



NORTH CAROLINA GENERAL ASSEMBLY

2023 Session

Legislative Fiscal Note

Short Title: DMV Proposed Legislative Changes.-AB
Bill Number: House Bill 199 (Fifth Edition)
Sponsor(s): Rep. B. Jones, Rep. Shepard, Rep. McNeely, and Rep. Tyson

SUMMARY TABLE

Note: This fiscal note only addresses the finance portions of the proposed bill.

FISCAL IMPACT OF H.B. 199, V.5 (\$ in millions)

| | <u>FY 2024-25</u> | <u>FY 2025-26</u> | <u>FY 2026-27</u> | <u>FY 2027-28</u> | <u>FY 2028-29</u> |
|--------------------------------|---|-----------------------|-----------------------|-----------------------|-----------------------|
| State Impact | | | | | |
| Highway Fund Revenue | 1.9 to 2.2 | 1.9 to 2.2 | 1.9 to 2.2 | 1.9 to 2.2 | 1.9 to 2.2 |
| <u>Less Expenditures</u> | = | = | = | = | = |
| Highway Fund Impact | 1.9 to 2.2 | 1.9 to 2.2 | 1.9 to 2.2 | 1.9 to 2.2 | 1.9 to 2.2 |
| Special Fund Revenues | Likely Insignificant Fiscal Impact - Refer to Fiscal Analysis section | | | | |
| <u>Less Expenditures</u> | = | = | = | = | = |
| Special Fund Impact | - | - | - | - | - |
| NET STATE IMPACT | \$1.9 to \$2.2 | \$1.9 to \$2.2 | \$1.9 to \$2.2 | \$1.9 to \$2.2 | \$1.9 to \$2.2 |
| Local Impact | | | | | |
| Local Revenue | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 |
| <u>Less Local Expenditures</u> | = | = | = | = | = |
| NET LOCAL IMPACT | \$2.6 | \$2.6 | \$2.6 | \$2.6 | \$2.6 |

FISCAL IMPACT SUMMARY

The following sections provide a summary of the fiscal impact of each finance-related section of the proposed bill.

Section 3, Increase Fee for Acknowledgement of Signatures, would have a fiscal impact, increasing annual revenue by a de minimis amount.

Section 10, Update Service of Process by the Division, would have a fiscal impact, increasing annual revenue by a de minimis amount.

Section 20, LPA Issuances of One-Day Titles, would not have a fiscal impact.

Section 23, Fees for Annual /Oversized Permits for Movement of Commodities, would have a fiscal impact, increasing annual revenue by an estimated \$8.6 million to \$10.5 million over 5 fiscal years.

Section 25, Authorize Special Registration Plates, would have a fiscal impact, but the amount is unknown and likely de minimis.

Section 27, Dealer License Changes, would not have a fiscal impact.

Section 30, Increase Maximum Vehicle Registration Tax Rate for Transportation Authorities, would have a fiscal impact, increasing local revenues by \$2.6 mioan estimated \$13.0 million over 5 fiscal years.

FISCAL ANALYSIS

The following sections discuss the fiscal analysis for estimates of each finance-related section of the bill.

Section 3: Increase Fee for Acknowledgement of Signatures. Officers and employees of the Division of Motor Vehicles (DMV) are authorized under G.S. 20-42 to administer oaths and acknowledge signatures. Per signature fees are set by statute, Section 3 would increase the statutory fee for signatures as follows:

- \$2 to \$6 for one signature.
- \$3 to \$7 for two signatures.
- \$4 to \$8 for three or more signatures.

This Section would become effective July 1, 2024. **The change in fees will result in additional receipts, increasing revenue to the Highway Fund by \$132,000 in the first year and \$660,000 over the 5 fiscal years of this estimate.**

| | FY 2024-25 | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 |
|---|------------------|------------------|------------------|------------------|------------------|
| Est. Annual Impact from Signature Fee Changes | \$132,000 | \$132,000 | \$132,000 | \$132,000 | \$132,000 |
| Total Highway Fund Impact | \$132,000 | \$132,000 | \$132,000 | \$132,000 | \$132,000 |

NOTE: This table does not account for the anticipated increase from the quadrennial adjustment for inflation under G.S. 20-4.02.

Section 10: Update Service of Process by the Division. G.S. 1-105 outlines the process for serving civil claims for actions from accidents involving nonresident drivers in this State. Currently, the fee for this service is \$10. Section 10 would increase the fee to \$20 and would require a fee of \$100 for service on a defendant outside of the United States. This Section would become effective July 1, 2024. **The fee change will result in additional receipts, increasing revenue to the Highway Fund by \$3,500 in the first year and \$17,500 over the 5 fiscal years of this estimate.**

| | FY 2024-25 | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 |
|--|-----------------------|----------------|----------------|----------------|----------------|
| Increase fee from \$10 to \$20 | \$3,500 | \$3,500 | \$3,500 | \$3,500 | \$3,500 |
| A new \$100 fee for a defendant outside of the United States | No Estimate Available | | | | |
| Total Highway Fund Impact | \$3,500 | \$3,500 | \$3,500 | \$3,500 | \$3,500 |

Section 20: LPA Issuance of One-Day Titles. G.S. 20-85.1 currently authorizes the Division to provide one-day title service for a fee of \$105.75. This Section would amend statutory provisions to clarify that this service may be provided by License Plate Agencies (LPA) and the Division may compensate LPA contractors for those transactions. **There is no fiscal impact for this change.**

Section 23: Fees for Annual Oversized/Overweight Permits for Movement of Commodities. G.S. 20-119 provides the fee schedule for special permits for vehicles of excessive size or weight. Currently, the fee for an annual permit to move commodities other than a house trailer or trailer frames is \$100. Section 23 would increase the fee to \$185. Section 23 would also add a \$498 fee for an annual permit to transport electric vehicle batteries. This Section would become effective July 1, 2024, and would apply to service on or after that date.

On average, the Department of Transportation (DOT) issues 19,000 permits a year to move commodities other than a house trailer or trailer frames. Increasing the fee from \$100 to \$185

would increase revenue to the Highway Fund by \$1.6 million in the first year and \$8.1 million over the five years of this estimate.

The fee for an annual permit to transport electric vehicle batteries is a new requirement for the commercial vehicle industry and there is little data available on how many annual permits will be requested. Based on discussions between DOT and industry experts, the Department anticipates issuing between 190 and 950 permits a year. DOT also anticipates that revenue may be lower in the initial years of the new permit requirement as the industry becomes established. The changes to the oversized/overweight permits described in Section 23 are expected to increase Highway Fund revenue between \$100,000 and \$475,000 in the first year and \$500,000 to \$2.4 million over the 5 fiscal years of this estimate.

The total fiscal impact of the two permitting changes included in Section 23 is anticipated to be between \$1.7 million and \$2.1 million in the first year, and between \$8.6 million and \$10.5 million over the 5 fiscal years of this estimate.

| | FY 2024-25 | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 |
|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Increase fee from \$100 to \$185 | \$1,615,000 | \$1,615,000 | \$1,615,000 | \$1,615,000 | \$1,615,000 |
| Electric Battery Permit Fee | \$100,000 to \$475,000 | \$100,000 to \$475,000 | \$100,000 to \$475,000 | \$100,000 to \$475,000 | \$100,000 to \$475,000 |
| Total Highway Fund Impact | \$1,715,000 to \$2,090,000 | \$1,715,000 to \$2,090,000 | \$1,715,000 to \$2,090,000 | \$1,715,000 to \$2,090,000 | \$1,715,000 to \$2,090,000 |

Section 25: Authorize Special Registration Plates. Section 25 amends G.S. 20-63(b1) and G.S. 20-79.4(b) to authorize the DMV to issue two new special registration plates titled “Home of the Venus Flytrap” and “North Carolina School of Science and Mathematics.” Individuals would be required to pay a \$30 fee to obtain either of the new special plates. This Section also amends G.S. 20-79.7 to specify that \$10 of the fee would be credited to the Special Registration Plate Account and \$20 of the fee would be credited to the Collegiate and Cultural Attraction Plate Account. This Section would become effective July 1, 2024. **The number of individuals that would purchase the new plates is unknown and as such a reliable estimate cannot be produced. However, while it is likely that there will be some additional revenue, the fiscal impact of adding two additional special plates is likely minimal.**

Section 27: Dealer License Changes. Section 27 amends G.S. 20-288 to change the duration of dealer licenses from one year to two years. This Section would become effective October 1, 2024, and would apply to service on or after that date. Because G.S. 20-289 requires dealers to pay a fee for each fiscal year or part thereof, changing the duration of a dealer's license from one year to two years, would still require the dealer to make payments for both years when they apply for a two-year license. **There is no fiscal impact for this Section.**

Section 30: Increase Maximum Vehicle Registration Tax Rate for Transportation

Authorities. Public Transportation Authorities, Regional Public Transportation Authorities, and Regional Transportation Authorities are authorized to levy an annual license tax upon motor vehicles within their territorial jurisdictions and create Special Tax Districts to raise revenue for capital and operating expenses in providing public transportation systems. G.S. 105-561 sets the maximum tax rate a transportation authority is authorized to levy. Section 30 increases the maximum tax rate from \$8 to \$10 a year. Currently, the DMV collects a Regional Transportation Authorities Tax (RTA Tax) for Orange, Wake, and Durham Counties. Over the past four fiscal years, the DMV has processed an average of 1,300,333 RTA Tax fees per year. Assuming impacted counties increased the RTA Tax rate to the maximum tax rate authorized, **the \$2 fee increase would result in an estimated \$2.6 million annual increase in local tax revenue in the first year and \$13.0 million over the 5 fiscal years of this estimate.**

| | FY 2024-25 | FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Increase RTA Tax fee from \$8 to \$10 | \$2,600,667 | \$2,600,667 | \$2,600,667 | \$2,600,667 | \$2,600,667 |
| Total Local Impact | \$2,600,667 | \$2,600,667 | \$2,600,667 | \$2,600,667 | \$2,600,667 |

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

DEPARTMENT OF TRANSPORTATION

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis Section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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Signed copy located in the NCGA Principal Clerk's Offices