

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: House Bill 285 (Second Edition)

SHORT TITLE: Active National Guard Special Plate No Cost.

SPONSOR(S): Representatives Martin and Killian

FISCAL IMPACT				
	Yes (X)	No ()	No Estimate Available ()	
	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u> <u>FY 2015-16</u>
REVENUES				
<i>Highway Fund</i>				
<i>Registration Fees</i>				Annual foregone revenues may range from \$31,748 to \$362,441. Refer to Assumptions and Methodology (page 3).
EXPENDITURES				
<i>Special Registration</i>				
<i>Plate Account</i>				Annual plate production costs may range from \$0 to \$24,226. Refer to Assumptions and Methodology (pages 1 – 3).
POSITIONS (cumulative):				N/A
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	Department of Transportation, Division of Motor Vehicles.			
EFFECTIVE DATE:	July 1, 2011.			

BILL SUMMARY:

H.B. 285 amends G.S. 20-79.7(a) to exempt Active Member of the National Guard special registration plates from the regular registration fees set by G.S. 20-87 and G.S. 20-88, provided the vehicle weight is less than 6,000 pounds. The bill becomes effective July 1, 2011.

ASSUMPTIONS AND METHODOLOGY:

Expenditures (Special Registration Plate Account):

Two types of Active Member of the National Guard special registration plates are presently issued by the Division of Motor Vehicles - assigned and unassigned plates. Assigned plates are reissued annually to both commissioned and non-commissioned officers of the National Guard; conversely,

registration renewal stickers are provided annually for unassigned plates issued to enlisted officers. Additional special registration plate fees do not apply, per G.S. 20-79.7(a).

According to the Division of Motor Vehicles, there are 985 Active Member of the National Guard special registration plates currently issued – 605 are assigned plates and 380 are unassigned plates. Relative to the approximate active membership (11,800 members) reported by the N.C. National Guard, current special plate issuance represents roughly 8.3% of active members. This level (985 plates) is assumed to represent baseline issuance.

Five production cost scenarios are included below for illustration. While there is insufficient data to project future issuance levels, Fiscal Research anticipates an initial spike in issuance with continued increases thereafter as knowledge of the fee exemption spreads. Furthermore, the proportion of active members requesting special plates is expected to approach the maximum potential issuance level over time. The exact period is indeterminate. Scenario E represents potential plate production costs under maximum issuance.

The included scenarios hold pricing and active membership constant and represent only the potential increase in plate production and issuance. Current Department of Correction, Correction Enterprises unit pricing for Active Member of the National Guard special registration plates is \$2.24 per plate.

Figure 1. Potential Increase from Baseline (985 Registered Plates)	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Scenario A: 50% growth in Year 1; 5% annual growth thereafter	493	567	645	727	813
Scenario B: 100% growth in Year 1; 10% annual growth thereafter	985	1,182	1,399	1,637	1,899
Scenario C: 200% growth in Year 1; 15% annual growth thereafter	1,970	2,413	2,923	3,509	4,183
Scenario D: 300% growth in Year 1; 20% annual growth thereafter	2,955	3,743	4,689	5,824	7,186
<i>Scenario E: Maximum Issuance</i>	<i>10,815</i>	<i>10,815</i>	<i>10,815</i>	<i>10,815</i>	<i>10,815</i>

Figure 2. Plate Production Cost	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Scenario A: 50% growth in Year 1; 5% annual growth thereafter	\$1,104	\$1,270	\$1,445	\$1,628	\$1,821
Scenario B: 100% growth in Year 1; 10% annual growth thereafter	\$2,206	\$2,648	\$3,134	\$3,667	\$4,254
Scenario C: 200% growth in Year 1; 15% annual growth thereafter	\$4,413	\$5,405	\$6,548	\$7,860	\$9,370
Scenario D: 300% growth in Year 1; 20% annual growth thereafter	\$6,619	\$8,384	\$10,503	\$13,046	\$16,097
<i>Scenario E: Maximum Issuance</i>	<i>\$24,226</i>	<i>\$24,226</i>	<i>\$24,226</i>	<i>\$24,226</i>	<i>\$24,226</i>

Per G.S. 79.7(c)(1), Special Registration Plate Account receipts will cover the costs of production, issuance, and handling of Active Member of the National Guard special plates. However, any additional production and issuance expenditures will decrease the amount of remaining fund balance statutorily transferred (G.S. 79.7(c)(3)) to:

- the Department of Transportation (50%) for highway beautification activities;

- the Department of Commerce for out-of-state travel and industrial development advertising (33%); and
- the Department of Health and Human Services (17%) for the promotion of travel accessibility for the disabled.

According to the Division of Motor Vehicles, any requisite changes to the State Titling and Registration System (STARS) will be accommodated by existing staff.

Revenues (Highway Fund):

The scenarios below provide a range of potential foregone registration fee revenues, per exemption of Active Member of the National Guard special plates from regular registration fees. Calculations assume the current percentage distributions for vehicle type, weight, and registration fee amounts, as reported by the Division of Motor Vehicles for currently registered Active Member of the National Guard plates. The included scenarios represent both baseline issuance and the additional issuance scenarios shown in Figure 1.

Under the maximum issuance scenario (Scenario E), foregone revenues may approach \$362,441. However, the rate at which active members will apply for plates is indeterminate. Currently, the proportion of registered Active Member of the National Guard special plates to total active members is 8.3%.

Figure 3. Potential Plate Issuance (Baseline & New Issues)	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
<i>Baseline Issuance</i>	985	985	985	985	985
Scenario A: 50% growth in Year 1; 5% annual growth thereafter	1,478	1,552	1,630	1,712	1,798
Scenario B: 100% growth in Year 1; 10% annual growth thereafter	1,970	2,167	2,384	2,622	2,884
Scenario C: 200% growth in Year 1; 15% annual growth thereafter	2,955	3,398	3,908	4,494	5,168
Scenario D: 300% growth in Year 1; 20% annual growth thereafter	3,940	4,728	5,674	6,809	8,171
<i>Scenario E: Maximum Issuance</i>	<i>11,800</i>	<i>11,800</i>	<i>11,800</i>	<i>11,800</i>	<i>11,800</i>

Figure 4. Registration Fee Revenues (Baseline & New Issues)	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
<i>Baseline Issuance</i>	<i>(\$31,748)</i>	<i>(\$31,748)</i>	<i>(\$31,748)</i>	<i>(\$31,748)</i>	<i>(\$31,748)</i>
Scenario A: 50% growth in Year 1; 5% annual growth thereafter	(\$45,717)	(\$47,854)	(\$50,252)	(\$52,684)	(\$55,327)
Scenario B: 100% growth in Year 1; 10% annual growth thereafter	(\$60,503)	(\$66,454)	(\$73,020)	(\$80,677)	(\$88,660)
Scenario C: 200% growth in Year 1; 15% annual growth thereafter	(\$90,755)	(\$104,197)	(\$120,092)	(\$138,158)	(\$158,558)
Scenario D: 300% growth in Year 1; 20% annual growth thereafter	(\$121,006)	(\$145,307)	(\$174,426)	(\$209,202)	(\$250,823)
<i>Scenario E: Maximum Issuance</i>	<i>(\$362,441)</i>	<i>(\$362,441)</i>	<i>(\$362,441)</i>	<i>(\$362,441)</i>	<i>(\$362,441)</i>

SOURCES OF DATA: Division of Motor Vehicles; N.C. National Guard.

TECHNICAL CONSIDERATIONS: None

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