CHAPTER 2-08
AIRCRAFT AND ULTRALIGHT VEHICLE DEALERS

2-08-01. Definitions.

The following words, terms, and phrases, when used in this chapter, have the meaning ascribed to them in this section, except where the context clearly indicates a different meaning:

1. "Aircraft" includes airplanes and helicopters.
2. "Aircraft dealer" means every person, partnership, association, corporation, or limited liability company engaged in the business of buying, selling, leasing, or exchanging more than three aircraft in any twelve consecutive months, except for a business liquidation of used aircraft, or who advertises or holds out to the public as being engaged in the business of buying, selling, leasing, or exchanging of aircraft. Any person, partnership, association, corporation, or limited liability company doing business in several locations or airports must be considered a separate dealer in each location.
3. "Ultralight vehicle dealer" means every person, partnership, association, corporation, or limited liability company engaged in the business of buying, selling, leasing, or exchanging more than two ultralight vehicles in any twelve consecutive months, or who advertises or holds out to the public as being engaged in the business of buying, selling, leasing, or exchanging of ultralight vehicles. Any person, partnership, association, corporation, or limited liability company doing business in several locations must be considered a separate dealer at each location.
4. "Ultralight vehicles" means piloted vehicles which are flown in airspace and are not required by the federal aviation administration to have a federal certificate of airworthiness. All other piloted ultralight vehicles required to have a federal experimental airworthiness certificate are defined as aircraft.

2-08-02. Exemption.

This chapter does not apply to any person who only leases aircraft to state institutions of higher education.

2-08-03. Aircraft dealer's license - Fees - Dealer's place of business.

No person, partnership, association, corporation, or limited liability company may engage in the business of buying, selling, leasing, or exchanging aircraft, or advertise or hold out to the public as being in the business of buying, selling, leasing, or exchanging of aircraft without first being licensed as provided in this chapter.

The aeronautics commission shall prescribe and furnish license and renewal license application forms. A nonrefundable fee of one hundred fifty dollars must accompany each application for each dealer location. A dealer's license expires on December thirty-first of each year, and application for renewal must be made before the expiration of the current dealer's license. For each annual one hundred fifty dollar license fee or renewal, the dealer must be issued one dealer's registration for one demonstrator aircraft. Additional dealer's demonstrator aircraft registrations must be issued to a licensed dealer upon the payment of ten dollars for each additional demonstrator aircraft, provided such demonstrator aircraft are not used for commercial purposes to produce rental or air taxi revenue, or used for aerial spraying while awaiting sale or trade. All new or used demonstrator aircraft which are for resale but are used by a dealer to produce commercial revenue, or air taxi or rental revenue or for aerial spraying must be registered with the commission and the annual registration fees paid in accordance with the laws of this state. Fees from license applications of aircraft dealers must be deposited with the state treasurer and credited to the aeronautics commission special fund. Fees received for additional aircraft registrations for demonstrator aircraft must be deposited with the state treasurer, who shall deposit such funds in the aeronautics commission special fund.

An applicant for a license or renewal of a license shall submit to the aeronautics commission an inventory of aircraft held by the applicant along with a separate demonstration flight log of time accumulated for those demonstration flights and aircraft tachometer readings

for each aircraft on the date of initial application and on November thirtieth before the yearly renewal time. Information on inventory must be provided to the commission on an approved report form. If an aircraft is held in inventory for more than twelve months and is flown more than fifty hours of flight time in any given twelve-month period of time, the commission shall determine if the aircraft is a demonstration aircraft. When the hours flown exceed fifty hours in the twelve-month period, the aircraft is presumed not to be a demonstration aircraft and the aircraft excise tax must be remitted to the aeronautics commission under chapter 57-40.5 unless upon satisfactory proof the aeronautics commission determines the aircraft is used exclusively for demonstration purposes.

The aeronautics commission shall issue dealer's licenses only to dealers who maintain a permanent place of business on an airport open for public use, whether publicly or privately owned in the state of North Dakota, with runway length, aprons, and safe aircraft approaches adequate for fixed wing aircraft or helicopters of the type sold by such a dealer. An established central place on an airport means that such dealer has an enclosed office, building, or structure owned or leased with adequate facilities and equipment for the maintenance, service, and repair of aircraft. The dealer shall maintain business records in the dealer's place of business. The dealer's place of business must be adequate to conduct an aircraft dealer's business where selling, trading, and bartering of aircraft may be conducted and may not be a residence or temporary quarters or so-called permanent quarters occupied pursuant to temporary arrangements. An applicant for an aircraft dealer's license cannot qualify with only a privately owned aircraft hangar as a place of business, which is usually used for storage of aircraft on an airport open for public use. An aircraft dealer to qualify for a dealer's license must maintain an aircraft or helicopter service and repair shop on an airport open for public use with a minimum of five thousand dollars in tools, equipment, aircraft parts, and supplies, as determined by a representative of the director of the aeronautics commission.

The aeronautics commission shall issue a license only after inspection and approval of the aircraft dealer's facilities.

2-08-04. Ultralight vehicle dealer's license - Fees - Dealer's place of business.

No person, partnership, association, corporation, or limited liability company may engage in the business of buying, selling, leasing, or exchanging ultralight vehicles, or advertise or hold out to the public as being in the business of buying, selling, leasing, or exchanging of ultralight vehicles without first being licensed as provided in this chapter.

The aeronautics commission shall prescribe and furnish license and renewal license application forms. A nonrefundable fee of fifty dollars must accompany each application for each dealer location. A dealer's license expires on December thirty-first of each year, and application for renewal must be made before the expiration of the current dealer's license. For each annual fifty dollar license fee or renewal, the dealer must be issued one dealer's registration for one demonstrator ultralight vehicle. Additional dealer's demonstrator ultralight vehicle registrations must be issued to a licensed dealer upon the payment of ten dollars for each additional demonstrator ultralight vehicle. Fees from license applications of ultralight vehicle dealers and any other fees received for additional demonstrator ultralight vehicle registrations must be deposited in the aeronautics commission special fund.

An ultralight vehicle dealer shall maintain a permanent place of business in North Dakota which may be off or on an airport; provided, if the place of the business is off an airport, such dealer shall maintain a cleared area of sufficient size and length to safely demonstrate ultralight vehicles without undue approach hazards or hazards to other persons or property. The dealer shall maintain business records in the dealer's place of business. An ultralight dealer to qualify for a dealer's license shall maintain at least one flyable ultralight vehicle for demonstration purposes and shall maintain a minimum of five hundred dollars in tools, equipment, parts, or supplies to provide service for ultralight vehicles. The aeronautics commission has the option of inspection of each ultralight dealer prior to issuing a dealer's license or a renewal.

2-08-05. Dealers to furnish information to director of aeronautics commission.

All dealers engaged in the sale of aircraft or ultralight vehicles in this state shall furnish the director of the aeronautics commission and purchasers with information as to model,

specification, selling price, with no trade-in allowances, and names and addresses of purchasers and such other data requested by the director of the aeronautics commission as may be necessary in carrying out the provisions of this chapter. All dealers shall keep records of all aircraft and ultralight vehicle sales for two years.

2-08-06. Examination of books and records.

The director of the aeronautics commission or the director's duly authorized representative may inspect the pertinent books, letters, records, and contracts of any licensed aircraft or ultralight vehicle dealer relating to specific complaints made against such dealer and which may be in violation of any provisions of this chapter or title 2 or 57.

2-08-07. Powers of the aeronautics commission.

In addition to other powers provided by law, the aeronautics commission has the following powers and duties which must be exercised in conformity with this chapter:

1. To cancel, revoke, or suspend a dealer's license as provided for in this chapter.
2. To prescribe rules and regulations not inconsistent with this chapter governing the application for dealer's licenses and the cancellation or suspension or revocation of dealer's licenses.
3. To employ and pay such persons as may be necessary to inspect dealers in this state, investigate dealers for the information needed by the aeronautics commission, to procure evidence in connection with any prosecution or other action to suspend, revoke, or cancel a dealer's license in relation to any matter in which the aeronautics commission and the director has any duty to perform.

2-08-08. Grounds for denial, suspension, cancellation, or revocation of dealer's license.

The director of the aeronautics commission may deny an application for a dealer's license or suspend, revoke, or cancel such a license after it has been granted for the following reasons:

1. For any material misstatement by an applicant in the application for the license.
2. For any willful failure to comply with the provisions of this chapter or with any rule or regulation promulgated by the aeronautics commission.
3. For knowingly permitting any salesperson to sell or exchange, or offer or attempt to sell or exchange, any aircraft or ultralight vehicle except for the licensed dealer by whom the salesperson is employed, or to offer, transfer, or assign any sale or exchange that the salesperson may have negotiated to any other dealer.
4. For having violated any law relating to the sale, distribution, or financing of aircraft or ultralight vehicles.
5. For having ceased to have an established place of business as herein defined.

Such cancellation and revocation shall be done in the manner and according to the procedure described in chapter 28-32.

2-08-09. Dealer permitting license to be used by another dealer - License revoked.

Any dealer who permits the use of that person's dealer's license by any other dealer, or permits the use of such license for the benefit of any other dealer, shall have that person's dealer's license revoked.

2-08-10. Officers to administer chapter.

The aeronautics commission, its director and staff, is responsible for the administration of the provisions of this chapter.

2-08-11. Penalty for violation of chapter.

Any person violating any of the provisions of this chapter is guilty of an infraction for which a maximum fine of five hundred dollars may be imposed. For a second and subsequent offense, such person shall be guilty of a class B misdemeanor.