

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE BILL 1457*
Commerce, Small Business and Entrepreneurship Committee Substitute Adopted
5/9/07
House Committee Substitute Favorable 7/26/07

Short Title: Bond Lic. Plate Agent/Online Veh. Regist.

(Public)

Sponsors:

Referred to:

March 26, 2007

A BILL TO BE ENTITLED

AN ACT TO REQUIRE BONDS FOR CONTRACTS ISSUED BY THE DIVISION OF MOTOR VEHICLES TO COMMISSION CONTRACTORS WHO OPERATE LICENSE PLATE AGENCIES, TO ADD CHARLOTTE TO THE DIVISION OF MOTOR VEHICLES OPERATED REGISTRATION OFFICES, TO REQUIRE THE DIVISION OF MOTOR VEHICLES TO HAVE AT LEAST TWO AUTHORIZED ONLINE MOTOR VEHICLE REGISTRATION VENDORS APPROVED FOR CONTRACTING AT ALL TIMES, AND TO AUTHORIZE COMMISSION CONTRACT AGENTS TO CONTRACT WITH ONLINE DEALER REGISTRATION VENDORS.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 20 of the General Statutes is amended by adding a new section to read:

"§ 20-63A. Bonds required for commission contractors.

(a) A guaranty bond is required for each commission contractor that is not a governmental subdivision of this State that is granted a contract to issue license plates or conduct business pursuant to G.S. 20-63. Provided, however, a commission contractor that is unable to secure a bond may, with the consent of the Division, provide an alternative to a guaranty bond, as provided in subsection (c) of this section.

The Division may revoke, with cause, a contract with a commission contractor that fails to maintain a bond or an alternative to a bond, pursuant to this section.

(b) (1) When application is made for a contract or contract renewal, the applicant shall file a guaranty bond with the clerk of the superior court and/or the register of deeds of the county in which the commission contractor will be located. The bond shall be in favor of the Division. The bond shall be executed by the applicant as principal and by a bonding company authorized to do business in this State. The bond

1 shall be conditioned to provide indemnification to the Division for a
2 loss of revenue for any reason, including bankruptcy, employee
3 embezzlement or theft, foreclosure, or ceasing to operate.

4 (2) The bond shall be in an amount determined by the Division to be
5 adequate to provide indemnification to the Division under the terms of
6 the bond. The bond amount shall be at least one hundred thousand
7 dollars (\$100,000).

8 (3) The bond shall remain in force and effect until cancelled by the
9 guarantor. The guarantor may cancel the bond upon 30 days' notice to
10 the Division. Cancellation of the bond shall not affect any liability
11 incurred or accrued prior to the termination of the notice period.

12 (4) The Division may be able to negotiate bonds for contractors who
13 qualify for bonds as a group under favorable rates or circumstances. If
14 so, the Division may require those contractors who can qualify for the
15 group bond to obtain their bond as part of a group of contractors. The
16 Division may deduct the premiums for any bonds it may be able to
17 negotiate at group rates from the commissioned contractors'
18 compensation.

19 (c) An applicant that is unable to secure a bond may seek a waiver of the
20 guaranty bond from the Division and approval of one of the guaranty bond alternatives
21 set forth in this subsection. With the approval of the Division, an applicant may file with
22 the clerk of the superior court and/or the register of deeds of the county in which the
23 commission contractor will be located, in lieu of a bond:

24 (1) An assignment of a savings account in an amount equal to the bond
25 required (i) which is in a form acceptable to the Division; (ii) which is
26 executed by the applicant; (iii) which is executed by a state or federal
27 savings and loan association, state bank, or national bank that is doing
28 business in North Carolina and whose accounts are insured by a
29 federal depositors corporation; and (iv) for which access to the account
30 in favor of the State of North Carolina is subject to the same conditions
31 as for a bond in subsection (b) of this section.

32 (2) A certificate of deposit (i) which is executed by a state or federal
33 savings and loan association, state bank, or national bank which is
34 doing business in North Carolina and whose accounts are insured by a
35 federal depositors corporation; (ii) which is either payable to the State
36 of North Carolina, unrestrictively endorsed to the Division of Motor
37 Vehicles; in the case of a negotiable certificate of deposit, is
38 unrestrictively endorsed to the Division of Motor Vehicles; or in the
39 case of a nonnegotiable certificate of deposit, is assigned to the
40 Division of Motor Vehicles in a form satisfactory to the Division; and
41 (iii) for which access to the certificate of deposit in favor of the State
42 of North Carolina is subject to the same conditions as for a bond in
43 subsection (b) of this section."

44 **SECTION 2.** G.S. 20-63(h) reads as rewritten:

1 "(h) Commission Contracts for Issuance of Plates and Certificates. – All
2 registration plates, registration certificates, and certificates of title issued by the
3 Division, outside of those issued from the Charlotte and Raleigh offices of the Division
4 and those issued and handled through the United States mail, shall be issued insofar as
5 practicable and possible through commission contracts entered into by the Division for
6 the issuance of the plates and certificates in localities throughout North Carolina with
7 persons, firms, corporations or governmental subdivisions of the State of North
8 Carolina. The Division shall make a reasonable effort in every locality, except as noted
9 above, to enter into a commission contract for the issuance of the plates and certificates
10 and a record of these efforts shall be maintained in the Division. In the event the
11 Division is unsuccessful in making commission contracts, it shall issue the plates and
12 certificates through the regular employees of the Division. Whenever registration plates,
13 registration certificates, and certificates of title are issued by the Division through
14 commission contract arrangements, the Division shall provide proper supervision of the
15 distribution. Nothing contained in this subsection will allow or permit the operation of
16 fewer outlets in any county in this State than are now being operated.

17 Commission contracts entered into by the Division under this subsection shall
18 provide for the payment of compensation on a per transaction basis. The collection of
19 the highway use tax shall be considered a separate transaction for which one dollar and
20 twenty-seven cents (\$1.27) compensation shall be paid. The performance at the same
21 time of one or more of the remaining transactions listed in this subsection shall be
22 considered a single transaction for which one dollar and forty-three cents (\$1.43)
23 compensation shall be paid.

24 A transaction is any of the following activities:

- 25 (1) Issuance of a registration plate, a registration card, a registration
26 renewal sticker, or a certificate of title.
- 27 (2) Issuance of a handicapped placard or handicapped identification card.
- 28 (3) Acceptance of an application for a personalized registration plate.
- 29 (4) Acceptance of a surrendered registration plate, registration card, or
30 registration renewal sticker, or acceptance of an affidavit stating why a
31 person cannot surrender a registration plate, registration card, or
32 registration renewal sticker.
- 33 (5) Cancellation of a title because the vehicle has been junked.
- 34 (6) Acceptance of an application for, or issuance of, a refund for a fee or a
35 tax, other than the highway use tax.
- 36 (7) **(Effective until July 1, 2008)** Receipt of the civil penalty imposed by
37 G.S. 20-309 for a lapse in financial responsibility or receipt of the
38 restoration fee imposed by that statute.
- 39 (7) **(Effective July 1, 2008)** Receipt of the civil penalty imposed by
40 G.S. 20-311 for a lapse in financial responsibility or receipt of the
41 restoration fee imposed by that statute.
- 42 (8) Acceptance of a notice of failure to maintain financial responsibility
43 for a motor vehicle.
- 44 (8a) Collection of civil penalties imposed for violations of G.S. 20-183.8A.

1 (8b) Sale of one or more inspection stickers in a single transaction to a
2 licensed inspection station.

3 (9) Collection of the highway use tax.

4 (10) Acceptance of a temporary lien filing."

5 **SECTION 3.** G.S. 20-63(i) reads as rewritten:

6 "(i) Electronic Applications and Collections. – The Division ~~is authorized to~~ shall
7 accept electronic applications for the issuance of registration plates, registration
8 certificates, and certificates of title, and is authorized to electronically collect fees and
9 ~~penalties.~~ penalties from online motor vehicle registration vendors under contract with
10 the Division."

11 **SECTION 4.** G.S. 20-63 is amended by adding a new subsection to read:

12 "(j) The Division shall contract with at least two online motor vehicle registration
13 vendors which may enter into contracts with motor vehicle dealers to complete and file
14 Division required documents for the issuance of a certificate of title, registration plate,
15 or registration card or a duplicate certificate of title, registration plate, or registration
16 card for a motor vehicle."

17 **SECTION 5.** G.S. 20-63 is amended by adding a new subsection to read:

18 "(k) Commission contract agents are authorized to enter into contracts with online
19 motor vehicle registration vendors which are under contract with the Division to
20 complete and file Division required documents for the issuance of a certificate of title,
21 registration plate, or registration card or a duplicate certificate of title, registration plate,
22 or registration card for a motor vehicle."

23 **SECTION 6.** Section 1 of this act becomes effective January 1, 2008. The
24 remainder of this act is effective when it becomes law.