

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1082 (Third Edition) **REVISED**

SHORT TITLE: Licensing Selling of Cars

SPONSOR(S): Representative Drew Saunders

| FISCAL IMPACT | | | | | |
|---|--------------------------|--------------------------|----------------------------------|--------------------------|--------------------------|
| | Yes (X) | No () | No Estimate Available () | | |
| | <u>FY 1999-00</u> | <u>FY 2000-01</u> | <u>FY 2001-02</u> | <u>FY 2002-03</u> | <u>FY 2003-04</u> |
| REVENUES | | | | | |
| School Fund | - | - | \$94,000 | \$94,000 | \$94,000 |
| Highway Fund | - | - | \$246,250 | \$246,250 | \$246,250 |
| EXPENDITURES | | | | | |
| Highway Fund | No Fiscal Impact | | | | |
| PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Transportation – Division of Motor Vehicles (DMV) | | | | | |
| EFFECTIVE DATE: 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 the annual license fee charged 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. Based on conversations with DMV officials, there is no fiscal impact on DMV and the Highway Fund for this section.

License Fee

Effective in FY 2001-02, the annual license fee for motor vehicle sales representatives will increase from \$10 to \$15. DMV has licensed 49,250 motor vehicle sales representatives in North Carolina. A \$5 increase in the annual license fee for this group will generate an additional \$246,250 for the Highway Fund.

FISCAL RESEARCH DIVISION: 733-4910

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DATE: Tuesday, June 22, 1999



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