

GENERAL ASSEMBLY OF NORTH CAROLINA  
1993 SESSION

CHAPTER 440  
SENATE BILL 162

AN ACT TO LIMIT THE NUMBER OF MOTOR VEHICLE DEALER LICENSE PLATES THAT CAN BE ISSUED TO THE SAME DEALER, TO MODIFY THE SANCTIONS FOR MISUSE OF A DEALER LICENSE PLATE, TO EXPAND THE USE OF TRANSPORTER PLATES, TO ESTABLISH A SPECIAL SPORTS EVENT TEMPORARY PLATE, AND TO CHANGE THE FEES FOR DEALER PLATES AND TRANSPORTER PLATES.

The General Assembly of North Carolina enacts:

Section. 1. G.S. 20-295 reads as rewritten:

**"§ 20-295. ~~Time to act upon applications; refusal of license; notice; hearing.~~ Action on application.**

~~The Division shall act upon all applications either grant or deny an application for a license within 30 days after receipt thereof, by either granting or refusing the same, receiving it. Any applicant denied a license shall, upon his filing a written request filed within 30 days, be given a hearing at such the time and place as determined by the Commissioner, or person designated by him. All such hearings Commissioner or a person designated by the Commissioner. A hearing shall be public and shall be held with reasonable promptness. Any applicant denied a license for failure to comply with the definition of an established place of business, as defined in this Article, may not, nor shall anyone else apply for a license for such premises, for which a license was denied, until the expiration of 60 days from the date of the rejection of such application."~~

Sec. 2. G.S. 20-79 reads as rewritten:

**"§ 20-79. ~~Registration by manufacturers and dealers.~~ Dealer license plates.**

(a) ~~How To Get a Dealer Plate. - Every manufacturer of or dealer in motor vehicles, trailers or semitrailers shall apply to the Motor Vehicle Division for a license as such upon official forms and shall in his application give the name of the manufacturer or dealer and his bona fide address of each partner; if a corporation, the name of the corporation and the state of incorporation; the bona fide address of the place of business; whether a dealer in new vehicles or in used vehicles and shall state how long in business. Upon receipt of said application the Division shall upon the payment of fees as required by law issue a license to such applicant, together with number plates, which plates shall bear thereon a distinctive number, the name of this State, which may be abbreviated, the year for which issued, together with the word dealer or a distinguishing symbol indicating that such plate or plates are issued to a dealer. The plates so issued may during the year for which issued be transferred from one vehicle to another owned and operated by such manufacturer or dealer.~~

~~Dealer and manufacturer plates shall after June 30, 1980, be issued on a fiscal year basis beginning July 1, and plates issued for fiscal year beginning July 1 shall expire on June 30 following the date of issuance.~~

~~Any person to whom license and number plates are issued under the provisions of this subsection upon discontinuing business as a dealer or manufacturer shall forthwith surrender to the Division license and all number plates so issued to him.~~

~~No person, firm, or corporation shall engage in the business of buying, selling, distributing or exchanging motor vehicles, trailers or semitrailers in this State unless he or it qualifies for and obtains the license required by this section.~~

~~Any person, firm, or corporation violating any provision of this subsection shall be guilty of a misdemeanor and for each offense shall be fined not less than one hundred dollars (\$100.00) nor more than one thousand dollars (\$1,000) and may be imprisoned for not more than 60 days, or both such fine and imprisonment.~~

A dealer licensed under Article 12 of this Chapter may obtain a dealer license plate by filing an application with the Division and paying the required fee. An application must be filed on a form provided by the Division. The required fee is the amount set by G.S. 20-87(7).

~~(b) Number of Plates. Every manufacturer of or dealer in motor vehicles shall obtain and have in his possession a certificate of title issued by the Division to such manufacturer or dealer of each vehicle owned and operated upon the highways by such manufacturer or dealer, except that a certificate of title shall not be required or issued for any new vehicle to be sold as such by a manufacturer or dealer prior to the sale of such vehicle by the manufacturer or dealer; and except that any dealer or any employee of any dealer may operate any motor vehicle, trailer or semitrailer, the property of the dealer, for the purpose of furthering the business interest of the dealer in the sale, demonstration and servicing of motor vehicles, trailers and semitrailers, of collecting accounts, contacting prospective customers and generally carrying out routine business necessary for conducting a general motor vehicle sales business: Provided, that no use shall be made of dealer's demonstration plates on vehicles operated in any other business dealers may be engaged in: Provided further, that dealers may allow the operation of motor vehicles owned by dealers and displaying dealer's demonstration plates in the personal use of persons other than those employed in the dealer's business: Provided further, that said persons shall, at all times while operating a motor vehicle under the provisions of this section, have in their possession a certificate on such form as approved by the Commissioner from the dealer, which shall be valid for not more than 96 hours. This certificate may be renewed for one additional 96-hour period, pursuant to rules and regulations promulgated by the Commissioner. A dealer who was licensed under Article 12 of this Chapter for the previous 12-month period ending April 30 may obtain the number of dealer license plates allowed by the following table; the number allowed is based on the number of motor vehicles the dealer sold during the relevant 12-month period and the average number of qualifying sales representatives the dealer employed during that same 12-month period:~~

Vehicles Sold In Relevant

Maximum Number of Plates

12-Month Period

<u>Fewer than 12</u>	<u>1</u>
<u>At least 12 but less than 25</u>	<u>4</u>
<u>At least 25 but less than 37</u>	<u>5</u>
<u>At least 37 but less than 49</u>	<u>6</u>
<u>49 or more</u>	<u>At least 6, but no more than 4 times the average number of qualifying sales representatives employed by the dealer during the relevant 12-month period.</u>

A dealer who was not licensed under Article 12 of this Chapter for part or all of the previous 12-month period ending April 30 may obtain the number of dealer license plates that equals four times the number of qualifying sales representatives employed by the dealer on the date the dealer files the application. A 'qualifying sales representative' is a sales representative who works for the dealer at least 25 hours a week on a regular basis and is compensated by the dealer for this work.

A dealer who sold fewer than 49 motor vehicles the previous 12-month period ending April 30 but has sold at least that number since May 1 may apply for additional dealer license plates at any time. The maximum number of dealer license plates the dealer may obtain is the number the dealer could have obtained if the dealer had sold at least 49 motor vehicles in the previous 12-month period ending April 30.

A dealer who applies for a dealer license plate must certify to the Division the number of motor vehicles the dealer sold in the relevant period. Making a material misstatement in an application for a dealer license plate is grounds for the denial, suspension, or revocation of a dealer's license under G.S. 20-294.

(c) ~~Form and Duration. —No manufacturer or dealer in motor vehicles, trailers or semitrailers shall cause or permit any such vehicle owned by such person to be operated or moved upon a public highway without there being displayed upon such vehicle a number plate or plates issued to such person, either under G.S. 20-63 or under this section.~~ A dealer license plate is subject to G.S. 20-63, except for the requirement that the plate display the registration number of a motor vehicle and the requirement that the plate be a 'First in Flight' plate. In addition, a dealer license plate must have a distinguishing symbol identifying the plate as a dealer license plate.

A dealer license plate is issued for a fiscal year beginning July 1 and ending June 30. During the fiscal year for which it is issued, a dealer may transfer a dealer license plate from one vehicle to another. When one of the following occurs, a dealer must surrender to the Division all dealer license plates issued to the dealer:

- (1) The dealer surrenders the license issued to the dealer under Article 12 of this Chapter.
- (2) The Division suspends or revokes the license issued to the dealer under Article 12 of this Chapter.
- (3) The Division rescinds the dealer license plates because of a violation of the restrictions on the use of a dealer license plate.

To obtain a dealer license plate after it has been surrendered, the dealer must file a new application for a dealer license plate and pay the required fee for the plate.

(d) Restrictions on Use. – Dealer's license plates may be used on motor vehicles owned by, or assigned to, duly licensed motor vehicle dealers of this State when operated on the highways of this State by the dealer, corporate officers of the dealership, salespersons or full-time employees of the dealership, and any designated part-time employees of the dealership; provided, the vehicle is subject to the proof of financial responsibility requirements of Article 9A of this Chapter. A dealership owner who desires to use dealer's license plates as herein provided shall make application on a form provided by the Division of Motor Vehicles and pay the annual amount set in G.S. 20-87(7). A dealer license plate may be displayed only on a motor vehicle that meets all of the following requirements:

- (1) Is part of the inventory of the dealer.
- (2) Is not consigned to the dealer.
- (3) Is covered by liability insurance that meets the requirements of Article 9A of this Chapter.
- (4) Is not used by the dealer in another business in which the dealer is engaged.
- (5) Is driven on a highway by a person who meets the following requirements and who carries a copy of the registration card for the dealer plate displayed on the motor vehicle and any demonstration permit issued to that person while driving the motor vehicle:
  - a. Is an officer of the dealer, an employee of the dealer, or a person to whom the dealer has issued a demonstration permit.
  - b. Is at least 18 years old unless the person is test-driving the vehicle and has a demonstration permit or is an employee of the dealer and regularly works for the dealer at least 15 hours a week.

A dealer may issue a demonstration permit for a motor vehicle to a person licensed to drive that type of motor vehicle. A demonstration permit authorizes each person named in the permit to drive the motor vehicle described in the permit for up to 96 hours after the time the permit is issued. A dealer may, for good cause, renew a demonstration permit for one additional 96-hour period.

A dealer may not lend, rent, lease, or otherwise place a dealer license plate at the disposal of a person except as authorized by this subsection.

(e) Sanctions. – The following sanctions apply when a motor vehicle displaying a dealer license plate is driven in violation of the restrictions on the use of the plate:

- (1) The individual driving the motor vehicle is responsible for an infraction and is subject to a penalty of fifty dollars (\$50.00).
- (2) The dealer to whom the plate is issued is subject to a civil penalty imposed by the Division of two hundred dollars (\$200.00).
- (3) The Division may rescind all dealer license plates issued to the dealer whose plate was displayed on the motor vehicle.

A penalty imposed under subdivision (1) of this subsection is payable to the county where the infraction occurred, as required by G.S. 14-3.1. A civil penalty imposed under subdivision (2) of this subsection shall be credited to the Highway Fund as nontax revenue.

~~(e)(f)~~ Transfer of Dealer Registration. – No change in the name of a firm, partnership or corporation, nor the taking in of a new partner, nor the withdrawal of one or more of the firm, shall be considered a new business; but if any one or more of the partners remain in the firm, or if there is change in ownership of less than a majority of the stock, if a corporation, the business shall be regarded as continuing and the dealers' plates originally issued may continue to be used."

Sec. 3. G.S. 20-288(a) reads as rewritten:

"(a) Application for a license shall be made to the Division at such time, in such form, and contain such information as the Division shall require, and shall be accompanied by the required fee. A person may obtain a license by filing an application with the Division. An application must be on a form provided by the Division and contain the information required by the Division. An application for a license must be accompanied by the required fee and by an application for a dealer license plate."

Sec. 4. G.S. 20-79.2 reads as rewritten:

**"§ 20-79.2. Transporter registration plates.**

(a) Who Can Get a Plate. – A person engaged in a business requiring the limited operation of a motor vehicles to vehicle for any of the following purposes may obtain a transporter plate authorizing the movement of the vehicle for the specific purpose:

- (1) To facilitate the manufacture, construction, rebuilding, or delivery of new or used truck cabs or bodies between manufacturer, dealer, seller, or purchaser, or the purchaser.
- (2) To foreclosure or repossession of repossess a motor vehicles, or the vehicle.
- (3) To pickup and delivery of pick up a motor vehicles-vehicle that is to be repaired or otherwise prepared for sale by dealers, or a dealer, to road-test the vehicle, if it is repaired, within a 10-mile radius of the place where it is repaired, and to deliver the vehicle to the dealer.
- (4) To move a motor vehicle that is owned by a public utility, as defined in G.S. 62-3(23)a, engaged in the movement of replaced vehicles for sale, may apply to the Commissioner for special registration to be issued to and used by the person or utility upon the following conditions: and is a replaced vehicle offered for sale.
- (5) To take a motor vehicle either to or from a motor vehicle auction where the vehicle will be or was offered for sale.
- (6) To road-test a repaired truck whose GVWR is at least 15,000 pounds when the test is performed within a 10-mile radius of the place where the truck was repaired and the truck is owned by a person who has a fleet of at least five trucks whose GVWRs are at least 15,000 pounds and who maintains the place where the truck was repaired.

- (7) To move a mobile office, a mobile classroom, or a mobile or manufactured home.
- (8) To drive a motor vehicle that is at least 25 years old to and from a parade or another public event and to drive the motor vehicle in that event. A person who owns a motor vehicle that is at least 25 years old is considered to be in the business of collecting those vehicles.
- (9) To drive a motor vehicle that is part of the inventory of a dealer to and from a motor vehicle trade show or exhibition or to, during, and from a parade in which the motor vehicle is used.
- ~~(1) Application for Registration. Only one application shall be required from each person, and such application for registration under this section shall be filed with the Commissioner of Motor Vehicles in such form and detail as the Commissioner shall prescribe, setting forth:
  - a. The name and residence address of the applicant; if an individual, the name under which he intends to conduct business; if a partnership, the name and residence address of each member thereof, and the name under which the business is to be conducted; if a corporation, the name of the corporation and the name and residence address of each of its officers.
  - b. The complete address or addresses of the place or places where the business is to be conducted.
  - e. Such further information as the Commissioner may require.~~
- ~~(2) Applications for registration under this section shall be verified by the applicant, and the Commissioner may require the applicant for registration to appear at such time and place as may be designated by the Commissioner for examination to enable him to determine the accuracy of the facts set forth in the written application, either for initial registration or renewal thereof.~~
- ~~(3) Fees. The annual fee for such registration under this section or renewal thereof shall be nineteen dollars (\$19.00), plus an annual fee of six dollars (\$6.00) for each set of plates. The application for registration and number plates shall be accompanied by the required annual fee. There shall be no refund of registration fee or fees for number plates in the event of suspension, revocation or voluntary cancellation of registration. There shall be no quarterly reduction in fees under this section.~~
- ~~(4) Issuance of Certificate. If the Commissioner approves the application, he shall issue a registration certificate in such form as he may prescribe. A registrant shall notify the Commissioner of any change of address of his principal place of business within 30 days after such change is made, and the Commissioner shall be authorized to cancel the registration upon failure to give such notice.~~
- ~~(5) Use. Transporter number plates issued under this section may be transferred from vehicle to vehicle, but shall be used only for the~~

~~limited operation of vehicles in connection with the manufacture, construction, rebuilding, or delivery of new or used truck cabs or bodies between the manufacturer, dealer, seller, or purchaser, or with the foreclosure or repossession of vehicles, or with the pickup and delivery of motor vehicles to be prepared for sale by dealers, or, if the registrant is a public utility, for the limited movement of vehicles in connection with the sale of a replaced vehicle.~~

~~(6) Suspension, Revocation or Refusal to Issue or to Renew a Registration. The Commissioner may deny the application of any person for registration under this section and may suspend or revoke a registration or refuse to issue a renewal thereof if he determines that such applicant or registrant has:~~

- ~~a. Made a material false statement in his application;~~
- ~~b. Used or permitted the use of number plates contrary to law;~~
- ~~c. Been guilty of fraud or fraudulent practices; or~~
- ~~d. Failed to comply with any of the rules and regulations of the Commissioner for the enforcement of this section or with any provisions of this Chapter applicable thereto.~~

~~(b) Any person engaged in a business which owns and operates a fleet of five or more trucks licensed for 15,000 pounds gross weight or more who operates and maintains their own repair facilities may be issued one transporter plate pursuant to subsection (a) for the sole purpose of road testing their repaired trucks which will become eligible to be licensed for 15,000 pounds gross weight or more, subject to weight limitations as provided by law, within a 10 mile radius of the repair facility. A motor vehicle liability insurance shall be maintained on such trucks at all times. How To Get a Plate. – A person may obtain a transporter plate by filing an application with the Division and paying the required fee. An application must be on a form provided by the Division and contain the information required by the Division. The fee for a transporter plate is one-half the fee set in G.S. 20-87(5) for a passenger motor vehicle of not more than 15 passengers.~~

~~(c) Form, Duration, and Transfer. – A transporter plate is a type of commercial license plate. A transporter plate is issued on a calendar-year basis. During the calendar year for which it is issued, a person may transfer a transporter plate from one vehicle to another as long as the vehicle is driven only for a purpose authorized by subsection (a) of this section. The Division may rescind a transporter plate that is displayed on a motor vehicle driven for a purpose that is not authorized by subsection (a) of this section."~~

~~Sec. 5. G.S. 20-79.3 is repealed.~~

~~Sec. 6. G.S. 20-95(b) reads as rewritten:~~

~~"(b) This section shall does not apply to licenses-license plates issued pursuant to G.S. 20-79.1, 20-79.2, 20-79.3, 20-84, 20-84.1, 20-87(9) through (10) or (10), and 20-88(c)."~~

~~Sec. 7. G.S. 20-87(7) reads as rewritten:~~

~~"(7) Manufacturers and Motor Vehicle Dealers.—Manufacturers and dealers in motor vehicles shall pay a fee of one-half of the amount that would otherwise be payable under this section for each set of plates. Dealer License Plates. – The fee for a dealer license plate is the regular fee for each of the first five plates issued to the same dealer and is one-half the regular fee for each additional dealer license plate issued to the same dealer. The 'regular fee' is the fee set in subdivision (5) of this section for a private passenger motor vehicle of not more than 15 passengers."~~

Sec. 8. G.S. 20-110 (c), (e), and (f) are repealed.

Sec. 9. G.S. 20-111(1) reads as rewritten:

~~"(1) To operate or for the owner thereof knowingly to permit the operation upon a highway of any vehicle, trailer, or semitrailer required to be registered and which is not registered or for which a certificate of title has not been issued, or which does not have attached thereto and displayed thereon the registration number plate or plates assigned thereto by the Division for the current registration year, subject to the provisions of G.S. 20-64 and 20-72(a) and the exemptions mentioned in G.S. 20-65 and 20-79. drive a vehicle on a highway, or knowingly permit a vehicle owned by that person to be driven on a highway, when the vehicle is not registered with the Division in accordance with this Article or does not display a current registration plate."~~

Sec. 10. G.S. 20-293 is repealed.

Sec. 11. G.S. 20-294 reads as rewritten:

**"§ 20-294. Grounds for denying, suspending or revoking licenses.**

~~The Division may A license may be denied, suspended or revoked on deny, suspend, or revoke a license issued under this Article for any one or more of the following grounds:~~

- ~~(1) Material—Making a material misstatement in an application for a license.~~
- ~~(2) Willful and intentional failure to comply with any provision of this Article or Article 15 or the willful and intentional violation of Willfully and intentionally failing to comply with this Article, Article 15 of this Chapter, or G.S. 20-52.1, 20-75, 20-79, 20-82, 20-108, 20-109–20-109, or rescission and cancellation of dealer's license and dealer's plates under G.S. 20-110(e) or 20-110(f) or any lawful rule or regulation promulgated a rule adopted by the Division under this Article.~~
- ~~(3) Being a motor vehicle dealer, failure Failing to have an established place of business as defined in this Article. salesroom, if the license holder is a motor vehicle dealer, or failing to have an established office, if the license holder is a wholesaler.~~
- ~~(4) Willfully defrauding any retail buyer, to the buyer's damage, or any other person in the conduct of the licensee's business.~~
- ~~(5) Employment of Employing fraudulent devices, methods or practices in connection with compliance with the requirements under the laws of this State with respect to the retaking of motor vehicles under retail~~



installment contracts and the redemption and resale of such motor vehicles.

- (6) ~~Having used~~ Using unfair methods of competition or unfair deceptive acts or practices.
- (7) Knowingly advertising by any means, any assertion, representation or statement of fact which is untrue, misleading or deceptive in any particular relating to the conduct of the business licensed or for which a license is sought.
- (8) Knowingly advertising a used motor vehicle for sale as a new motor vehicle.
- (9) ~~Conviction-Being convicted~~ of an offense set forth under G.S. 20-106, 20-106.1, 20-107, or 20-112 while holding such a license or within five years next preceding the date of filing the application; or ~~conviction-being convicted~~ of a felony involving moral turpitude under the laws of this State, any other another state, territory or the District of Columbia or of the United States.
- (10) Submitting a bad check to the Division of Motor Vehicles in payment of highway use taxes collected by the licensee.
- (11) Knowingly giving an incorrect certificate of title, or failing to give a certificate of title to a purchaser, a lienholder, or the Division, as appropriate, after a vehicle is sold.
- (12) Making a material misstatement in an application for a dealer license plate."

Sec. 12. G.S. 20-75 reads as rewritten:

**"§ 20-75. When transferee is dealer or insurance company.**

When the transferee of ~~any a~~ vehicle registered under ~~the foregoing provision of this Article is a dealer who is licensed dealer under Article 12 of this Chapter and who holds the same vehicle for resale and operates the same only for purpose of demonstration under a dealer's number plate, or a duly licensed~~ is an insurance company taking such vehicle for sale or disposal for salvage purposes where such title is taken as a part of a bona fide claim settlement transaction and only for the purpose of resale, such transferee shall not be required to register such vehicle nor forward the certificate of title to the Division as provided in G.S. 20-73. To assign or transfer title or interest in ~~such the~~ vehicle, the dealer or insurance company shall execute in the presence of a person authorized to administer oaths a reassignment and warranty of title on the reverse of the certificate of title in the form approved by the Division, including in such reassignment the name and address of the transferee, and title to such vehicle shall not pass or vest until such reassignment is executed and the motor vehicle delivered to the transferee.

The dealer transferring title or interest in a motor vehicle shall deliver the certificate of title duly assigned in accordance with the foregoing provision to the transferee at the time of delivering the vehicle, except that where a security interest in the motor vehicle is obtained from the transferee in payment of the purchase price or otherwise, the dealer shall deliver the certificate of title to the lienholder and the lienholder shall forward the certificate of title together with the transferee's application for new certificate of title

and necessary fees to the Division within 20 days. Any person who delivers or accepts a certificate of title assigned in blank shall be guilty of a misdemeanor.

The title to a salvage vehicle shall be forwarded to the Division as provided in G.S. 20-109.1."

Sec. 13. Part 5 of Article 3 of Chapter 20 of the General Statutes is amended by adding a new section between G.S. 20-79 and G.S. 20-79.1 to read:

**"§ 20-79.01. Special sports event temporary license plates.**

(a) Application. – A dealer who is licensed under Article 12 of this Chapter and who agrees to loan to another for use at a special sports event a vehicle that could display a dealer license plate if driven by an officer or employee of the dealer may obtain a temporary special sports event license plate for that vehicle by filing an application with the Division and paying the required fee. A 'special sports event' is a sports event that is held no more than once a year and is open to the public. An application must be filed on a form provided by the Division and contain the information required by the Division. The fee for a temporary special sports event license plate is five dollars (\$5.00).

(b) Form and Duration. – A temporary special sports event license plate must state on the plate the date it was issued, the date it expires, and the make, model, and serial number of the vehicle for which it is issued. A temporary special sports event license plate may be issued for no more than 45 days. The dealer to whom the plate is issued must destroy the plate on or before the date it expires.

(c) Restrictions on Use. – A temporary special sports event license plate may be displayed only on the vehicle for which it is issued. A vehicle displaying a temporary special sports event license plate may be driven by anyone who is licensed to drive the type of vehicle for which the plate is issued and may be driven for any purpose."

Sec. 14. Sections 4, 5, and 6 of this act become effective January 1, 1994. The remainder of this act becomes effective October 1, 1993.

In the General Assembly read three times and ratified this the 22nd day of July, 1993.

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Dennis A. Wicker  
President of the Senate

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Daniel Blue, Jr.  
Speaker of the House of Representatives