

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** HB 1082 (Second Edition)

**SHORT TITLE:** Licensing Selling of Cars

**SPONSOR(S):** Representative Drew Saunders

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>
<b>REVENUES</b>					
Highway Fund	-	-	\$1,354,500	\$1,354,500	\$1,354,500
School Fund	-	-	\$94,000	\$94,000	\$94,000
<b>EXPENDITURES</b>					
Highway Fund	No Fiscal Impact				
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Transportation – Division of Motor Vehicles (DMV)					
<b>EFFECTIVE DATE:</b> The act becomes effective June 30, 2001					

**BILL SUMMARY:** The bill establishes penalties for selling cars in violation of the Motor Vehicle Dealers and Manufacturers Licensing Law, establishes educational requirements for used motor vehicle dealers and increases fees on motor vehicle dealers and motor vehicle sales representatives.

**ASSUMPTIONS AND METHODOLOGY:**

**Penalties**

Section 1 of the bill creates a class 2 misdemeanor and a civil penalty for violators of the motor vehicle dealer laws. The class 2 misdemeanor carries a maximum sentence of 60 days, but this will not require any state prison beds. DMV estimates that the \$1,000 penalty authorized in this section may be applied 94 times a year. This is based on an average of 94 revocations, suspensions and probation imposed on motor vehicle dealers each year. If the maximum \$1,000 penalty is assessed dealers, then revenue of \$94,000 will be collected each year and deposited

into the County School Fund of the violator's home county. DMV has no estimate for the \$5,000 civil penalty for violations by persons without a license.

**Educational Requirements**

Section 2 requires used motor vehicle dealers to complete a 12-hour licensing course for an initial license and a 6-hour course for license renewal. DMV has to approve the courses, but does not have to provide them. There is no fiscal impact on DMV and the Highway Fund for this section.

**License Fees**

Effective in FY 2001-02, the license fee for motor vehicle dealers, distributor branches, and wholesalers will increase from \$50 to \$100 each year. The annual fee for a motor vehicle representative will increase from \$10 to \$25.

<u>Licenses Issued</u>	<u>No. Issued</u>	<u>Current Fee</u>	<u>Current Rev.</u>	<u>Proposed Fee</u>	<u>Proposed Rev.</u>
Dealers	12,074	\$50	\$603,700	\$100	\$1,207,400
Distributors	50	\$50	\$2,500	\$100	\$5,000
Wholesalers	191	\$50	\$9,550	\$100	\$19,100
Sales Reps.	49,250	\$10	\$492,500	\$25	\$1,231,250
Total			\$1,108,250		\$2,462,750

Net Revenue Increase = \$1,354,500

**FISCAL RESEARCH DIVISION 733-4910**

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**APPROVED BY:** Tom Covington

**DATE:** Wednesday, June 16, 1999



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