial acts in North Carolina. Article 40 of Chapter 66 of the General Statutes governs electronic transactions and electronic signatures related to transactions. **Section 19** would define "notarization" to include remote electronic notarization and "signature" to include electronic signature, when they conform with the laws governing them, for purposes of Chapter 20 motor vehicle laws. It would also amend the requirement that an assignment of title be executed in the presence of a person authorized to administer oaths to also allow execution of the assignment in a manner that conforms with the Article governing electronic transactions. It would also specifically authorize electronic signatures, notarizations, and submission of documents to the Division by motor vehicle dealers. This section would become effective July 1, 2023.

**Extend duration of temporary registration plates issued by dealers.** Motor vehicle dealers issue temporary registration plates to purchasers of motor vehicles as authorized by G.S. 20-79.1. Unless the purchaser is a nonresident removing the vehicle from the State, a dealer must first obtain an application for title and registration from the purchaser and must mail or deliver the application for processing within 20 days of issuing the temporary registration plate. Temporary registration plates expire 30 days after the date of issuance or upon receipt of the regular registration plate or rescission of the purchase contract, whichever occurs first. **Section 20** would extend the duration of temporary registration plates issued under G.S. 20-79.1 from 30 days to 60 days. It would also extend from 20 to 60 the number of days within which a dealer has to mail or deliver a vehicle purchaser's title and registration application for processing after issuing the purchaser a temporary registration plate. This section would become effective July 1, 2023.

**EFFECTIVE DATE:** Unless otherwise noted with regard to specific provisions in the bill analysis, the act would be effective when it becomes law.