

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: Senate Bill 1633
SHORT TITLE: Lower MV Title Fee in Family (as amended)
SPONSOR(S): Senators Kincaid, Blackmon, Cochrane, and Simpson
FISCAL IMPACT: **Expenditures:** **Increase ()** **Decrease (X)**
 Revenues: **Increase ()** **Decrease (X)**
 No Impact ()
 No Estimate Available ()

FUND AFFECTED: **General Fund ()** **Highway Fund (X)** **Local Govt. ()**
 Other Funds (X) Highway Trust Fund

BILL SUMMARY: The bill lowers the motor vehicle title fee for transfers between husbands and wives and parents and children from \$35 to \$5. The new \$5 fee is deposited into the Highway Trust Fund.

The title fee was last raised in 1989 from \$5 to \$35. The additional revenues were dedicated to the Highway Trust Fund, to be used for highway construction projects specified in the legislation.

EFFECTIVE DATE: July 1, 1994

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Department of Transportation; Division of Motor Vehicles, Division of Highways

FISCAL IMPACT

	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
REVENUES					
GENERAL FUND					
HIGHWAY FUND	(\$98,000)	(\$98,980)	(\$99,970)	(\$100,970)	(\$101,979)
HIGHWAY TRUST FUND					
Secondary					
Construction	(\$420,000)	(\$424,200)	(\$428,442)	(\$432,726)	(\$437,053)
Formula Allocation	(\$322,000)	(\$325,220)	(\$328,472)	(\$331,757)	(\$335,075)
Estimated Total	(\$742,000)	(\$749,420)	(\$756,914)	(\$764,483)	(\$772,128)

Revenues
 Of each \$35 title fee collected, \$31.50 is deposited in the Highway Trust Fund and \$3.50 is deposited in the Highway Fund. The bill reduces the \$35 title fee for certain transfers, and it deposits all of the new fee into the Highway Trust Fund. The result is a loss to both funds.

Expenditures (Highway Trust Fund)

Of each \$31.50 title fee deposited in the Trust Fund, \$15 is dedicated to the secondary road construction program. The remaining \$16.50 is allocated by statutory formula among intrastate, urban loop, and secondary road programs and state-aid to municipalities (Powell bill supplement).

POSITIONS: None

ASSUMPTIONS AND METHODOLOGY: The Division of Motor Vehicles does not compile detailed data on title transfer activity. Title transactions are simply processed into three categories:

- (1) transfers that are submitted by motor vehicle dealers,
- (2) transfers that occur as casual sales (sales between individuals), and
- (3) transfers that occur when the vehicle owner obtains a North Carolina title to replace an out-of-state title

In 1990, the Division conducted a one week survey of the number of title transfers between parents and children and husbands and wives in order to determine the revenue loss from exemption of these transfers from the highway use tax. An annual count of 27,000 title transfers in this category was obtained. Accounting for 1% population growth annually, in FY 1994-95 the number of expected transfers exempted by the bill is 28,000. This number is equal to 1.6% of the total 1.8 million title transfers processed in calendar year 1993.

SOURCES OF DATA: Department of Transportation; Division of Motor Vehicles

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION 733-4910

PREPARED BY: Ruth Sappie

APPROVED BY: TomC

DATE: June 6, 1994



Signed Copy Located in the NCGA Principal Clerk's Offices