

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 518 (Proposed Substitute H518-CSR-002)

SHORT TITLE: Two-year License Plates

SPONSOR(S): Representative Allred

FISCAL IMPACT

	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>
REVENUES					
Highway Fund	\$11,494,968	-3,284,277	\$11,494,968	-3,284,277	\$11,494,968
Special Plate Account	246,077	-70,308	246,077	-70,308	246,077
Collegiate and Cultural					
Attraction Plate Account	15,278	-4,365	15,278	-4,365	15,278
Natural Heritage Trust Fund	204,808	-58,517	204,808	-58,517	204,808
EXPENDITURES					
Highway Fund					
DMV Branch Agent Fees	\$689,698	-\$197,057	\$689,698	-\$197,057	\$689,698

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Division of Motor Vehicles

EFFECTIVE DATE: December 1, 1997

BILL SUMMARY: The proposed act would allow owners of private passenger vehicles, except those for which registration fees are charged according to vehicle weight, to register their vehicles for two years and pay double the annual fees for registration and special plates. Branch agents performing a two year registration transaction would be compensated at double the rate for a one year registration.

ASSUMPTIONS AND METHODOLOGY: Fees paid for the basic registration fee of \$20 are deposited in the Highway Fund. Fees paid for special plates are paid into three accounts. For each special plate, \$10 is paid to the Special Registration Plate Account, from which funds are used to cover DMV expenses of special plate registration, for payments to visitor centers, for the DOT wildflower program, and for travel and tourism programs in the Departments of Commerce

and Human Resources. Certain plates carry additional charges that are deposited in either the Collegiate and Cultural Attraction Plate Account or the Natural Heritage Trust Fund.

The Division of Motor Vehicles expects that approximately 20 percent of vehicle owners will take advantage of the opportunity to have a two year registration. The fiscal effect of the proposed act is 1) the additional revenue from the double fees paid by this 20 percent of owners during the first year of the two year license period; and 2) the loss of revenues during the second year when the annual renewal fees are not paid. The first double fees are paid starting when the act takes effect in December 1997 and continue being paid through November 1998. From December 1998 to December 1999 no fees would be paid by the 20 percent of vehicles owners electing the two year option. The cycle would then repeat itself every two years. Revenue gain and loss as a result of this cycle is based on the current number and type of plates issued to vehicle owners. Expenditures for branch agent commissions would increase and decrease based on the number of two year registration transactions in each year.

TECHNICAL CONSIDERATIONS: None.

FISCAL RESEARCH DIVISION

733-4910

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