

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**Session 2013**

**Legislative Fiscal Note**

**BILL NUMBER:** House Bill 101 (Second Edition)

**SHORT TITLE:** Special License Plate Development Process.

**SPONSOR(S):** Representatives S. Martin, Howard, Moffitt, and Setzer

<b>FISCAL IMPACT</b>					
(\$ in millions)					
<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> No Estimate Available					
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<b>State Impact</b>					
Special Fund Revenues:					
Special Fund Expenditures:					
State Positions:					
<b>NET STATE IMPACT</b>	<b>No estimate available. Please see Assumptions &amp; Methodology section for additional details.</b>				
<b>Local Impact</b>					
Revenues:					
Expenditures:					
<b>NET LOCAL IMPACT</b>	<b>No estimate available. Please see Assumptions &amp; Methodology section for additional details.</b>				
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>					
Special Registration Plate Account; Division of Motor Vehicles					
<b>EFFECTIVE DATE:</b> Sections 3 & 4 are effective October 1, 2014. Remainder is effective upon enactment.					
<b>TECHNICAL CONSIDERATIONS:</b>					
None					

**BILL SUMMARY:**

Section 1: Reauthorizes special registration plates which expired July 1, 2013. This reauthorization under current issuance procedure expires October 1, 2014 if the minimum number of applications is not received by the Division of Motor Vehicles (DMV) by that date.

Section 2: Authorizes four special registration plates – Native Brook Trout, Red Drum, S.T.A.R., and Alpha Phi Alpha – with non-standard backgrounds.

Section 3: Establishes a new process for the collection and pre-payment of applications for a new special registration plate, effective October 1, 2014. Minimums of 300 or 500 applications are required for plate production on standard and non-standard backgrounds, respectively.

Application and pre-payment of the proposed plate fees to DMV are required by February 15<sup>th</sup> of each year; however, an extended application window (April 1, 2015 deadline) is given for consideration in the 2015 Regular Session. DMV must subsequently report these applications to the General Assembly no later than March 15<sup>th</sup>, or May 1, 2015 for the 2015 calendar year.

Should the General Assembly disapprove of the plate authorization, DMV must refund the pre-paid fees. If the authorization is enacted, production and issuance must be completed within 180 days of receipt of the plate design and minimum paid applications.

Section 4: Requires DMV to publicize the application and fee collection processes by October 1, 2014.

Section 5: Requires DMV to develop a new Special Registration Plate Development Application Form and make necessary modifications to information technology systems to accept these forms by February 1, 2015.

Section 6: Establishes an expiration date for plates authorized between July 1, 2011 and October 1, 2014 and provides that an authorization made on or after October 1, 2014 expires if the applicant fails to submit all required items within 60 days of enactment of that authorization.

Section 7: Directs the Revenue Laws Study Committee to examine further modifications to special registration plate and permanent registration plate policies, and to examine DMV administrative costs.

Section 8: Unless otherwise provided, makes these changes effective upon enactment.

#### **ASSUMPTIONS AND METHODOLOGY:**

*Special Registration Plate Account:* Fiscal Research cannot project the potential impact on special registration plate demand due to the proposed application minimums and procedural changes. However, because the bill advances the collection of special registration plate fees and does not materially alter the fee structure, Fiscal Research does not anticipate significant revenue impacts for the Special Registration Plate Account (SRPA).

Section 5 maintains the current \$10.00 standard remittance to the SRPA, from which DMV is authorized to deduct funds to support the costs of special registration plate production and issuance. Receipts in excess of these costs are then allocated pursuant to G.S. 20-79.7(c) for:

- a) Visitor center operating grants (\$1,300,000);
- b) Travel and industrial development advertising by the Department of Commerce (33% of remaining funds);
- c) Highway beautification by the Department of Transportation (50% of remaining funds); and
- d) Promotion of travel accessibility by the Department of Health and Human Services (17% of remaining funds).

Consequently, any increase in application frequency could generate additional revenue for the programs enumerated above.

*Division of Motor Vehicles:* Because DMV is currently authorized to deduct the costs incurred for program administration, including personnel, plate manufacture, and issuance, resultant costs will be offset with collected receipts. Additionally, due to the structuring of application timing, an initial fluctuation in employee workload is expected to implement this new process. However, Fiscal Research anticipates that these workload fluctuations may be accommodated through existing personnel within the Special Plates Unit. Should resultant workload warrant the addition of a full-time equivalent position,

DMV may initiate establishment under current policy (i.e. G.S. 143C-6-4 and G.S. 143C-6-6) and subject to the approval of the Office of State Budget and Management.

*Department of Transportation – Information Technology (DOT-IT):* Based on the existing workload of the State Titling and Registration System (STARS) team and proposed effective date, DOT-IT projects that contract labor will be necessary to implement the proposed tracking, reporting, and fee collection requirements. DOT-IT projects 990 development hours at an approximate cost of \$84,150.

**SOURCES OF DATA:** Division of Motor Vehicles, DOT-Information Technology

**TECHNICAL CONSIDERATIONS:** None

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**DATE:** July 23, 2014



**Signed Copy Located in the NCGA Principal Clerk's Offices**