



NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Legislative Fiscal Note

Short Title: Ferry Div. Audit/DOT Omnibus.
Bill Number: House Bill 1094 (Fourth Edition)
Sponsor(s): Rep. Iler and Rep. Shepard

SUMMARY TABLE

FISCAL IMPACT OF H.B. 1094, V.4 (\$ in millions)

	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>
State Impact					
Highway Fund Revenue	-	-	-	-	-
Less Expenditures	-	-	-	-	-
Highway Fund Impact	No Estimate Available - Refer to Fiscal Analysis section				

NET STATE IMPACT	Likely Insignificant Fiscal Impact - Refer to Fiscal Analysis section
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Local Impact					
Local Revenue	-	-	-	-	-
Less Local Expenditures	-	-	-	-	-

NET LOCAL IMPACT	Likely Insignificant Fiscal Impact - Refer to Fiscal Analysis section
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FISCAL IMPACT SUMMARY

The following Fiscal Note only presents information regarding the finance-related portions of H.B. 1049 – Ferry Div. Audit/DOT Omnibus.

Section 3 authorizes the North Carolina Division of Motor Vehicles (DMV) to renew Class C Driver Licenses at any time prior to their expiration date. The fiscal impact to the Highway Fund from this policy change is unknown.

Section 7 clarifies the effective date of the one-day titling fee recodified in S.L. 2024-30, Section 20, to ensure the fee would be subject to the quadrennial adjustment that took place on July 1, 2024. The fee would increase from \$105.75 to \$126, and would the fiscal impact to the Highway Trust Fund would be de minimis.

Section 21 authorizes counties to levy special assessments to finance improvements to commercial streets. At the time of the fiscal note request, the number of counties that would exercise this authority under the expanded scope is unknown, thus the Fiscal Research Division (FRD) cannot provide an accurate estimate.

Section 22 privatizes the North Carolina Department of Transportation’s (DOT) tourist-oriented directional sign program. FRD anticipates the impact to the Highway Fund from this proposal to be de minimis.

Sections 30, 31, 32 authorize the DMV to issue new special registration license plates for community colleges, America’s Semiquincentennial, and the Guy Harvey Foundation. FRD estimates the new special plate revenue, to be distributed amongst the Special Registration Plate Account (SRPA) and the Collegiate and Cultural Attraction Plate Account (CCAPA), to be de minimis.

FISCAL ANALYSIS

Section 3

The DMV issues non-commercial Class C (regular) driver licenses in accordance with requirements detailed in G.S. 20-7. Drivers between the ages of 18-66 can renew their regular driver licenses every 8 years for \$52; individuals older than 66 must have their license renewed every 5 years for \$32.50. If a person requires a change to their license to reflect a new name or address, they must pay a duplicate driver license fee (\$27.50). Receiving a duplicate driver license does not reset the original renewal cycle. Currently, renewal is only allowable within a 180-day window before the license expires.

The bill amends G.S. 20-7(f)(3a) to expand the timeframe in which individuals can renew their driver license from 180 days to any time before the license expiration date. The new fee for regular driver licenses renewed more than 180 days before original expiration is shown below:

$$\text{Duplicate License Fee} + (\text{Normal Renewal Fee} - \text{Prorated Years}) = \text{Early Renewal Fee}$$

For example, a person under the age of 66 seeking to renew their license four years before their renewal would pay the duplicate license fee (\$16.75) plus the new prorated renewal fee (\$26), for a total early renewal fee of \$42.75.¹

It is unknown the number of individuals who will seek to renew their license early and pay the equivalent fee. The most recent data the Fiscal Research Division (FRD) obtained from DMV showed that almost 700,000 duplicate Class C driver licenses were issued in FY 2023-24, but it is not known where each person was in their cycle when the duplicate was issued. While all of those individuals had to pay the duplicate license fee, the number that would instead choose to pay the

¹ Individuals with a non-commercial Driver License (Classes A-C) are required to pay an issuance/renewal fee equal to \$6.50 multiplied by the number of years for which the license is issued. So, the prorated fee for the example given would be the regular renewal (\$6.50 times 8 years = \$52 fee) minus the years remaining (\$6.50 times 4 years = \$26 fee).

additional amount needed to change their renewal cycle is unknown. FRD cannot reliably provide a fiscal impact estimate from this policy proposal.

Section 7

Background

S.L. 2024-30, Section 20 clarifies that the one-day titling service, set at \$105.75 per transaction at the time, could be provided by commission contractors (License Plate Agencies), and that they would receive compensation for those transactions. The provision had an effective date of July 1, 2024, the same date as the most recent quadrennial adjustment, but the DMV did not adjust this particular fee at the time.

Proposal and Revenue Estimate

The bill would retroactively make the recodified one-day title fee effective on July 1, 2024, as originally written, to clarify that the one-day titling should be subject to the most recent quadrennial adjustment that occurred on the same date. The bill directs DMV to adjust the fee accordingly.

The table below provides the last four fiscal years revenue collection from the one-day titling fee, a time period where the fee remained at \$105.75. The table also shows the number of title applicants, as assumed to be the revenue divided by the fee amount.

Table 1. One-Day Title Fee Revenue and Payers

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
One-Day Title Fee	\$2,330,957	\$2,306,045	\$2,253,406	\$2,303,653
Title Applicants	22,042	21,807	21,309	21,784

FRD used the average number of title applicants from the past four fiscal years (21,735), and extrapolated it to the period covered by the fiscal note. FRD also used the 19.18% quadrennial adjustment used by the DMV in July 1, 2024, to assume the new one-day titling fee will be set at \$126.² The table below shows the additional expected revenue to the Highway Trust Fund³ from the new fee rate, FRD did not assume the next expected quadrennial rate adjustment set to take place in FY 2028-29.

Table 1. New Revenue from Adjusted One-Day Title Fee

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2029-30
One-Day Title Fee	\$440,134	\$440,134	\$440,134	\$440,134	\$440,134

² The Quadrennial Adjustment, as dictated in G.S. 20-4.02, sets new fee rates based on inflation in accordance with the Consumer Price Index computed by the Bureau of Labor Statistics over the four year period prior to the adjustment.

³ The Highway Trust Fund supports statewide capital transportation spending through the State Transportation Improvement Program and transfers to the Turnpike Authority and Ports Authority.

The additional expected revenue from this fee to the Highway Trust Fund would be de minimis.

Section 21

Under G.S. 153A-205 counties are authorized to levy a special assessment to finance improvements to locally maintained subdivision and residential streets. The proposed change would expand the scope to include commercial streets. Because the current number of participating counties as well as the number of streets counties would use this authority for is unknown, FRD cannot reliably calculate an estimate for the local fiscal impact of this proposed section.

Section 22

Background

The Department operates the Tourist Oriented Directional Signing (TODS) program. The program is intended to convey specific business identification and directional information for tourist attractions to motorists on all non-freeway (non-control of access) state-maintained highways in the right-of-way. These signs are similar in nature to the Blue Logo sign program as they provide businesses with an opportunity to advertise their services on state-maintained highway right-of-way.

To be eligible for TODS, attractions must be defined as either tourist-oriented businesses or facilities. Tourist oriented businesses are defined in 136-140.15 (b)(2) as “businesses whose products or services are of significant interest to tourists.” Tourist-oriented facilities are defined in G.S. 136-140.15 (b)(3) as “a business, service, or activity facility that derives a major portion of income or visitors during the normal business season from road users not residing in the immediate area of the facility.”

Currently, each sign application requires a \$200 non-refundable deposit. This deposit covers the application fee and first year of advertising. There is an additional \$200 annual fee per advertising panel, with a maximum of 6 panels per intersection. Currently FRD estimates there are 290+ tourist-oriented businesses or facilities signs across the State. In FY 2024-25, the TODS program generated nearly \$59,000 in Highway Fund revenue.

Privatization Proposal

The bill’s would direct the Department to privatize the tourist-oriented directional sign program. Under privatization a third-party vendor would be responsible for the design, manufacture, installation, and maintenance of the signs, as well as all administrative operation of the program. Additionally, the fees would be set by the vendor, based on a market rate for the anticipated number of viewings the signage would have. The market-based signage rate and number of tourist-oriented businesses that would choose to continue advertising with private vendor (conversion rate) is unknown, but the recent privatization of the Blue Logo advertising program provides a direct comparison.⁴ Since its privatization, this program has seen a 33% increase in revenue year-over-year. Assuming a similar customer conversion rate and fee structure from the

⁴ The Department was directed to privatize the Blue Logo advertising program in S.L. 2024-30, Section 31.

Blue Logo advertising privatization, FRD anticipates revenue to the Highway Fund from the proposal to privatize the TODS program would increase by estimated \$19,000 in the first year, increasing by the same rate until program saturation. The full fiscal impact to the Highway Fund over the timeline of the fiscal note would be de minimis.

Sections 30, 31, and 32

Background

Individuals interested in receiving special registration license plates must pay an additional issuance fee (as dictated G.S. 20-79.7(a1) based on plate type), on top of regular, annual motor vehicle registration taxes and fees. The estimate in this fiscal note will only consider the new revenue brought in by the additional special plate fee.

Requirements for the application and development of a new special registration plate are detailed in G.S. 20-79.3A. An organization or local government seeking a new special plate must submit a minimum number of paid applicants to the DMV, along with an approved design. The minimum number of paid applicants for a new special plate with a standard plain background is 300. The minimum number of paid applicants for a new special plate with an organization-designed color background is 500.

Community Colleges Special Plates

The bill would authorize DMV to issue special plates for individual community colleges, in accordance with the current requirement of 300 paid applicants for the issuance of special plates featuring individual University of North Carolina (UNC) institutions. Individuals seeking a community college special plate would pay an annual fee of \$25, \$10 of which would be deposited in the SRPA. \$15 of the additional fee would go to the CCAPA, which then would be transferred to the State Board of Community Colleges to be disbursed proportionally to individual institutions based on the number of special plates sold.

It is unknown the number of community colleges that could be issued special plates, under the 300 paid applicants threshold, as such, FRD did not estimate the expected revenue for these special registration plates.

America’s Semiquincentennial Special Plate

The bill would authorize DMV to issue a new America’s Semiquincentennial special plate, to be developed after 300 paid applicants have been received. Since the bill does not dictate a specific fee under G.S. 20-79.7(a1), it would be issued under the “All Other Special Plates” category for an annual fee of \$10. The entirety of the fee would be deposited in the SRPA.

FRD’s revenue estimate for the America’s Semiquincentennial special plate is assumed to be flat and set at the 300 required applicants, as shown in the table below:

Table 2. America’s Semiquincentennial Special Plate Revenue Estimate

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2029-30
SRPA Revenue	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000

Guy Harvey Foundation Special Plate

The bill would authorize the DMV to issue a new Guy Harvey Foundation special plate, to be developed after 300 paid applicants have been received. Individuals seeking a Guy Harvey Foundation special plate would pay an annual fee of \$30, \$10 of which would be deposited in the SRPA. \$20 of the additional fee would go to the CCAPA, which then would be distributed equally between UNC-Wilmington, North Carolina State University, UNC-Chapel Hill, and East Carolina University.

FRD's revenue estimate for the Guy Harvey Foundation special plate is assumed to be flat and set at the 300 required applicants, as shown in the table below:

Table 1. Guy Harvey Foundation Special Plate Revenue Estimate

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
SRPA Revenue	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
CCAPA Revenue (Per Recipient University)	\$6,000 (\$1,500)	\$6,000 (\$1,500)	\$6,000 (\$1,500)	\$6,000 (\$1,500)	\$6,000 (\$1,500)

Cost of Special Plate Issuance to the DMV

G.S. 20-79.7(c)(1) allows DMV to deduct the cost for issuing, handling, and production of specialty plates from the funds deposited in the SRPA. Due to this and the variation of production, issuance, and mailing costs per plate, FRD will not include expenditures in its final estimate.

Special Plate Revenue Estimate

The issuance of the proposed special plates would ultimately be dependent on exceeding specified paid applicant thresholds and the fiscal impact to the SRPA and CCAPA would be minimis.⁵

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION. NORTH CAROLINA DIVISION OF MOTOR VEHICLES

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

⁵ The SRPA supports 13 highway visitor centers, highway beautification efforts, and roadside vegetation management programs at the North Carolina Department of Transportation. The CCAPA acts as a centralized account to pool specified special plate revenue, before proceeds are eventually transferred to non-profit organizations and State government institutions.

direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

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