

# PROGRAM EVALUATION DIVISION

## NORTH CAROLINA GENERAL ASSEMBLY

November 2014

Report No. 2014-13

## Follow-up Report: Permanent License Plates

In 2011, the Joint Legislative Program Evaluation Oversight Committee directed the Program Evaluation Division to study all passenger and non-passenger vehicles owned and operated by State government agencies and institutions.

N.C. Gen. Stat. § 20-84(b) authorized the Department of Transportation's Division of Motor Vehicles (DMV) to issue silver permanent license plates for various non-state entities. PED found that 4,218 of the 120,461 permanent silver license plates as of June 30, 2011 had been issued to privately owned businesses, higher education institutions, and other entities not specified in the statute.

DMV identified several obstacles to ensuring that entities applying for permanent silver license plates qualified under N.C. Gen. Stat. § 20-84(b) or other statutes:

- ensuring that the vehicle is used exclusively for the purpose specified in statute;
- verifying whether non-state entities authorized to have permanent silver license plates still exist; and
- clarifying eligibility of community colleges and ineligibility of telephone membership corporations.

PED's report recommended the General Assembly

- consider limiting eligibility for permanent license plates to governmental entities and reviewing the basis for issuing plates to non-governmental entities;
- direct DMV to cancel all permanent plates and reissue them to qualifying entities;
- amend state law to require registration of all permanent plates following a standard naming convention; and
- authorize DMV to revoke permanent license plates registered to entities that fail to obtain an annual vehicle inspection.

### Legislation Enacted

Based on PED's report recommendations, Session Law 2012-159 limited eligibility for permanent registration plates to governmental entities—including community colleges—and reformed the process by which eligible entities apply for and are issued permanent plates.

The law required all permanent plates for non-state entities to be cancelled and re-issued under new eligibility rules. As of September 2013, 103,394 orange and black plates had been issued to non-state entities. Examples of vehicles no longer eligible for permanent plates include church buses, mobile X-ray transports, and city trolleys (See Exhibit 1). These entities had to re-register their vehicles at the standard registration cost of \$28-\$33.

S.L. 2014-101 and 2014-108 authorized DMV to issue permanent plates to motor vehicles owned by three additional entities—nonprofit corporations authorized to operate a charter school, federally recognized tribes, and sanitary districts created under Part 2 of Article 2 of Chapter 130A of the General Statutes (See Exhibit 1).

### Persistent Issues

- Pursuant to N.C. Gen. Stat. § 20-88(l), DMV issues permanent truck and truck-tractor plates to Class A and Class B motor vehicles that include the word "permanent," yet these plates are subject to annual registration fees (See Exhibits 2 and 3).
- There are no DMV processes to ensure that a permanent plate
  - is placed on the registered vehicle
  - is not used if its safety and emissions inspection lapses by 90 days and is therefore cancelled.
- There are also currently no common name formats for municipalities and counties.

## Exhibit 1: Eligibility for Permanent License Plates

| Entity   | Eligible Before Passage of S.L. 2012-159 | Eligible Per S.L. 2012-159 | Eligibility Added 2013-2014 | S.L. Granting Eligibility |
|--|--|----------------------------|-----------------------------|---------------------------|
| Board of education   | ✓  | ✓                          |                             |                           |
| Bus or trackless trolley owned by a city and operated under a franchise authorizing the use of city streets                              | ✓  |                            |                             |                           |
| Church-owned bus used exclusively for transporting individuals to Sunday school, church services, or other church related activities     | ✓  |                            |                             |                           |
| Civil air patrol   | ✓  | ✓                          |                             |                           |
| Community college  |  | ✓                          |                             |                           |
| County, city, or town  | ✓  | ✓                          |                             |                           |
| Federally recognized tribe   |  |                            | ✓                           | <b>S.L. 2014-108</b>      |
| Incorporated emergency rescue squad  | ✓  | ✓                          |                             |                           |
| Incorporated REACT ("Radio Emergency Association of Citizens Teams") team  | ✓  |                            |                             |                           |
| Local chapter of the American Red Cross, used for emergency disaster relief  | ✓  | ✓                          |                             |                           |
| Membership telephone corporations (G.S. 117-33)  | ✓  |                            |                             |                           |
| Mobile X-Ray unit used for diagnosis, treatment, or discovery of tuberculosis owned by the North Carolina Tuberculosis Association, Inc. | ✓  |                            |                             |                           |
| Nonprofit agency or organization that operates programs subject to the approval of the Commission for Mental Health and Human Services   | ✓  |                            |                             |                           |

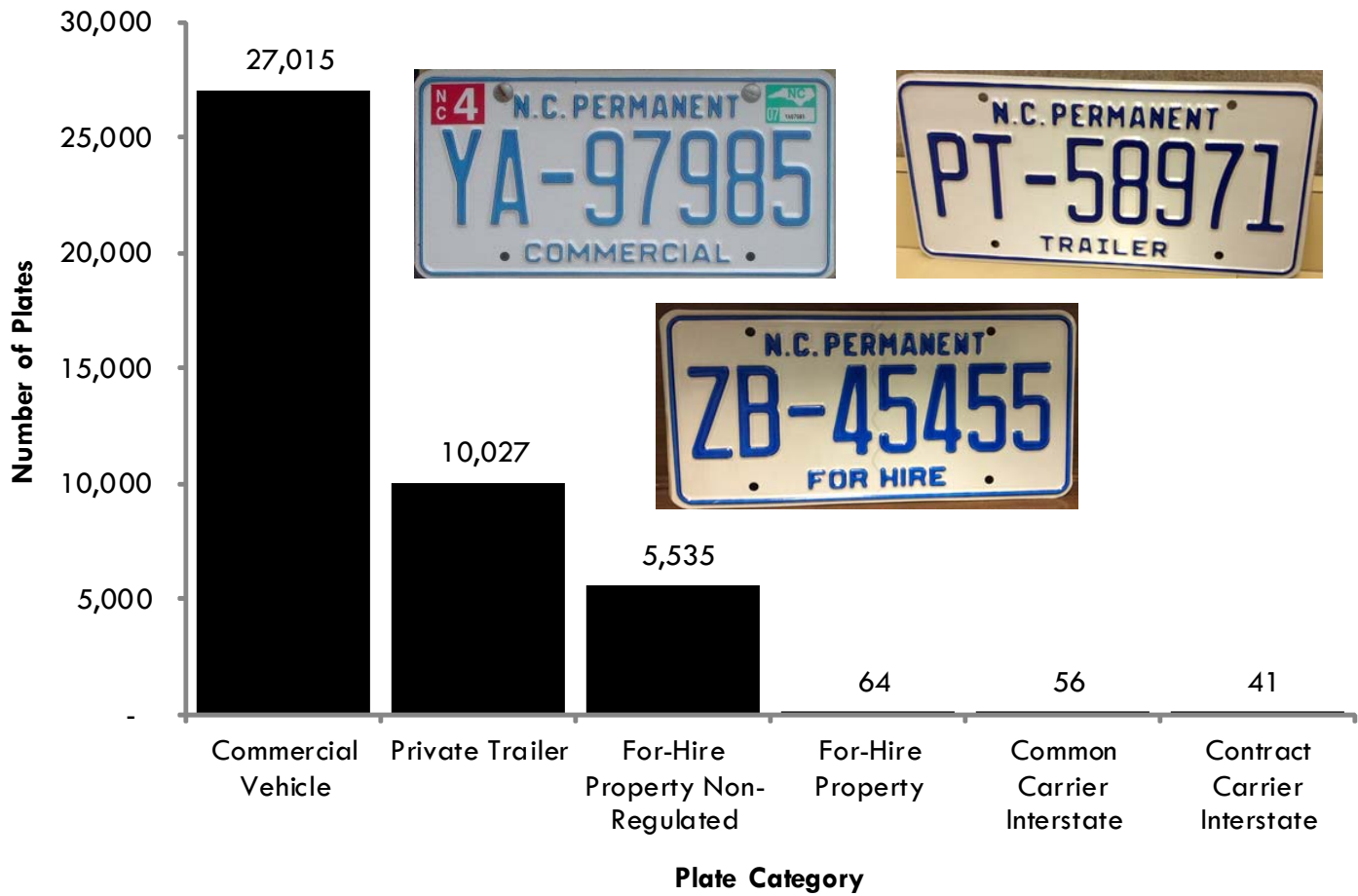
## Exhibit 1: Eligibility for Permanent License Plates

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|--|--|----------------------------|-----------------------------|---------------------------|
| Nonprofit corporation authorized to operate a charter school                                     |  |                            | ✓                           | S.L. 2014-101             |
| Owned by a person and used exclusively for disaster relief efforts                               | ✓  |                            |                             |                           |
| Rural fire department, agency, or association  | ✓  | ✓                          |                             |                           |
| Sanitary district created under Part 2 of Article 2 of Chapter 130A of the General Statutes      |  |                            | ✓                           | S.L. 2014-108             |
| Sheltered workshop recognized or approved by the Division of Vocational Rehabilitation Services  | ✓  |                            |                             |                           |
| Trailer owned by a nationally chartered charitable organization and used exclusively for parades | ✓  |                            |                             |                           |

Note: Prior to the passage of S.L. 2012-159, General Statutes did not specify whether community colleges qualified as state or local entities. S.L. 2012-159 clarified that community colleges were eligible to receive permanent license plates as a local entity (orange), unless the vehicle was purchased with state equipment funds, in which case it would qualify to receive a yellow plate.

Source: Program Evaluation Division based on N.C. Sess. Laws 2012-159, 2014-101, and 2014-108.

**Exhibit 2: Class A and Class B Motor Vehicles Issued Plates That Include the Word "Permanent" But are Subject to Annual Registration Fees**



Source: Program Evaluation Division based on vehicle registration records from the North Carolina Division of Motor Vehicles as of November 2014.

For more information on this follow-up report, please contact Pamela L. Taylor, Principal Program Evaluator, at [pam.taylor@ncleg.net](mailto:pam.taylor@ncleg.net).

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# Current and Former Permanent Plates Issued in North Carolina



Silver and black permanent license plate issued to non-state entities prior to December 31, 2012



Orange and black permanent license plate currently issued to non-state entities



Permanent license plate issued to state agencies and institutions



Permanent plate issued to commercial vehicle subject to annual registration fees



Permanent plate issued for private trailer subject to annual registration fees



Permanent plate issued to for-hire vehicle subject to annual registration fees