

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 476
Commerce Committee Substitute Adopted 5/12/09

Short Title: Create Titling Categories-Replica/Street Rod.

(Public)

Sponsors:

Referred to:

March 10, 2009

A BILL TO BE ENTITLED

AN ACT TO CREATE NEW MOTOR VEHICLE TITLING AND REGISTRATION
CATEGORIES FOR MOTOR VEHICLES CLASSIFIED AS REPLICA VEHICLES,
STREET RODS, MODIFIED VEHICLES, AND CUSTOM-BUILT VEHICLES, AND TO
MAKE CORRESPONDING CHANGES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-4.01 is amended by adding a new subdivision to read:

"(15a) Inoperable Vehicle. – A motor vehicle that is mechanically unfit or unsafe to be operated or moved upon a public street, highway, or public vehicular area."

SECTION 2. G.S. 20-4.01(33) reads as rewritten:

- (33) a. Flood Vehicle. – A motor vehicle that has been submerged or partially submerged in water to the extent that damage to the body, engine, transmission, or differential has occurred.
- b. Non-U.S.A. Vehicle. – A motor vehicle manufactured outside of the United States and not intended by the manufacturer for sale in the United States.
- c. Reconstructed Vehicle. – A motor vehicle of a type required to be registered hereunder that has been materially altered from original construction due to removal, addition or substitution of new or used essential parts; ~~and includes glider kits and custom assembled vehicles.~~ parts and includes glider kits.
- d. Salvage Motor Vehicle. – Any motor vehicle damaged by collision or other occurrence to the extent that the cost of repairs to the vehicle and rendering the vehicle safe for use on the public streets and highways would exceed seventy-five percent (75%) of its fair retail market value, whether or not the motor vehicle has been declared a total loss by an insurer. Repairs shall include the cost of parts and labor. Fair market retail values shall be as found in the NADA Pricing Guide Book or other publications approved by the Commissioner.
- e. Salvage Rebuilt Vehicle. – A salvage vehicle that has been rebuilt for title and registration.
- f. Junk Vehicle. – A motor vehicle which is incapable of operation or use upon the highways and has no resale value except as a source of parts or scrap, and shall not be titled or registered."

SECTION 3. G.S. 20-4.01(43) reads as rewritten:



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1 "~~(43) Specially Constructed Vehicles. – Vehicles of a type required to be~~
2 ~~registered hereunder not originally constructed under a distinctive name,~~
3 ~~make, model, or type by a generally recognized manufacturer of vehicles~~
4 ~~and not materially altered from their original construction. Motor vehicles~~
5 required to be registered under this Chapter and that fit within one of the
6 following categories. For purposes of this subdivision, 'materially altered'
7 means (i) the removal, addition, or substitution of new or used essential parts
8 or (ii) the modification of any essential part from its original configuration or
9 design as originally produced by the manufacturer; and 'essential parts'
10 means the vehicle's frame rail, body, and chassis, or any component part of
11 the frame rail, body, or chassis.

- 12 a. Replica vehicle. – A vehicle, excluding motorcycles, originally sold
13 unassembled and manufactured from a kit, which when assembled
14 replicates an earlier year, make, and model vehicle.
15 b. Street rod vehicle. – A vehicle, excluding motorcycles, manufactured
16 prior to 1949, which has been materially altered or has a body
17 constructed from nonoriginal materials.
18 c. Modified vehicle. – A vehicle, excluding motorcycles, manufactured
19 on or after 1949 which has been materially altered or has a body
20 constructed from nonoriginal materials.
21 d. Custom-built vehicle. – A vehicle, including motorcycles,
22 reconstructed or assembled by a nonmanufacturer from new or used
23 parts, which has an exterior that does not replicate or resemble any
24 other manufactured vehicle. This category also includes motorcycles
25 which were originally sold unassembled and manufactured from a kit
26 or which have been materially altered or has a body constructed from
27 nonoriginal materials."

28 **SECTION 4.** Part 1 of Article 3 of Chapter 20 of the General Statutes is amended
29 by adding a new section to read:

30 "**§ 20-49.3. Annual inspection training of Division agents.**

31 Every agent of the Division of Motor Vehicles, License and Theft Bureau, shall attend an
32 annual in-service training course that incorporates a classroom training program detailing the
33 inspection procedure for inoperable vehicles and complete a physical examination of a test
34 vehicle to verify that the agent can determine which vehicles are operable or inoperable based
35 on the uniform training required by this section to ensure uniform statewide enforcement of the
36 titling provisions of this Part."

37 **SECTION 5.** G.S. 20-53 reads as rewritten:

38 "**§ 20-53. Application for specially constructed, reconstructed, or foreign vehicle.**

39 (a) In the event the vehicle to be registered is a specially constructed, reconstructed, or
40 foreign vehicle, such fact shall be stated in the application, and with reference to every foreign
41 vehicle which has been registered outside of this State, the owner shall surrender to the
42 Division all registration cards and certificates of title or other evidence of such foreign
43 registration as may be in his possession or under his control, except as provided in subsection
44 (b) hereof.

45 (b) Where, in the course of interstate operation of a vehicle registered in another state, it
46 is desirable to retain registration of said vehicle in such other state, such applicant need not
47 surrender, but shall submit for inspection said evidence of such foreign registration, and the
48 Division in its discretion, and upon a proper showing, shall register said vehicle in this State but
49 shall not issue a certificate of title for such vehicle.

50 (c), (d) Repealed by Session Laws 1965, c. 734, s. 2

1 (e) No title shall be issued to an initial applicant for (i) a foreign vehicle that is 35
2 model years or older or (ii) a specially constructed vehicle prior to the completion of a vehicle
3 examination conducted by the License and Theft Bureau of the Division of Motor Vehicles.
4 However, upon such application and the submission of any required documentation, the
5 Division shall be authorized to register the vehicle pending the completion of the examination
6 of the vehicle. Such registration shall be valid for one year but shall not be renewed unless and
7 until the vehicle examination has been completed."

8 **SECTION 6.** Part 3 of Article 3 of Chapter 20 of the General Statutes is amended
9 by adding a new section to read:

10 **"§ 20-53.1. Specially constructed and inoperable vehicle titles.**

11 (a) Specially constructed vehicles shall be titled in the following manner:

12 (1) Replica vehicles shall be titled as the year, make, and model of the vehicle
13 intended to be replicated. A label of 'Replica' shall be applied to the title and
14 registration card. All replica vehicle titles shall be branded as 'Specially
15 Constructed Vehicle.'

16 (2) The model year of a street rod vehicle shall continue to be recognized as the
17 manufacturer's assigned model year. The manufacturer's name shall continue
18 to be used as the make with a label of 'Street Rod' applied to the title and
19 registration card. All street rod vehicle titles will be branded as 'Specially
20 Constructed Vehicle.'

21 (3) The model year of a modified vehicle shall continue to be recognized as the
22 manufacturer's assigned model year. The manufacturer's name shall continue
23 to be used as the make with the label of 'Modified' applied to the title and
24 registration card. All modified vehicle titles shall be branded as 'Specially
25 Constructed Vehicle.'

26 (4) Custom-built vehicles shall be titled and registered showing the make as
27 'Custom-built,' and the year the vehicle was built shall be the vehicle model
28 year. All custom-built vehicle titles shall be branded as 'Specially
29 Constructed Vehicle.'

30 (b) Inoperable vehicles may be titled, but no registration may be issued until such time
31 as the License and Theft Bureau inspects the vehicle to ensure it is mechanically fit for
32 operation on a public street, highway, or public vehicular area. Once a vehicle has been deemed
33 safe and operable pursuant to an inspection by the License and Theft Bureau, the
34 Commissioner shall title the vehicle by classifying it in the proper category and collecting all
35 highway use taxes applicable to the value of the car at the time the vehicle is retitled to a proper
36 classification described in this section.

37 (c) Motor vehicle certificates of title and registration cards issued pursuant to this
38 section shall be branded in accordance with this section. As used in this section, 'branded'
39 means that the title and registration card shall contain a designation that discloses if the vehicle
40 is classified as any of the following:

41 (1) Specially constructed vehicle.

42 (2) Inoperable vehicle."

43 **SECTION 7.** Part 3 of Article 3 of Chapter 20 of the General Statutes is amended
44 by adding a new section to read:

45 **"§ 20-53.2. Failure to disclose status of specially constructed or inoperable vehicles shall**
46 **be a misdemeanor.**

47 It shall be unlawful for any transferor of a motor vehicle to transfer a motor vehicle when
48 the transferor has knowledge that the vehicle is, or was, a specially constructed vehicle or
49 inoperable vehicle without disclosing that fact in writing to the transferee prior to the transfer
50 of the vehicle."

1 **SECTION 8.** Part 3 of Article 3 of Chapter 20 of the General Statutes is amended
2 by adding a new section to read:

3 "§ 20-53.3. Appeal of specially constructed vehicle classification determination to Vehicle
4 Classification Review Committee.

5 (a) Any person aggrieved by the Division's determination of the appropriate vehicle
6 classification for a specially constructed vehicle may request review of that determination by
7 the Vehicle Classification Review Committee. This review shall be initiated by completing a
8 Vehicle Classification Review Request and returning the request to the Division. Such Vehicle
9 Classification Review Request shall be made on a form provided by the Division. The decision
10 of the Review Committee may be appealed to the Commissioner of Motor Vehicles. The
11 decision of the Commissioner is final, and no further appeal is authorized.

12 (b) The Vehicle Classification Review Committee shall consist of five members. Three
13 members shall be personnel of the License and Theft Bureau of the Division of Motor Vehicles
14 and shall be designated by the Commissioner. Two members shall be members of the public
15 and shall be appointed by the Commissioner. Any member of the public so appointed shall
16 serve at the pleasure of the Commissioner."

17 **SECTION 9.** G.S. 20-71.3(b) reads as rewritten:

18 **"§ 20-71.3. Salvage and other vehicles – titles and registration cards to be branded.**

19 (b) Any motor vehicle up to and including six model years old damaged by collision or
20 other occurrence, that is to be retitled in this State, shall be subject to preliminary and final
21 inspections by the ~~Enforcement Section~~ License and Theft Bureau of the Division. For
22 purposes of this section, the term "six model years" shall be calculated by counting the model
23 year of the vehicle's manufacture as the first model year and the current calendar year as the
24 final model year.

25 These inspections serve as antitheft measures and do not certify the safety or
26 road-worthiness of a vehicle."

27 **SECTION 10.** G.S. 105-187.3(b) reads as rewritten:

28 **"§ 105-187.3. Rate of tax.**

29 (b) Retail Value. – The retail value of a motor vehicle for which a certificate of title is
30 issued because of a sale of the motor vehicle by a retailer is the sales price of the motor vehicle,
31 including all accessories attached to the vehicle when it is delivered to the purchaser, less the
32 amount of any allowance given by the retailer for a motor vehicle taken in trade as a full or
33 partial payment for the purchased motor vehicle. The retail value of a motor vehicle for which a
34 certificate of title is issued because of a sale of the motor vehicle by a seller who is not a
35 retailer is the market value of the vehicle, less the amount of any allowance given by the seller
36 for a motor vehicle taken in trade as a full or partial payment for the purchased motor vehicle.
37 A transaction in which two parties exchange motor vehicles is considered a sale regardless of
38 whether either party gives additional consideration as part of the transaction. The retail value of
39 a motor vehicle for which a certificate of title is issued because of a reason other than the sale
40 of the motor vehicle is the market value of the vehicle. The market value of a vehicle is
41 presumed to be be:

42 (1) For replica or custom-built vehicles, the value of all parts, materials, and
43 labor, including the labor of a subcontractor, used to construct the vehicle.

44 (2) For all other vehicles, the value of the vehicle set in a schedule of values
45 adopted by the Commissioner."

46 **SECTION 11.** G.S. 105-187.6(a) is amended by adding a new subdivision to read:

47 "(a) Full Exemptions. – The tax imposed by this Article does not apply when a
48 certificate of title is issued as the result of a transfer of a motor vehicle:

49 ...

50 (10) To an inoperable vehicle as defined in G.S. 20-4.01."

1 **SECTION 12.** This act becomes effective October 1, 2009, and applies to
2 applications received by the Division of Motor Vehicles on or after that date.