

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 1688
Committee Substitute Favorable 7/25/07

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

Sponsors:

Referred to:

April 19, 2007

A BILL TO BE ENTITLED

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

15 The General Assembly of North Carolina enacts:

16 **SECTION 1.(a)** Section 9 of S.L. 2005-294 is repealed.

17 **SECTION 1.(b)** Section 13 of S.L. 2005-294, as amended by Section 31.5
18 of S.L. 2006-259, reads as rewritten:

19 "SECTION 13. Sections 4 and 8 of this act become effective January 1, 2006.
20 Sections 1, 2, 3, 5, 6, 7, 9, 10, and 11 of this act become effective July 1, 2010, or when
21 the Division of Motor Vehicles and the Department of Revenue certify that the
22 integrated computer system for registration renewal and property tax collection for
23 motor vehicles is in operation, whichever occurs first. Sections 12 and 13 of this act are
24 effective when they become law. Nothing in this act shall require the General Assembly
25 to appropriate funds to implement it for the biennium ending June 30, 2007."

26 **SECTION 1.(c)** G.S. 105-330.10 reads as rewritten:

27 "**§ 105-330.10. Disposition of interest.**

28 ~~Sixty percent (60%) of the first month's~~The interest collected on unpaid taxes
29 registration fees pursuant to G.S. 105-330.4 shall be transferred on a monthly basis to

1 the Combined Motor Vehicle and Registration Account created within the Treasurer's
2 Office. North Carolina Highway Fund for technology improvements within the Division
3 of Motor Vehicles. ~~The North Carolina Association of County Commissioners shall~~
4 ~~direct the Treasurer to distribute the funds in the Account to the Division of Motor~~
5 ~~Vehicles for the purpose of developing and implementing an integrated computer~~
6 ~~system within the Division of Motor Vehicles that would allow for the combined~~
7 ~~assessment, billing, and collection of property taxes on motor vehicles and the issuance~~
8 ~~of registration plates. The Treasurer shall report to the Revenue Laws Study Committee~~
9 ~~semiannually with the first report due by April 30, 2006. The report shall contain a~~
10 ~~detailed description of the amount of moneys transferred to the Account and distributed~~
11 ~~from the Account."~~

12 **SECTION 1.(d)** Subsection (c) of this section becomes effective January 1,
13 2010. The remainder of this section is effective when it becomes law.

14 **SECTION 2.** G.S. 20-79.1 reads as rewritten:

15 **"§ 20-79.1. Use of temporary registration plates or markers by purchasers of**
16 **motor vehicles in lieu of dealers' plates.**

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

26 (b) Every dealer who has made application for temporary registration plates or
27 markers shall maintain in permanent form a record of all temporary registration plates
28 or markers delivered to him, and shall also maintain in permanent form a record of all
29 temporary registration plates or markers issued by him, and in addition thereto, shall
30 maintain in permanent form a record of any other information pertaining to the receipt
31 or the issuance of temporary registration plates or markers that the Division may
32 require. Each record shall be kept for a period of at least one year from the date of entry
33 of such record. Every dealer shall allow full and free access to such records during
34 regular business hours, to duly authorized representatives of the Division and to peace
35 officers.

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

39 (d) A dealer shall:

40 (1) Not issue, assign, transfer, or deliver temporary registration plates or
41 markers to anyone other than a bona fide purchaser or owner of a
42 vehicle which he has sold.

- 1 (2) Not issue a temporary registration plate or marker without first
2 obtaining from the purchaser or owner a written application for titling
3 and registration of the vehicle and the applicable fees.
- 4 (3) Within 10 working days, mail or deliver the application and fees to the
5 Division or deliver the application and fees to a local license agency
6 for processing. Delivery need not be made if the contract for sale has
7 been rescinded in writing by all parties to the contract.
- 8 (4) Not deliver a temporary registration plate to anyone purchasing a
9 vehicle that has an unexpired registration plate that is to be transferred
10 to the purchaser.
- 11 (5) Not lend to anyone, or use on any vehicle that he may own, any
12 temporary registration plates or markers.

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

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

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

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

24 (f) If the Division finds that the provisions of this section or the directions of the
25 Division are not being complied with by the dealer, ~~he~~ the Division may suspend, after a
26 hearing, the right of a dealer to issue temporary registration plates or markers. Nothing
27 in this section shall be deemed to require a dealer to collect or receive property taxes
28 from any person.

29 (g) Every person to whom temporary registration plates or markers have been
30 issued shall permanently destroy such temporary registration plates or markers
31 immediately upon receiving the limited registration plates or the annual registration
32 plates from the Division: Provided, that if the limited registration plates or the annual
33 registration plates are not received within 30 days of the issuance of the temporary
34 registration plates or markers, the owner shall, notwithstanding, immediately upon the
35 expiration of such 30-day period, permanently destroy the temporary registration plates
36 or markers.

37 (h) Temporary registration plates or markers shall expire and become void upon
38 the receipt of the limited registration plates or the annual registration plates from the
39 Division, or upon the rescission of a contract to purchase a motor vehicle, or upon the
40 expiration of 30 days from the date of issuance, depending upon whichever event shall
41 first occur. No refund or credit or fees paid by dealers to the Division for temporary
42 registration plates or markers shall be allowed, except in the event that the Division
43 discontinues the issuance of temporary registration plates or markers or unless the
44 dealer discontinues business. In this event the unissued registration plates or markers

1 with the unissued registration certificates shall be returned to the Division and the dealer
2 may petition for a refund. Upon the expiration of the 30 days from the date of issuance,
3 a second 30-day temporary registration plate or marker may be issued by the dealer
4 upon showing the vehicle has been sold, a temporary lien has been filed as provided in
5 G.S. 20-58, and that the dealer, having used reasonable diligence, is unable to obtain the
6 vehicle's statement of origin or certificate of title so that the lien may be perfected.

7 (i) A temporary registration plate or marker may be used on the vehicle for
8 which issued only and may not be transferred, loaned, or assigned to another. In the
9 event a temporary registration plate or marker or temporary registration certificate is
10 lost or stolen, the owner shall permanently destroy the remaining plate or marker or
11 certificate and no operation of the vehicle for which the lost or stolen registration
12 certificate, registration plate or marker has been issued shall be made on the highways
13 until the regular license plate is received and attached thereto.

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

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

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

22 **"§ 20-79.1A. Use of limited registration plates on motor vehicles.**

23 (a) The Division or its authorized agent shall issue a limited registration plate
24 upon receipt of an application for title and registration fees from a dealer, who is
25 authorized to issue temporary registration plates or markers to owners of vehicles
26 pursuant to G.S. 20-79.1, or from any other person. The limited registration plate must
27 be clearly and visibly designated as "temporary" and shall expire on the last day of the
28 second month following the date of application of the limited registration plate.

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

32 **SECTION 4.** G.S. 105-330.4(a), as amended by Section 3 of S.L. 2005-294,
33 reads as rewritten:

34 **"§ 105-330.4. Due date, interest, and enforcement remedies.**

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

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

43 (2) For a vehicle newly registered under the annual system, taxes shall be
44 due on the first day of the fourth month following the date the new

1 registration is applied for. For a vehicle whose registration is renewed
2 under the annual system, taxes shall be due on May 1 following the
3 date the registration expired.

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

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

17 **SECTION 5.** G.S. 105-330.5, as amended by Section 6 of S.L. 2005-294, is
18 amended by adding a new subsection to read:

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

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

27 "(b) When the combined tax and registration notice required by subsection (a) or
28 (a2) of this section is prepared, the Property Tax Division of the Department of Revenue
29 or a third-party contractor shall mail a copy of the notice, with appropriate instructions
30 for payment, to the motor vehicle owner. The Department shall establish a fee equal to
31 the actual cost of printing and sending the notice. The Department may receive a fee for
32 each notice generated for a vehicle registered in a county or municipal corporation from
33 the taxes and fees remitted to the county or municipal corporation in which the vehicle
34 is registered. The collecting authority is responsible for collecting county and municipal
35 taxes and fees assessed under this Article and may retain a fee for collecting these taxes
36 and fees. The fee retained by the collecting authority shall be an amount equal to at least
37 one-third of the compensation paid for registration renewals conducted by contract
38 agents under G.S. 20-63(h). The Property Tax Division shall establish procedures to
39 ensure that tax payments and fees received pursuant to this Article and Chapter 20 of
40 the General Statutes are properly accounted for and taxes and fees due other taxing units
41 and the Division of Motor Vehicles are remitted at least once each month. Each
42 collecting authority shall provide a weekly financial report containing information
43 required by the Property Tax Division to the taxing units and Division of Motor
44 Vehicles to enable them to account for payments received."

1 **SECTION 7.** G.S. 105-330.1(b) reads as rewritten:

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

4 (1) Motor vehicles exempt from registration pursuant to G.S. 20-51.

5 (2) Manufactured homes, mobile classrooms, and mobile offices.

6 (3) Semitrailers or trailers registered on a multiyear basis.

7 (4) Motor vehicles owned or leased by a public service company and
8 appraised under G.S. 105-335.

9 (5) Repealed by Session Laws 2000, c. 140, s. 75(a). (1991, c. 624, s. 1;
10 1991 (Reg. Sess., 1992), c. 961, s. 3; 1993, c. 485, s. 18; c. 543, s. 4;
11 1993 (Reg. Sess., 1994), c. 745, s. 1; 2000-140, s. 75(a).)

12 (6) Motor vehicles registered under the International Registration Plan."

13 **SECTION 8.(a)** G.S. 105-330.10 reads as rewritten:

14 **"§ 105-330.10. (Effective until July 1, 2010) Disposition of interest.**

15 Sixty percent (60%) of the first month's interest collected on unpaid taxes pursuant
16 to G.S. 105-330.4 shall be transferred on a monthly basis to the Combined Motor
17 Vehicle and Registration Account created within the Treasurer's Office. Interest
18 generated by the funds in the Combined Motor Vehicle and Registration Account shall
19 be credited to the Account. The North Carolina Association of County
20 CommissionersThe Office of State Budget and Management shall direct the Treasurer
21 to distribute the funds in the Account to the Division of Motor Vehicles for the purpose
22 of developing and implementing an integrated computer system within the Division of
23 Motor Vehicles that would allow for the combined assessment, billing, and collection of
24 property taxes on motor vehicles and the issuance of registration plates. Funds in the
25 Account shall not be transferred by the Office of State Budget and Management and
26 appropriated by the General Assembly until the Department of Transportation and the
27 North Carolina Association of County Commissioners reach agreement on a project
28 plan for the integrated system. The Treasurer shall report to the Revenue Laws Study
29 Committee semiannually with the first report due by April 30, 2006. The report shall
30 contain a detailed description of the amount of moneys transferred to the Account and
31 distributed from the Account. Any funds remaining in the Account after the integrated
32 computer system has been certified to be in operation shall be distributed to the local
33 governments on a pro rata basis determined by the first month's interest collected on the
34 unpaid taxes on classified motor vehicles and paid into the Account by each local
35 government."

36 **SECTION 8.(b)** This section is effective when it becomes law.

37 **SECTION 9.** Unless otherwise stated, this act becomes effective July 1,
38 2010, or when the Division of Motor Vehicles and the Department of Revenue certify
39 that the integrated computer system for registration renewal and property tax collection
40 for motor vehicles is in operation, whichever occurs first.