



# HOUSE BILL 199: Division of Motor Vehicles Proposed Legislative Changes.

2023-2024 General Assembly

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<b>Committee:</b>		<b>Date:</b>	August 22, 2024
<b>Introduced by:</b>		<b>Prepared by:</b>	Wendy Ray Staff Attorney
<b>Analysis of:</b>	S.L. 2024-30		

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**OVERVIEW:** *S.L. 2024-30 makes the following changes to laws related to motor vehicles:*

- *Directs the Division of Motor Vehicles (DMV) to study and implement a plan for 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 and authorizes issuance of mobile drivers licenses.*
- *Requires ignition interlock as a condition for restoration of a drivers license after certain revocations based on a conviction of death by motor vehicle.*
- *Increases the notary fee for DMV employees and officers.*
- *Clarifies circumstances under which transporter plates may be used.*
- *Requires DMV to study using alternative materials for registration plates.*
- *Requires DMV to study ways to modernize issuance of dealer plates.*
- *Conforms statutory odometer disclosure requirement to the federal requirement.*
- *Requires DMV to implement a print-on-demand system for issuance of temporary registration plates.*
- *Requires all headlamps modified or installed on a motor vehicle to comply with the federal motor vehicle safety standard.*
- *Increases fees for service of process upon nonresident drivers.*
- *Clarifies 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.*
- *Requires 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.*
- *Authorizes remote electronic notarization and electronic signatures for motor vehicle transactions.*
- *Extends the duration of temporary registration plates issued by dealers from 30 to 60 days, and increases 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 DMV for processing.*
- *Amends statutes related to commercial drivers licensing to comply with federal requirements.*
- *Amends the law as it relates to DMV commission contractors.*

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- *Requires DMV to develop a highway work zone safety training course.*
- *Makes changes to the statute requiring DMV to contract with online motor vehicle registration vendors.*
- *Amends exemptions applicable to covered farm vehicles.*
- *Increases the fee for an annual oversize/overweight permit to move commodities and allows electric vehicle batteries to be transported as a nondivisible load for permitting purposes with the payment of an additional fee.*
- *Repeals provisions that would have made use of L/D plates mandatory for service loaner vehicles in 2025, so they remain optional for dealers.*
- *Authorizes Home of the Venus Flytrap and North Carolina School of Science and Mathematics special registration plates.*
- *Amends the definition of "established salesroom" to provide that a dealer is not prohibited from sharing a building with another business as long as requirements for a salesroom are met.*
- *Increases the licensing period for motor vehicle dealers from one year to two years, and makes other clarifying changes to the licensing statute.*
- *Increases the penalties for littering.*
- *Clarifies that Civilian Traffic Investigators employed by municipalities are not required to be licensed as private investigators.*
- *Increases from \$8 to \$10 the maximum tax rate transportation authorities may levy for registered motor vehicles.*
- *Requires the Department of Transportation (DOT) to contract with a private entity to administer the logo sign program.*
- *Adds clarifying language to statutes related to Turnpike Authority projects.*
- *Requires the CFO of DOT to align its internal ledger and business practices with its certified budget in accordance with Government Accounting Standards Board standards.*
- *Designates an overpass being constructed in Columbus County as the "Waccamaw Siouan Tribe Bridge".*

*This act has various effective dates. Please see full summary for more detail.*

**CURRENT LAW AND BILL ANALYSIS:** S.L. 2024-30 amends laws related to motor vehicles as follows:

**Mobile drivers license.** The DMV 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** of this act authorizes DMV to issue a supplemental digital version of a person's valid drivers license that will be capable of display on a mobile device owned by that person. This authorization becomes effective July 1, 2025. Prior to that time, the DMV is directed to study issues related to mobile drivers licenses and develop a plan for implementing their issuance. The DMV is directed to report its findings and recommendations to the General Assembly no later than January 1, 2025.

**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

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ignition interlock system as a condition of restoration of the license. **Section 2** of this act, as amended by Section 2 of S.L. 2024-43, adds 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 provision becomes effective December 1, 2024, and applies to licenses revoked on or after that date.

**Increase DMV employee notary fees.** Officers and employees of the DMV are authorized under G.S. 20-42 to administer oaths and acknowledge signatures, with fees per signature set by statute. **Section 3** increases the statutory fee for signatures from \$2 to \$6 for one signature, from \$3 to \$7 for two signatures, and from \$4 to \$8 for three or more signatures. This section became effective July 1, 2024.

**Use of transporter plates.** Under G.S. 20-79.2, the DMV 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 can be transferred between qualifying vehicles. **Section 4** amends various circumstances listed in G.S. 20-79.2 for which transporter plates can 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 DMV. **Section 5** directs the DMV, in consultation with the Department of Adult Correction, to study the use of alternative materials for manufacturing plates. The DMV must report its findings and recommendations to the General Assembly no later than January 1, 2025.

**Study modernization of dealer plates.** Under G.S. 20-79, the DMV 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 6** directs the DMV 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, 2024.

**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 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 7** amends the statutory exemption from the odometer disclosure requirement to comply with the federal requirement. Vehicles that are model year 2010 or older are exempt from the requirement, but vehicles that are model year 2011 or newer are only exempt after 20 years.

**Print-on-demand temporary registration plate system.** **Section 8** directs the DMV 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 DMV. The system must be implemented no later than January 1, 2025. Mandatory participation by issuers of temporary registration plates is required beginning October 1, 2025. The DMV must enter into contracts with qualified vendors for establishment and support of the system, and new statutory provisions in G.S. 20-79.1B provide minimum standards for the system.

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**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 9** adds 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 10** increases the fee to \$20 and requires a fee of \$100 for service on a defendant outside the United States. This section became effective July 1, 2024, and applies to service on or after that date.

**Clarify notification process for lien enforcement.** G.S. 44A-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 can either provide notice to DMV, which will then notify the owner, or the lienor can provide notice to the owner on a form approved by the DMV. **Section 11** makes clarifying changes to the notice provisions and allows 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 12** defines "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. This section becomes effective October 1, 2024.

**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 13** defines "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 also amends 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 also specifically authorizes electronic signatures, notarizations, and submission of documents to DMV by motor vehicle dealers. This section became effective July 1, 2024.

**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

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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 14** extends the duration of temporary registration plates issued under G.S. 20-79.1 from 30 days to 60 days. It also extends 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 became effective July 1, 2024.

**Amend commercial drivers license statutes to comply with federal requirements.** **Section 15** makes several changes to statutes related to commercial drivers licensing in order to comply with federal requirements.

Subsection (a) requires a one-year disqualification from driving a commercial motor vehicle for any person convicted of fraud in connection with issuance of a commercial drivers license or commercial learner's permit. 49 CFR § 383.73 requires states to have policies in effect that result in disqualification for at least a year for a person convicted of fraud related to issuance.

Subsection (b) amends a provision for disqualification of commercial drivers for drug or alcohol violations to conform with new federal regulations related to the Federal Motor Carrier Safety Administration's Commercial Driver's License Drug and Alcohol Clearinghouse, which was established by 49 U.S.C. § 31306. Federal regulations require states to check the Clearinghouse prior to issuing a commercial drivers license and not issue a driving privilege to a person with prohibited status.

Subsection (c) amends the commercial driver medical certification requirements to reflect a change in federal regulations (49 CFR § 383.71(h)) from requiring the applicant to provide the State with documentation of certification to providing that the State will receive an electronic copy of the medical certification directly from the Federal Motor Carrier Safety Administration.

Subsection (d) amends statutes related to notifying other states and jurisdictions of traffic violations occurring in North Carolina by nonresident commercial drivers license holders and drivers in commercial vehicles. This subsection conforms the notification statute to the requirements of 49 CFR § 384.209 and allows for electronic exchange of information through the Commercial Driver's License Information System, as required by federal law.

Subsection (d) of this section became effective August 1, 2024. The remaining subsections become effective October 1, 2024.

**Provisions related to commission contractors.** Under G.S. 20-63, the DMV is directed to enter into commission contracts for the issuance of registration plates, registration certificates, and certificates of title in localities throughout the State. **Sections 16 through 20** amend the law as it relates to commission contractors as follows:

**Section 16** provides a time limit within which the DMV must review and issue a decision on a commission contractor application. It requires the DMV to review an application and make a decision within 60 days of submission. If the DMV requests additional information from the applicant within that time period, the DMV has 30 days after the submission of the requested information to make a determination, if that falls outside of the original 60-day time period. This section becomes effective October 1, 2024, and applies to commission contract applications submitted on or after that date.

**Section 17** requires the DMV to accept applications and enter contracts with commission contractors in their business name, at the option of a contractor, and allows commission contractors to sell their

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businesses and assign their contract rights to other qualified contractors. This section becomes effective October 1, 2024.

**Section 18** amends bond requirements for commission contractors. G.S. 20-63.01 currently requires a guaranty bond for each commission contractor granted a contract unless the contractor is a governmental subdivision of the State or provides a bond alternative. This section amends the statute to require a surety bond instead of a guaranty bond.

G.S. 20-63.02 establishes the License Plate Agent (LPA) Advisory Committee, which is directed to work with the DMV to ensure excellence and efficiency in services provided by commission contractors. The Committee consists of six members appointed by the North Carolina Association of Motor Vehicle Registration Contractors, as well as ex officio DMV staff members appointed by the Commissioner. **Section 19** clarifies that meetings of the LPA Advisory Committee are subject to provisions of the open meetings law.

G.S. 20-85.1 currently authorizes the DMV to provide one-day title service for a fee of \$105.75. **Section 20** amends statutory provisions to clarify that this service can be provided by commission contractors and the DMV can compensate commission contractors for those transactions. Substantive provisions of this section became effective July 1, 2024.

**Work zone safety course.** **Section 20.5** directs the DMV to develop or identify an existing training course on the safe operation of motor vehicles in highway work zones, make the course accessible on its website and in person, and develop a method for demonstrating successful completion of the course. The DMV must submit a report on its progress in complying with this requirement by March 31, 2025. Effective December 1, 2025, the course must be available and made part of the driver education curriculum.

**Online vehicle registration vendors.** G.S. 20-63(j) requires the DMV to contract with at least two online motor vehicle registration vendors who can enter into contracts with dealers to complete and file documents required by the DMV to register and title vehicles upon purchase and sale. **Section 21** amends that provision to allow online motor vehicle registration vendors to enter into contracts with other participants, such as out of state dealers, fleet, leasing, and rental car companies.

**Exemptions for covered farm vehicles.** Several statutes in Chapter 20 exempt certain farm vehicles transporting agricultural products from certain aspects of commercial drivers licensing, weight limitation, and packaging requirements. These exemptions apply only when the vehicle is being driven within 150 miles of the farm. **Section 22** amends the exemptions to remove the distance limitation and instead require that they operate within the borders of North Carolina to qualify.

**Oversize/overweight permits.** G.S. 20-119 currently authorizes the DOT to issue various permits for excessive size and weight vehicles and outlines permit specifics based on what is being transported. This includes setting fees for an optional annual permit for moving commodities at \$100 and specifying the divisibility of certain goods for the purpose of permit issuance. **Section 23** raises the annual oversize/overweight general commodity permit fee from \$100 to \$185 and specifies that transporting electric vehicle battery loads of less than 132,000 pounds is considered a nondivisible load for which an annual permit can be issued for an additional fee of \$498. This section became effective July 1, 2024, and applies to applications for permits on or after that date.

**Optional use of loaner/dealer plates.** G.S. 20-79.02 currently authorizes franchised motor vehicle dealers, meeting certain conditions, to utilize loaner/dealer ("LD") registration plates on dealer-owned vehicles used by customers having a car serviced by that dealer. When originally enacted, "LD" plate use was an option for franchised motor vehicle dealers and would have been statutorily required after a set date. **Section 24** makes the dealer option to utilize "LD" plates permanent.

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**Authorize special registration plates.** North Carolina offers a number of special registration plates. Upon application and payment of the required registration fees, a person can 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. The issuance of most authorized plates is contingent upon the receipt by the DMV of at least 300 applications for a standard background plate, or 500 applications for a full-color background plate. In 2014, the General Assembly enacted legislation creating a 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.

**Section 25** authorizes the DMV to produce a new Home of the Venus Flytrap special registration plate and a North Carolina School of Science and Mathematics special registration plate. The requestors of the plates submitted everything required by the statutory plate development process, making the authorizations eligible for consideration during the legislative session. This section became effective July 1, 2024.

**Amend definition of established salesroom.** Under the Motor Vehicle Dealers and Manufacturers Licensing Law, G.S. 20-286(6) defines an "established salesroom", which a motor vehicle dealer is required to have in order to obtain a dealer license. The salesroom must contain at least 96 square feet of floor space in a permanent enclosed building and meet other requirements for signage, conducting of business, and record keeping. **Section 26** amends the statutory definition of "established salesroom" to make clear that it does not preclude a dealer from sharing the same permanent enclosed building with another business, as long as all requirements are met.

**Dealer license changes.** G.S. 20-288 outlines requirements for, and aspects of, new and used motor vehicle dealer licensure, which specifically include that notifications related to dealer licenses are given by mail and that licenses are valid for one year. **Section 27** authorizes license notifications to be delivered by mail or electronic means and increases the dealer license validity period from one year to two years, with conforming changes to licensing course requirements and license issuance staggering related to this change. This section also clarifies that, when the co-owner of a licensed business dies, the DMV must consider it a continuing business that can apply for renewal and not be required to apply for licensure as a new business, as long as there are no new co-owners and the business structure has not otherwise changed. This section becomes effective October 1, 2024, and applies to licenses issued on or after that date.

**Increase littering penalties.** G.S. 14-399 sets forth offense classifications and penalties for littering. Currently, criminal penalties are graduated according to the quantity of litter, and circumstances related to the litter illegally disposed of. **Section 28** generally increases penalties, by amending litter weight thresholds and statutory penalties associated with offense classification. This section becomes effective December 1, 2024, and applies to offenses committed on or after that date.

**Clarify Civilian Traffic Investigators are not private investigators.** G.S. 160A-499.6 authorizes and sets out requirements related to civilian personnel employed by cities to investigate traffic crashes, i.e. Civilian Traffic Investigators. **Section 29** specifies that a Civilian Traffic Investigator is not a Private Protective Service Professional and is not regulated by Chapter 74C of the General Statutes or the Private Protective Services Board.

**Increase maximum vehicle registration tax rate for various transportation authorities.** Public Transportation Authorities (Chapter 160A, Article 25), Regional Public Transportation Authorities (Chapter 160A, Article 26), and Regional Transportation Authorities (Chapter 160A, Article 27) are authorized to levy an annual license tax upon motor vehicles with a tax situs within their territorial jurisdictions and create Special Tax Districts (applicable to Article 27 Regional Transportation Authorities

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and Article 26 Regional Public Transportation Authorities) to raise revenue for capital and operating expenses in providing public transportation systems. The tax rate in the aggregate is capped at \$8.00 a year based on circumstances and territorial jurisdiction. **Section 30** increases this aggregate cap from \$8.00 a year to \$10.00 a year. This section became effective July 1, 2024.

**Privatize administration of logo sign program.** G.S. 136-89.56 authorizes DOT to create and administer a logo sign program that regulates logo signs within fully- and partially-controlled access highways to direct motorists to fuel, gas, food, lodging, camping, and attraction facilities along those highways. **Section 31** requires the DOT to contract with a private entity to administer the logo sign program with fees set by the vendor and approved by the Board of Transportation.

**Clarify Turnpike project statutes.** The North Carolina Turnpike Authority is a public agency, within DOT, charged with the construction, maintenance, and operation of toll roads and bridges within the State, which include turnpike projects such as the Triangle Expressway and Mid-Currituck bridge. **Section 32** clarifies laws that relate to certain turnpike projects and specifies that: (i) the Triangle Expressway project includes Phases 1 and 2 of Complete 540, and (ii) the Turnpike Authority is authorized to contract with one or more firms for the Mid-Currituck bridge project in order to provide accelerated, efficient, and cost-effective completion of the project.

**Budget alignment and Transparency.** **Section 33** requires the Chief Financial Officer of DOT, in consultation with Office of State Budget and Management, Office of the State Controller, and the Fiscal Research Division to align the internal ledger and business practices of DOT with its certified budget in accordance with the standards established by the Governmental Accounting Standards Board by July 1, 2025, with a quarterly progress report submission to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division beginning October 1, 2024.

**Name a bridge in Columbus County.** **Section 34** designates an overpass being constructed on State Route 1740 in Columbus County near the Town of Lake Waccamaw as the "Waccamaw Siouan Tribe Bridge".

**EFFECTIVE DATE:** Unless otherwise noted for specific provisions within the summary, this act became effective July 2, 2024.