

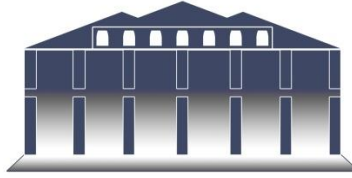
**Follow-up Analysis of Permanent License Plates
Owned by State and Non-State Entities**



**Final Report to the Joint Legislative
Program Evaluation Oversight Committee**

Report Number 2011-07-01

February 14, 2012



Program Evaluation Division
North Carolina General Assembly
Legislative Office Building, Suite 100
300 North Salisbury Street
Raleigh, NC 27603-5925
919-301-1404
www.ncleg.net/PED

150 copies of this public document were printed at a cost of \$53.10 or \$0.35 per copy.

A limited number of copies are available for distribution through the Legislative Library:

Rooms 2126, 2226
State Legislative Building
Raleigh, NC 27601
919-733-7778

Room 500
Legislative Office Building
Raleigh, NC 27603
919-733-9390

The report is also available online at www.ncleg.net/PED.



NORTH CAROLINA GENERAL ASSEMBLY
Legislative Services Office

George R. Hall, Legislative Services Officer

Program Evaluation Division
300 N. Salisbury Street, Suite 100
Raleigh, NC 27603-5925
Tel. 919-301-1404 Fax 919-301-1406

John W. Turcotte
Director

February 14, 2012

Senator Fletcher L. Hartsell, Jr., Co-Chair, Joint Legislative Program Evaluation Oversight Committee
Representative Julia Howard, Chair, Joint Legislative Program Evaluation Oversight Committee

North Carolina General Assembly
Legislative Building
16 West Jones Street
Raleigh, NC 27601

Honorable Co-Chairs:

Session Law 2011-145 directed the Program Evaluation Division to evaluate the effectiveness and efficiency of passenger and non-passenger vehicles owned and operated by all State agencies and institutions. This report follows up the Program Evaluations Division's December 2011 report *Inadequate Data and Fleet Management Information Weaken Accountability for State-Owned Motor Vehicles* and provides more details on permanent license plates registered to State and non-State entities.

The nature of this evaluation required that we collect data from 37 agencies and institutions owning vehicles and the Department of Transportation's Division of Motor Vehicles. I am pleased to report that all cooperated with us fully during the evaluation.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Turcotte".

John W. Turcotte
Director



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

February 2012

Report No. 2011-07-01

Follow-up Analysis of Permanent License Plates Owned by State and Non-State Entities

Summary

This report follows up the Program Evaluation Division's December 2011 report entitled *Inadequate Data and Fleet Information Management Weaken Accountability for State-Owned Motor Vehicles* and provides more details on permanent license plates registered to state (yellow plates) and non-state (silver plates) entities.

Initial reconciliation of state-owned yellow plates. The Program Evaluation Division asked state agencies and institutions to reconcile the differences in their vehicle inventories and the number of state-owned license plates in the Division of Motor Vehicles (DMV) database. The initial reconciliation found that agencies and institutions records confirmed 27,370 yellow license plates compared to 29,993 plates in DMV records—a difference of 2,623. Most state entities (49%) reported that they did not have a record of the license plate in question and claimed the DMV vehicle registration records did not accurately reflect all of the vehicles they owned. Until the General Assembly directs all agencies and institutions to update their vehicle registration records, the DMV database cannot be accurate and North Carolina cannot know the number of vehicles it owns.

Registering entities for silver plates. N.C. Gen. Stat. § 20-84(b)(1)-(16) authorizes DMV to issue permanent plates for various non-state entities. Of the 120,461 silver plates issued to non-state entities, 60% are registered to municipal government agencies and local boards of education. However, 4,218 vehicles with silver plates are registered to entities not listed in statute, such as private colleges, utility companies, and a commercial bank.

DMV oversight of silver and yellow plates. DMV ensures vehicles with silver and yellow plates have liability insurance and obtain annual vehicle inspections. However, DMV has little authority to enforce noncompliance with these requirements because these vehicles are not subject to annual registration renewals.

Legislative action. The Joint Legislative Program Evaluation Oversight committee has approved the recommendation directing state agencies and institutions to update their vehicle records in the DMV database by May 1, 2012. Other legislative options include:

- directing DMV to strengthen policies and procedures for the issuance of silver plates and revoking silver plates registered to entities not identified in statutes; and
- revising N.C. Gen. Stat. § 20-84 to limit the types of entities eligible for silver plates and establishing a renewal schedule procedure for these plates.

Scope

The North Carolina General Assembly directed the Program Evaluation Division to evaluate the effectiveness and efficiency of passenger and non-passenger vehicles owned and operated by all State government departments, institutions, and entities, and include motor fleet fees and associated cash balances, mechanic operations, the use and purpose of assigned vehicles, and state fueling stations.¹ This report follows up the Program Evaluation Division's December 2011 report entitled *Inadequate Data and Fleet Information Management Weaken Accountability for State-Owned Motor Vehicles* and provides more details on permanent license plates registered to State and non-State entities.

For the remainder of the report, permanent license plates registered to state agencies and institutions will be referred to as "state-owned" or "yellow" plates and permanent license plates registered to non-state entities will be referred to as "silver" plates.

This follow-up analysis addresses two key issues raised as a result of the first report:

- the status of the initial reconciliation of vehicle registration records of license plates by state agencies and institutions; and
- the number and type of non-state entities with registered silver license plates.²

Background

The Program Evaluation Division requested vehicle registration records from the Department of Transportation's Division of Motor Vehicles (DMV) to determine the number of vehicles owned by each state agency and institution. The review of DMV state titling and registration system revealed two major limitations:

- the system did not distinguish yellow permanent license plates for state-owned vehicles from silver permanent license plates for vehicles owned by other authorized entities; and
- the lack of standardized names made it difficult to attribute a permanent license plate to the appropriate agency or institution.

State agencies and institutions reported differences in their vehicle inventories and the number of state-owned license plates registered to them. Collectively, state agencies and institutions reported owning 28,669 vehicles whereas DMV records catalogued 29,993 vehicles with permanent license plates registered to the State. In almost every case, agencies and institutions claimed that DMV's registration data did not reflect the number of vehicles they owned, even though the license plates in question were listed as active in the DMV system. Whereas the net difference in vehicle counts is 1,324, the absolute difference—2,346 vehicles—accounts for both positive and negative differences.

As part of its report to the legislature, the Program Evaluation Division recommended that the General Assembly direct state agencies and institutions to update vehicle registration records for all state-owned

¹ 2009 NC Sess. Laws, 2009-451.

² NC Gen. Stat. § 20-84(b)(1)-(16) identifies all entities authorized to have permanent license plates.

vehicles. This follow-up report provides the status of the initial reconciliation process that requested state agencies and institutions to account for the state-owned license plates registered to them according to DMV records.

This follow-up report also addresses issues raised by the Joint Legislative Program Evaluation Oversight Committee and the House Appropriations Subcommittee for General Government concerning the number of silver plates and DMV’s oversight of insurance and vehicle inspections for these vehicles.

Reconciliation of State-Owned License Plates

The Program Evaluation Division provided each agency and institution with a list of their registered permanent license plates in the Division of Motor Vehicles’ (DMV) state titling and registration system (STARS). Agencies and institutions confirmed whether they had each license plate and provided an explanation for the plates that were unaccounted. As a result of this initial reconciliation process, 2,623 yellow license plates in the DMV system (9%) were identified as no longer belonging to state agencies and institutions. Exhibit 1 summarizes the results of the initial reconciliation process and Appendix A lists the license plates for which each agency and institution could and could not account.

Exhibit 1: Agencies and Institutions Could Not Account For 9% of the Yellow Plates in the DMV System

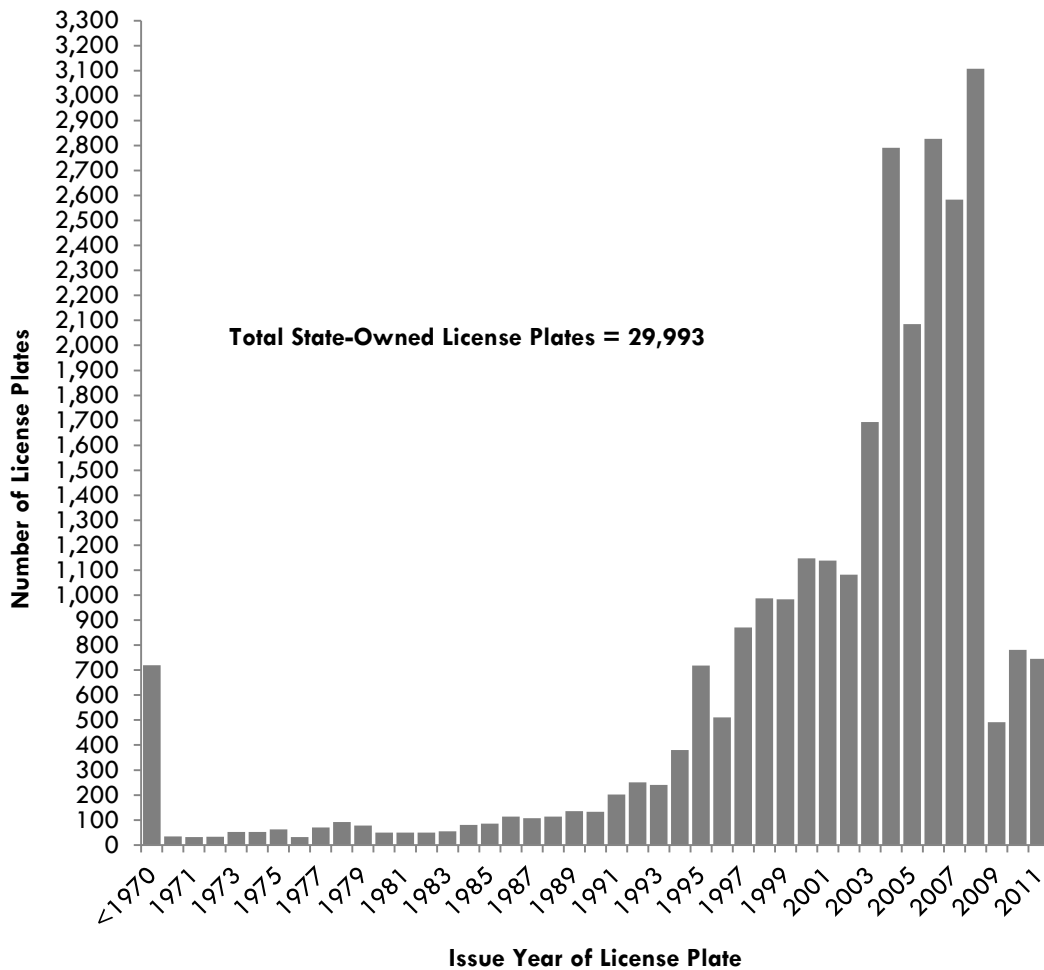
	Record of State-Owned License Plate		Difference	
	Per DMV	Per Agency/Institution	Amount	Percentage
State Agencies	25,895	23,743	2,152	8%
State Education Institutions	4,098	3,627	471	11%
Total State-Owned License Plates	29,993	27,370	2,623	9%

Source: Program Evaluation Division based on data from agencies and institutions.

The Program Evaluation Division was surprised at the age of many of these license plates. Whereas most of the yellow plates were issued between 2000 and 2011, there were four plates issued as early as 1900.³ Exhibit 2 displays the issue year of each plate.

³ The issue year of the plate is not necessarily the model year of the vehicle.

Exhibit 2: Issue Years of State-Owned License Plates Range from 1900 to 2011



Note: 2,151 plates did not have an issue year listed in the DMV system.

Source: Program Evaluation Division based on Division of Motor Vehicles vehicle registration data.

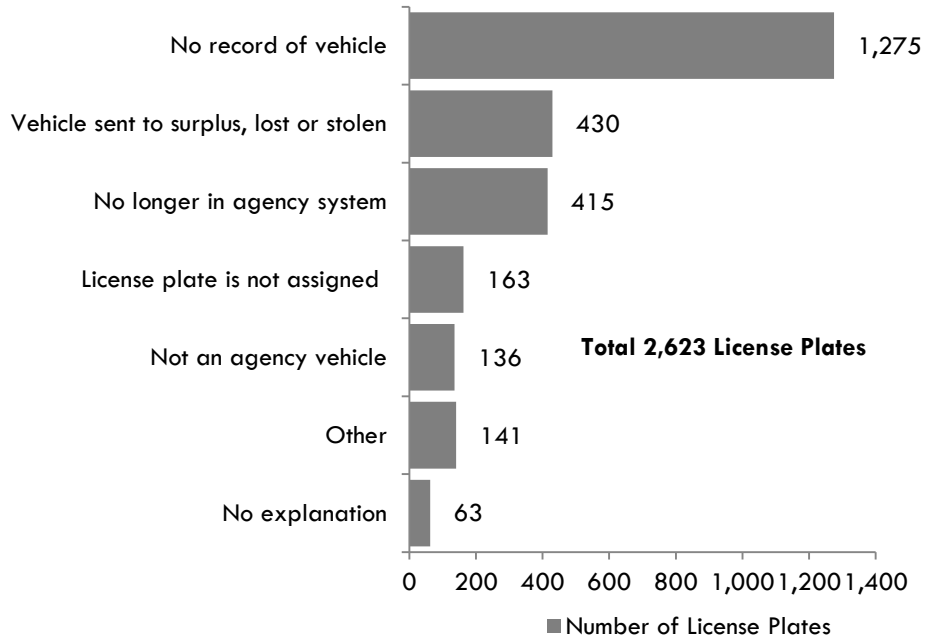
Agencies and institutions had several reasons why they could not account for the license plates in the DMV system:

- the agency/institution had no record of the vehicle;
- the vehicle had been sent to surplus or was lost or stolen;
- the vehicle did not belong to the agency/institution;
- the vehicle was no longer in the agency’s/institution’s system due to the age of the vehicle; and
- the license plate had not been assigned to a vehicle.

In addition, several agencies/institutions did not provide an explanation for why they no longer had a yellow license plate. As shown in Exhibit 3, most state entities (49%) reported that they did not have a record of the license plate in question.

Exhibit 3

Agency Explanations for Differences



Source: Program Evaluation Division based on data provided by state agencies and institutions.

Agencies and institutions claimed that the DMV vehicle registration records they reviewed did not accurately reflect all of the vehicles they owned. As discussed in the first report, state agencies and institutions used various names to title and register their vehicles.⁴ Thus, it is quite possible that these vehicle records were not attributed to the appropriate agency/institution. At least one agency has already contacted DMV to resolve these discrepancies. However, until all agencies and institutions update their vehicle registration records, the DMV database cannot be accurate and North Carolina cannot know the number of vehicles it owns.

Status of Permanent Silver License Plates

N.C. Gen. Stat. § 20-84(b)(1)-(16) authorizes the Division of Motor Vehicles (DMV) to issue permanent silver plates for various non-state entities including:

- local government entities, such as counties, cities, towns, and local boards of education;
- public safety and emergency management entities, such as civil air patrols, emergency rescue squads, Radio Emergency Assistance of Citizens Teams, rural fire departments, agencies or associations, and local chapters of the American Red Cross; and
- churches that own buses used exclusively to transport individuals to Sunday school, church services, and other church-related activities.

To obtain a silver license plate, a person must provide proof of ownership that meets the statutory eligibility for receiving a permanent state license plate, proof of financial responsibility, and pay \$6 fee. Vehicles registered

⁴ Program Evaluation Division. (December 2011). *Inadequate Data and Fleet Information Management Weaken Accountability for State-Owned Motor Vehicles*. Report to the Joint Legislative Program Evaluation Oversight Committee. Raleigh, NC: General Assembly.

with silver plates are not subject to property tax collection by county governments (see Appendix B for the full text of the statute).

Typically, permanent registration plates issued to non-state entities are silver with black lettering that distinguishes these plates from the state-owned yellow plates and other North Carolina license plates.⁵ At the end of Fiscal Year 2010-11, there were 120,461 silver plates registered to non-state entities.

The Program Evaluation Division created 11 categories for the type of registering entity for silver plates:

- county government agencies (excludes law enforcement and emergency response organizations);
- municipal government agencies (excludes law enforcement and emergency response organizations);
- local boards of education (including charter schools);
- community colleges and other higher education institutions;
- law enforcement and emergency response organizations;
- churches and other religious organizations;
- health-related organizations (e.g., hospitals);
- mental health and rehabilitation services organizations;
- organizations and group homes for children;
- privately owned businesses; and
- other entities that did not fall into the above categories.

Exhibit 4 shows how these categories map onto the entities identified in statute.

⁵ State law requires permanent registration plate issued under subdivision (b)(1) to have a distinctive color and design that is readily distinguishable from all other permanent registration plates.

Exhibit 4: Categories of Registering Entities for Silver Plates

Registering Entity	Subsection of N.C. Gen. Stat § 20-84(b)	Category
County	(2)	County government
City or town	(2)	Municipal government
Board of education	(3)	Local board of education
Orphanage	(4)	Children's organizations
Civil air patrol	(5)	Emergency response
Incorporated emergency rescue squad	(6)	Emergency response
Incorporated Radio Emergency Association of Citizen Team (REACT)	(7)	Emergency response
Disaster relief effort	(8)	Emergency response
Church bus used exclusively for transporting individuals to Sunday school, church services, and to other church-related activities	(9)	Religious
Rural fire department, agency, or association	(10)	Emergency response
Mobile X-ray unit used for the purpose of diagnosis, treatment, and discovery of tuberculosis	(11)	Health-related
Local chapter of American National Red Cross used for emergency or disaster work	(12)	Emergency response
Sheltered workshop recognized or approved by the Division of Vocational Rehabilitation Services	(13)	Mental health and rehabilitation
Nonprofit agency or organization that approved in accordance with the standards adopted by the Commission for Mental Health and Human Services	(14)	Mental health and rehabilitation
Bus or trackless trolley owned by a city	(15)	Municipal government

Note: Trailers specified in N.C. Gen. Stat § 20-84(b)(16) were excluded from analysis. Vehicles owned by higher education institutions, privately owned businesses, and other entities are not specified in statute as eligible for silver plates.

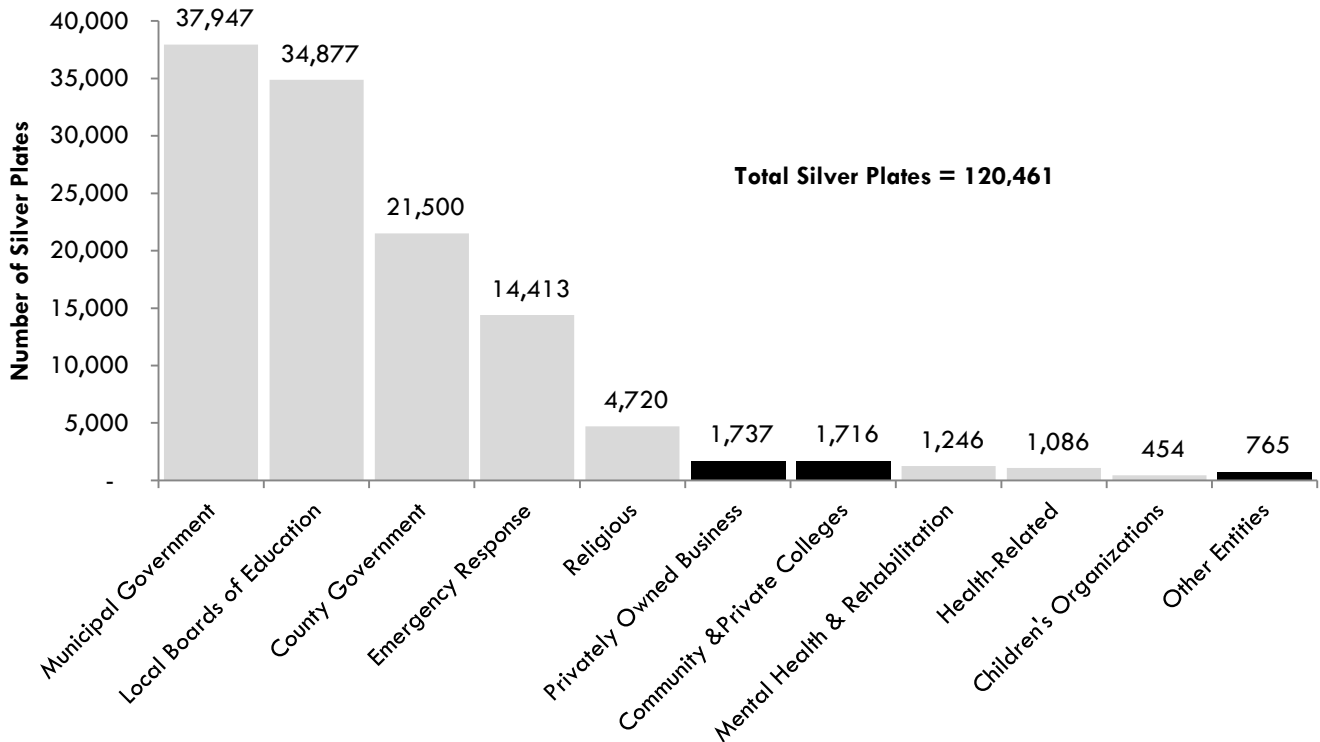
Source: Program Evaluation Division based on N.C. Gen. Stat. § 20-84(b)(1)-(16).

Most silver license plates are owned by municipal government and local boards of education. The Program Evaluation Division summarized the number of plates owned by each registering entity. Sixty percent of silver plates are registered to vehicles owned by municipal government agencies and local boards of education (see Exhibit 5). Privately owned businesses, higher education institutions, and other entities owned 4,218 (4%) vehicles with silver plates. However, the statute does not specifically mention that permanent license plates can be registered to these entities. Examples include

- private colleges and universities, such as Queens University of Charlotte and Wake Forest University;
- private utility companies and cooperatives, such as Atlantic Telephone Membership Corporation and Duke Power; and
- other private businesses, such as First Transit (a bus transportation provider) and US Bank Corporate Trust Services

These results suggest that DMV needs to review how silver plates are issued and revoke silver license plates from entities not listed in statute.

Exhibit 5: Silver Plates by Type of Registering Entity



Source: Program Evaluation Division based on vehicle registration records from the Division of Motor Vehicles.

Division of Motor Vehicles' Oversight of Permanent License Plates

All entities with permanent license plates (yellow or silver) are subject to the same requirements as other motor vehicle owners, which means they must

- maintain continuous liability insurance coverage for each vehicle;
- obtain a vehicle safety inspection for all vehicles less than 35 years old; and
- obtain an emissions inspection for vehicles model year 1996 and newer in a county requiring such testing.

Failure to comply with these requirements may result in civil penalties assessed to the registered owner. DMV has the authority to revoke the registration of vehicle that does not have liability insurance or has been in an accident when the owner did not have insurance coverage. DMV maintains a list of vehicles that are not in compliance with these regulations. As of January 31, 2012, 263 vehicles with silver plates did not have liability insurance and 10,930 vehicles with silver and yellow plates needed an inspection. DMV can place a hold on the vehicle registration record in its database for any violation, but can do little to enforce its authority because vehicles with silver and yellow plates are not subject to annual registration renewals. Unless a vehicle with a silver or yellow license plate is involved in an accident or commits a traffic violation, it is difficult for DMV to revoke the license plate.

Legislative Options

In the first report on the status of state-owned vehicles, the Program Evaluation Division recommended that the General Assembly direct state agencies and institutions to update vehicle registration records for all state-owned vehicles by October 1, 2012 and direct the State Auditor to provide an independent review of the reconciliation process. The Joint Legislative Program Evaluation Oversight committee has approved this recommendation and amended the deadline to May 1, 2012. Legislative action based on this recommendation will allow the State to obtain an accurate count of all state-owned motor vehicles.

To address the other issues identified in this report, the General Assembly may want to consider directing the Division of Motor Vehicles to

- strengthen policies and procedures for the issuance of silver plates to ensure only eligible entities can obtain permanent license plates; and
- revoke silver plates registered to entities not identified in statute.

In addition, the General Assembly may want to consider revising N.C. Gen. Stat. § 20-84 to

- limit the types of entities eligible for silver license plates; or
- establish a renewal schedule procedure for silver plates in order to monitor compliance with liability insurance and vehicle inspections.

Appendices

Appendix A: State-Owned License Plates by Agency and Institution

Appendix B: N.C. Gen. Stat. § 20-84 Permanent Registration Plates

Program Evaluation Division Contact and Acknowledgments

For more information on this report, please contact the lead evaluator, Carol Shaw, at carol.shaw@ncleg.net.

Staff members who made key contributions to this report include Lee Creighton, Sean Hamel, Catherine Moga Bryant, Pamela L. Taylor, and Larry Yates. John W. Turcotte is the director of the Program Evaluation Division.

Appendix A: State-Owned License Plates by Agency and Institution

Agency/Institution	DMV Record of Permanent License Plate	License Plate Owned by Agency/Institution	License Plate <u>Not</u> Owned by Agency/Institution
State Agencies			
Department of Transportation	8,835	8,372	463
Department of Administration	7,879	7,493	386
Department of Crime Control and Public Safety	2,494	2,275	219
Department of Environmental and Natural Resources	2,168	1,944	224
Department of Correction	1,815	1,615	200
Department of Health and Human Services	1,001	731	270
Department of Agriculture and Consumer Services	644	580	64
Wildlife Resources Commission	412	394	18
Department of Public Instruction	188	2	186
Department of Justice	105	102	3
Administrative Office of the Courts	98	98	0
North Carolina Community College System	89	1	88
Department of Juvenile Justice and Delinquency Prevention	78	70	8
Department of Cultural Resources	67	53	14
Employment Security Commission	8	5	3
Department of Commerce	7	1	6
Department of Insurance	3	3	0
Department of Labor	2	2	0
Department of Revenue	2	2	0
<i>State Agency Subtotal</i>	25,895	23,743	2,152

Agency/Institution	DMV Record of Permanent License Plate	License Plate Owned by Agency/Institution	License Plate <u>Not</u> Owned by Agency/Institution
State Education Institutions			
North Carolina State University	1,190	984	206
University of North Carolina Chapel Hill	807	765	42
East Carolina University	427	417	10
Appalachian State University	339	286	53
University of North Carolina Greensboro	228	199	29
Western Carolina University	183	158	25
University of North Carolina Wilmington	172	171	1
North Carolina A&T State University	171	122	49
University of North Carolina Charlotte	128	121	7
Winston-Salem State University	84	76	8
University of North Carolina School of the Arts	68	65	3
Fayetteville State University	54	41	13
University of North Carolina Pembroke	52	43	9
Elizabeth City State University	47	41	6
North Carolina Central University	47	44	3
University of North Carolina Asheville	40	40	0
University of North Carolina General Administration	39	36	3
North Carolina School of Science and Math	22	18	4
<i>State Education Institution Subtotal</i>	<i>4,098</i>	<i>3,627</i>	<i>471</i>
Total State License Plates	29,993	27,370	2,623

Notes: Department of Environment and Natural Resources includes Division of Forest Resources vehicles prior to the transfer of the division to the Department of Agriculture and Consumer Services. University of North Carolina General Administration includes UNC Center for Public Television vehicles.

Source: Program Evaluation Division based vehicle registration data from the Division of Motor Vehicles and data from state agencies and institutions.

Appendix B: Permanent Registration Plates

§ 20-84. Permanent registration plates; State Highway Patrol.

- (a) General. – The Division may issue a permanent registration plate for a motor vehicle owned by one of the persons authorized to have a permanent registration plate in this section. To obtain a permanent registration plate, a person must provide proof of ownership, provide proof of financial responsibility as required by G.S. 20-309, and pay a fee of six dollars (\$6.00). A permanent plate issued under this section may be transferred as provided in G.S. 20-78 to a replacement vehicle of the same classification. A permanent registration plate issued under this section must be a distinctive color and bear the word "permanent". In addition, a permanent registration plate issued under subdivision (b)(1) of this section must have distinctive color and design that is readily distinguishable from all other permanent registration plates issued under this section.
- (b) Permanent Registration Plates. – The Division may issue permanent plates for the following motor vehicles:
- (1) A motor vehicle owned by the State or one of its agencies.
 - (2) A motor vehicle owned by a county, city or town.
 - (3) A motor vehicle owned by a board of education.
 - (4) A motor vehicle owned by an orphanage.
 - (5) A motor vehicle owned by the civil air patrol.
 - (6) A motor vehicle owned by an incorporated emergency rescue squad.
 - (7) A motor vehicle owned by an incorporated REACT ("Radio Emergency Association of Citizen Teams") Team.
 - (8) A motor vehicle owned by a person and used exclusively in the support of a disaster relief effort.
 - (9) A bus owned by a church and used exclusively for transporting individuals to Sunday school, to church services, and to other church related activities.
 - (10) A motor vehicle owned by a rural fire department, agency, or association.
 - (11) A motor vehicle in the form of a mobile X-ray unit operated exclusively in this State for the purpose of diagnosis, treatment, and discovery of tuberculosis, and owned by the North Carolina Tuberculosis Association, Incorporated, or by a local chapter or association of the North Carolina Tuberculosis Association, Incorporated.
 - (12) A motor vehicle owned by a local chapter of the American National Red Cross and used for emergency or disaster work.
 - (13) A motor vehicle owned by a sheltered workshop recognized or approved by the Division of Vocational Rehabilitation Services.
 - (14) A motor vehicle owned by a nonprofit agency or organization that provides transportation for or operates programs subject to and approved in accordance with standards adopted by the Commission for Mental Health and Human Services.
 - (15) A bus or trackless trolley owned by a city and operated under a franchise authorizing the use of city streets. This subdivision does not apply to a bus or trackless trolley operated under a franchise authorizing an intercity operation.
 - (16) A trailer owned by a nationally chartered charitable organization and used exclusively for parade floats and for transporting vehicles and structures used only in parades.
- (c) State Highway Patrol. – In lieu of all other registration requirements, the Commissioner shall each year assign to the State Highway Patrol, upon payment of six dollars (\$6.00) per registration plate, a sufficient number of regular registration plates of the same letter prefix and in numerical sequence beginning with number 100 to meet the requirements of the State Highway Patrol for use on Division vehicles assigned to the State Highway Patrol. The commander of the Patrol shall, when such plates are assigned, issue to each member of the State Highway Patrol a registration plate for use upon the Division vehicle assigned to the member pursuant to G.S. 20-190 and assign a registration plate to each Division service vehicle operated by the Patrol. An index of

such assignments of registration plates shall be kept at each State Highway Patrol radio station and a copy of it shall be furnished to the registration division of the Division. Information as to the individual assignments of the registration plates shall be made available to the public upon request to the same extent and in the same manner as regular registration information. The commander, when necessary, may reassign registration plates provided that the reassignment shall appear upon the index required under this subsection within 20 days after the reassignment.