

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 1688
Committee Substitute Favorable 7/25/07
Third Edition Engrossed 7/30/07

Short Title: Amend Combined MV Registration and PT System. (Public)

Sponsors:

Referred to:

April 19, 2007

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE THE DIVISION OF MOTOR VEHICLES TO CREATE A
2 LIMITED REGISTRATION PLATE, TO EXEMPT MOTOR VEHICLES
3 REGISTERED UNDER THE INTERNATIONAL REGISTRATION PLAN FROM
4 THE COMBINED REGISTRATION AND PROPERTY TAX SYSTEM, TO
5 PROVIDE THAT INTEREST GENERATED BY FUNDS IN THE COMBINED
6 MOTOR VEHICLE AND REGISTRATION ACCOUNT BE CREDITED TO THE
7 ACCOUNT, TO AUTHORIZE THE OFFICE OF STATE BUDGET AND
8 MANAGEMENT TO DIRECT THE TREASURER TO DISTRIBUTE THE
9 FUNDS IN THE ACCOUNT TO IMPLEMENT THE INTEGRATED COMPUTER
10 SYSTEM, TO DISTRIBUTE ANY REMAINING FUNDS IN THE ACCOUNT TO
11 THE LOCAL GOVERNMENTS, AND TO MAKE TECHNICAL AND
12 CLARIFYING CHANGES TO THE COMBINED MOTOR VEHICLE
13 REGISTRATION RENEWAL AND PROPERTY TAX COLLECTION SYSTEM.

14 The General Assembly of North Carolina enacts:

15 **SECTION 1.** G.S. 20-79.1 reads as rewritten:

16 **"§ 20-79.1. Use of temporary registration plates or markers by purchasers of**
17 **motor vehicles in lieu of dealers' plates.**

18 (a) The Division may, subject to the limitations and conditions hereinafter set
19 forth, deliver temporary registration plates or markers designed by said Division to a
20 dealer duly registered under the provisions of this Article who applies for at least 25
21 such plates or markers and who encloses with such application a fee of one dollar
22 (\$1.00) for each plate or marker for which application is made. Such application shall be
23 made upon a form prescribed and furnished by the Division. Dealers, subject to the
24 limitations and conditions hereinafter set forth, may issue such temporary registration
25 plates or markers to owners of vehicles, provided that such owners shall comply with
26 the pertinent provisions of this section.
27

1 (b) Every dealer who has made application for temporary registration plates or
2 markers shall maintain in permanent form a record of all temporary registration plates
3 or markers delivered to him, and shall also maintain in permanent form a record of all
4 temporary registration plates or markers issued by him, and in addition thereto, shall
5 maintain in permanent form a record of any other information pertaining to the receipt
6 or the issuance of temporary registration plates or markers that the Division may
7 require. Each record shall be kept for a period of at least one year from the date of entry
8 of such record. Every dealer shall allow full and free access to such records during
9 regular business hours, to duly authorized representatives of the Division and to peace
10 officers.

11 (c) Every dealer who issues temporary registration plates or markers shall also
12 issue a temporary registration certificate upon a form furnished by the Division and
13 deliver it with the registration plate or marker to the owner.

14 (d) A dealer shall:

- 15 (1) Not issue, assign, transfer, or deliver temporary registration plates or
16 markers to anyone other than a bona fide purchaser or owner of a
17 vehicle which he has sold.
- 18 (2) Not issue a temporary registration plate or marker without first
19 obtaining from the purchaser or owner a written application for titling
20 and registration of the vehicle and the applicable fees.
- 21 (3) Within 10 working days, mail or deliver the application and fees to the
22 Division or deliver the application and fees to a local license agency
23 for processing. Delivery need not be made if the contract for sale has
24 been rescinded in writing by all parties to the contract.
- 25 (4) Not deliver a temporary registration plate to anyone purchasing a
26 vehicle that has an unexpired registration plate that is to be transferred
27 to the purchaser.
- 28 (5) Not lend to anyone, or use on any vehicle that he may own, any
29 temporary registration plates or markers.

30 A dealer may issue temporary markers, without obtaining the written application for
31 titling and registration or collecting the applicable fees, to nonresidents for the purpose
32 of removing the vehicle from the State.

33 (e) Every dealer who issues temporary plates or markers shall write clearly and
34 indelibly on the face of the temporary registration plate or marker:

- 35 (1) The dates of issuance and expiration;
- 36 (2) The make, motor number, and serial numbers of the vehicle; and
- 37 (3) Any other information that the Division may require.

38 It shall be unlawful for any person to issue a temporary registration plate or marker
39 containing any misstatement of fact or to knowingly write any false information on the
40 face of the plate or marker.

41 (f) If the Division finds that the provisions of this section or the directions of the
42 Division are not being complied with by the dealer, ~~he~~ the Division may suspend, after a
43 hearing, the right of a dealer to issue temporary registration plates or markers. Nothing

1 in this section shall be deemed to require a dealer to collect or receive property taxes
2 from any person.

3 (g) Every person to whom temporary registration plates or markers have been
4 issued shall permanently destroy such temporary registration plates or markers
5 immediately upon receiving the limited registration plates or the annual registration
6 plates from the Division: Provided, that if the limited registration plates or the annual
7 registration plates are not received within 30 days of the issuance of the temporary
8 registration plates or markers, the owner shall, notwithstanding, immediately upon the
9 expiration of such 30-day period, permanently destroy the temporary registration plates
10 or markers.

11 (h) Temporary registration plates or markers shall expire and become void upon
12 the receipt of the limited registration plates or the annual registration plates from the
13 Division, or upon the rescission of a contract to purchase a motor vehicle, or upon the
14 expiration of 30 days from the date of issuance, depending upon whichever event shall
15 first occur. No refund or credit or fees paid by dealers to the Division for temporary
16 registration plates or markers shall be allowed, except in the event that the Division
17 discontinues the issuance of temporary registration plates or markers or unless the
18 dealer discontinues business. In this event the unissued registration plates or markers
19 with the unissued registration certificates shall be returned to the Division and the dealer
20 may petition for a refund. Upon the expiration of the 30 days from the date of issuance,
21 a second 30-day temporary registration plate or marker may be issued by the dealer
22 upon showing the vehicle has been sold, a temporary lien has been filed as provided in
23 G.S. 20-58, and that the dealer, having used reasonable diligence, is unable to obtain the
24 vehicle's statement of origin or certificate of title so that the lien may be perfected.

25 (i) A temporary registration plate or marker may be used on the vehicle for
26 which issued only and may not be transferred, loaned, or assigned to another. In the
27 event a temporary registration plate or marker or temporary registration certificate is
28 lost or stolen, the owner shall permanently destroy the remaining plate or marker or
29 certificate and no operation of the vehicle for which the lost or stolen registration
30 certificate, registration plate or marker has been issued shall be made on the highways
31 until the regular license plate is received and attached thereto.

32 (j) The Commissioner of Motor Vehicles shall have the power to make such
33 rules and regulations, not inconsistent herewith, as he shall deem necessary for the
34 purpose of carrying out the provisions of this section.

35 (k) The provisions of G.S. 20-63, 20-71, 20-110 and 20-111 shall apply in like
36 manner to temporary registration plates or markers as is applicable to nontemporary
37 plates."

38 **SECTION 2.** Part 5 of Article 3 of Chapter 20 of the General Statutes is
39 amended by adding a new section to read:

40 "**§ 20-79.1A. Use of limited registration plates on motor vehicles.**

41 (a) The Division or its authorized agent shall issue a limited registration plate
42 upon receipt of an application for title and registration fees from a dealer, who is
43 authorized to issue temporary registration plates or markers to owners of vehicles
44 pursuant to G.S. 20-79.1, or from any other person. The limited registration plate must

1 be clearly and visibly designated as "temporary" and shall expire on the last day of the
2 second month following the date of application of the limited registration plate.

3 (b) Notwithstanding subsection (a) of this section, the Division or its authorized
4 agent shall issue an annual registration plate upon receipt of an application for title,
5 registration fees, and property taxes from the dealer or any other person."

6 **SECTION 3.** G.S. 105-330.4(a), as amended by Section 3 of S.L. 2005-294,
7 reads as rewritten:

8 "**§ 105-330.4. Due date, interest, and enforcement remedies.**

9 (a) **(Effective until July 1, 2010)** Taxes on a classified motor vehicle listed
10 pursuant to G.S. 105-330.3(a)(2) shall be due on September 1 following the date by
11 which the vehicle was required to be listed. Taxes on a classified motor vehicle listed
12 pursuant to G.S. 105-330.3(a)(1) shall be due each year on the following dates:

13 (1) For a vehicle registered under the staggered system, taxes shall be due
14 on the first day of the fourth month following the date the registration
15 expires or on the first day of the fourth month following the last day of
16 the month in which the new registration is applied for.

17 (2) For a vehicle newly registered under the annual system, taxes shall be
18 due on the first day of the fourth month following the date the new
19 registration is applied for. For a vehicle whose registration is renewed
20 under the annual system, taxes shall be due on May 1 following the
21 date the registration expired.

22 (a) **(Effective July 1, 2010, or when the Division of Motor Vehicles and the**
23 **Department of Revenue certify that the integrated computer system for**
24 **registration renewal and property tax collection for motor vehicles is in operation,**
25 **whichever occurs first)** Taxes on a classified motor vehicle listed pursuant to
26 G.S. 105-330.3(a)(2) are due on September 1 following the date by which the vehicle
27 was required to be listed. Taxes on a classified motor vehicle listed pursuant to
28 G.S. 105-330.3(a)(1) are due each year on the date a new registration is applied for or
29 the fifteenth day of the month following the month in which the registration renewal
30 sticker expired pursuant to G.S. 20-66(g).

31 (a1) Notwithstanding subsection (a) of this section, taxes on a classified motor
32 vehicle for which the registration fees have been paid pursuant to G.S. 20-79.1 or
33 subsection (a) of G.S. 20-79.1A, are due on the last day of the second month following
34 the date on which the limited registration is applied for."

35 **SECTION 4.** G.S. 105-330.5, as amended by Section 6 of S.L. 2005-294, is
36 amended by adding a new subsection to read:

37 "(a2) For classified motor vehicles where the registration fees have been paid
38 pursuant to G.S. 20-79.1 or subsection (a) of G.S. 20-79.1A, the Property Tax Division's
39 notice shall contain a statement that registration fees have been paid pursuant to
40 G.S. 20-79.1 or G.S. 20-79.1A and that the registration becomes valid for the remainder
41 of the year upon payment of county and municipal taxes and fees due in the current
42 year."

43 **SECTION 5.** G.S. 105-330.5(b), as amended by Section 6 of S.L. 2005-294,
44 reads as rewritten:

1 "(b) When the combined tax and registration notice required by subsection (a) or
2 (a2) of this section is prepared, the Property Tax Division of the Department of Revenue
3 or a third-party contractor shall mail a copy of the notice, with appropriate instructions
4 for payment, to the motor vehicle owner. The Department shall establish a fee equal to
5 the actual cost of printing and sending the notice. The Department may receive a fee for
6 each notice generated for a vehicle registered in a county or municipal corporation from
7 the taxes and fees remitted to the county or municipal corporation in which the vehicle
8 is registered. The collecting authority is responsible for collecting county and municipal
9 taxes and fees assessed under this Article and may retain a fee for collecting these taxes
10 and fees. The fee retained by the collecting authority shall be an amount equal to at least
11 one-third of the compensation paid for registration renewals conducted by contract
12 agents under G.S. 20-63(h). The Property Tax Division shall establish procedures to
13 ensure that tax payments and fees received pursuant to this Article and Chapter 20 of
14 the General Statutes are properly accounted for and taxes and fees due other taxing units
15 and the Division of Motor Vehicles are remitted at least once each month. Each
16 collecting authority shall provide a weekly financial report containing information
17 required by the Property Tax Division to the taxing units and Division of Motor
18 Vehicles to enable them to account for payments received."

19 **SECTION 6.** G.S. 105-330.1(b) reads as rewritten:

20 "(b) Exceptions. – The following motor vehicles are not classified under
21 subsection (a) of this section:

- 22 (1) Motor vehicles exempt from registration pursuant to G.S. 20-51.
- 23 (2) Manufactured homes, mobile classrooms, and mobile offices.
- 24 (3) Semitrailers or trailers registered on a multiyear basis.
- 25 (4) Motor vehicles owned or leased by a public service company and
26 appraised under G.S. 105-335.
- 27 (5) Repealed by Session Laws 2000, c. 140, s. 75(a). (1991, c. 624, s. 1;
28 1991 (Reg. Sess., 1992), c. 961, s. 3; 1993, c. 485, s. 18; c. 543, s. 4;
29 1993 (Reg. Sess., 1994), c. 745, s. 1; 2000-140, s. 75(a).)
- 30 (6) Motor vehicles registered under the International Registration Plan."

31 **SECTION 7.(a)** G.S. 105-330.10 reads as rewritten:

32 "**§ 105-330.10. (Effective until July 1, 2010) Disposition of interest.**

33 Sixty percent (60%) of the first month's interest collected on unpaid taxes pursuant
34 to G.S. 105-330.4 shall be transferred on a monthly basis to the Combined Motor
35 Vehicle and Registration Account created within the Treasurer's Office. Interest
36 generated by the funds in the Combined Motor Vehicle and Registration Account shall
37 be credited to the Account. The North Carolina Association of County
38 CommissionersThe Office of State Budget and Management shall direct the Treasurer
39 to distribute the funds in the Account to the Division of Motor Vehicles for the purpose
40 of developing and implementing an integrated computer system within the Division of
41 Motor Vehicles that would allow for the combined assessment, billing, and collection of
42 property taxes on motor vehicles and the issuance of registration plates. Funds in the
43 Account shall not be transferred by the Office of State Budget and Management and
44 appropriated by the General Assembly until the Department of Transportation and the

1 North Carolina Association of County Commissioners reach agreement on a project
2 plan for the integrated system. The Treasurer shall report to the Revenue Laws Study
3 Committee semiannually with the first report due by April 30, 2006. The report shall
4 contain a detailed description of the amount of moneys transferred to the Account and
5 distributed from the Account. Any funds remaining in the Account after the integrated
6 computer system has been certified to be in operation shall be distributed to the local
7 governments on a pro rata basis determined by the first month's interest collected on the
8 unpaid taxes on classified motor vehicles and paid into the Account by each local
9 government."

10 **SECTION 7.(b)** This section is effective when it becomes law.

11 **SECTION 8.** Unless otherwise stated, this act becomes effective July 1,
12 2010, or when the Division of Motor Vehicles and the Department of Revenue certify
13 that the integrated computer system for registration renewal and property tax collection
14 for motor vehicles is in operation, whichever occurs first.