

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** HB 9 (1<sup>st</sup> Edition)

**SHORT TITLE:** Repeal Safety Inspections

**SPONSOR(S):** Representative Carpenter

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<u><b>FY 1997-98</b></u>	<u><b>FY 1998-99</b></u>	<u><b>FY 1999-00</b></u>	<u><b>FY 2000-01</b></u>	<u><b>FY 2001-02</b></u>
<b>HIGHWAY FUND</b>					
<b>Revenues</b>	-\$3,407,589	-\$3,458,703	-\$3,510,584	-\$3,563,243	-\$3,616,691
<b>Expenditures</b>					
DMV Enforcement	-1,772,831	-1,830,060	-1,889,672	-1,953,124	-2,021,223
<b>GENERAL FUND</b>					
<b>Revenues</b>					
Department of Insurance					
Volunteer Rescue/ EMS Fund	-681,518	-691,741	-702,117	-712,649	-723,338
Rescue Squad Worker's Relief Fund	-454,345	-461,160	-468,078	-475,099	-482,226
<b>POSITIONS:</b> 31 FTE in DMV Enforcement					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> DMV Enforcement Volunteer Rescue/EMS Fund Rescue Squad Worker's Relief Fund					
<b>EFFECTIVE DATE:</b> Upon becoming law.					

**BILL SUMMARY:** The proposed act eliminates the requirement that motor vehicles undergo an annual safety inspection, including the inspection of window tinting, and eliminates the fees associated with safety inspections. The proposed act does not affect the emissions inspection

program. Emissions inspections continue to be required in the nine designated counties, and DMV oversight of the program continues to be funded by fees charged for emissions inspections.

## **ASSUMPTIONS AND METHODOLOGY:**

The proposed act is effective upon becoming law. For the purposes of this note, it is assumed that the proposed act would become effective on July 1, 1997. The assumptions and methodology for each portion of the fiscal estimate are discussed below:

### HIGHWAY FUND

#### Revenues

Discontinuation of the safety inspection program would eliminate Highway Fund revenues generated by the sale of safety inspection stickers to inspection stations. Based upon collections through December 31, 1996, the Highway Fund is projected to receive \$3,357,231 from the sale of inspection stickers in FY1996-97. Between 1993 and 1996, revenues from sticker sales have grown at a rate of 2% per year. Revenue growth for 1996-97 is projected at 1%. For this fiscal note, it is assumed that inspection sticker revenues would increase 1.5% per year.

#### Expenditures

The estimated annual cost of the Safety Inspection Program is \$1,772,831. This cost would be eliminated if the safety inspection program were discontinued. The Division of Motor Vehicles reports that \$278,465 is spent for supplies (inspection stickers, forms, receipts books) related to the program, and estimates that \$245,117 is spent for transportation, postage and other expenses. The personnel cost of the program is based on the following:

Inspectors - DMV Enforcement has 133 Inspectors who perform safety inspection enforcement duties. These Inspectors perform approximately 7,812 investigations of safety inspection stations per year. Investigations take an average of two hours to perform, for a total of 15,624 hours spent on investigations. Inspectors also perform an annual audit of each of the 5,520 safety inspection stations. Audits also take an average of two hours to perform, for a total of 11,040 hours spent on audits. Inspectors also process the sale of safety inspection stickers to safety inspections stations. Each station makes monthly purchases of stickers. Each sale of stickers to an inspections station takes approximately fifteen minutes to perform, for a total of 16,560 hours spent on sticker sales. In total, Inspectors spend 43,224 hours annually on the safety inspection program.

Each Inspector has approximately 1,880 hours available for work duties each year after leave and training are taken into account. Dividing the number of hours spent on safety inspection work by the number of available hours per Inspector indicates that 23 Inspector FTE are required to perform safety inspection program duties. The average pay of a DMV Inspector is \$35,118. Accounting for State-paid benefits, the total average cost of an Inspector position is \$46,186. The average cost multiplied by the 23 FTE devoted to the program yields and

annual personnel cost of \$1,039,281 for DMV Inspectors devoted to the safety inspection program.

Clerical - This proposed act would allow DMV to abolish six clerical positions at the Raleigh headquarters office that do only safety inspection work. The actual salary and benefit cost of these positions is \$161,268. In addition, two of the eight District clerical positions could be abolished. Each of the eight positions spend one fourth of their time on safety inspections. Two times the average \$32,200 salary and fringe for these positions is \$64,400.

The outyear growth for these costs that would occur if the program were continued is based on the wage and general inflation projections used in the General Assembly's General Fund Financial Model.

### GENERAL FUND

In addition to the amounts received by the Highway Fund from the sale of safety inspection stickers, amounts are received by the Volunteer Rescue/EMS Fund and the Rescue Squad Workers' Relief Fund. For each dollar received by the State from the sale of an inspection sticker, \$0.75 goes to the Highway Fund, \$0.15 goes to the Volunteer Rescue/EMS Fund, and \$0.10 goes to the Rescue Squad Workers' Relief Fund. The amount of revenue loss shown for these funds is proportional to the revenue loss for the Highway Fund.

**TECHNICAL CONSIDERATIONS:** The bill fails to eliminate references to the safety inspection program in the following statutes: GS 20-183.4A, GS 20-183.4B, GS 20-183.6A(a), GS 20-183..8(b), GS 20-122.1, GS 20-127(d), GS 20-137.7, GS 20-358, GS 58-57-100(a)(1), and G.S. 110-91(13).

### **FISCAL RESEARCH DIVISION**

**733-4910**

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**DATE:** February 17,1997



**Signed Copy Located in the NCGA Principal Clerk's Offices**