



# NORTH CAROLINA GENERAL ASSEMBLY

Session 2021

## Legislative Fiscal Note

**Short Title:** Improve Debt Collection Upon Vehicle Reg.  
**Bill Number:** House Bill 413 (First Edition)  
**Sponsor(s):** Representative Shepard

### SUMMARY TABLE

	FISCAL IMPACT OF H.B. 414, V.1 (\$ in millions)				
	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>
<b>State Impact</b>					
Highway Fund Revenue	-	-	-	-	-
Less Expenditures	-	-	-	-	-
<b>Highway Fund Impact</b>	<b>No Estimate Available - Refer to Fiscal Analysis section</b>				
Special Fund Revenues	-	-	-	-	-
Less Expenditures	1.4	0.2	0.2	0.2	0.2
<b>Special Fund Impact</b>	<b>(1.4)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.2)</b>
<b>NET STATE IMPACT</b>	<b>Incomplete Estimate Available - Refer to Fiscal Analysis section</b>				
<b>STATE POSITIONS</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>

**TECHNICAL CONSIDERATIONS:** See Technical Considerations Section

### FISCAL IMPACT SUMMARY

A complete fiscal impact estimate for H413 is not available. It is likely that this bill will result in significant costs to the Highway Fund and a negligible impact to General Fund or Highway Fund revenues. Implementing Section 2 is estimated to cost the North Carolina Turnpike Authority (NCTA) \$1.4 million in FY 2021-22 and \$.2 million beginning in FY 2022-23 but have a negligible impact on NCTA revenues.

### FISCAL ANALYSIS

**Section 1** amends G.S. 20-54 requiring the Division of Motor Vehicles (DMV) to refuse registration or the issuance of a title if the property taxes and related fees have not been paid or if the vehicle registration is blocked as a child support or subpoena compliance sanction. Further, for all stops enacted after January 1, 2021, the stop shall not be effective until the vehicle records reflect the amount due to clear the stop and DMV or a license plate agency (LPA) must be able to take payment and clear the stop.

Requiring DMV to clear registration stops for other agencies would require IT changes to the State Titling and Registration System (STARS) as well as the third-party application Pay-It. Because the new stops have not yet been enacted and these changes would involve significant interactions with IT systems at other agencies, there is no estimate available for the total costs of these changes.

The section could result in more one-stop transactions for customers with registration stops; however, this convenience is not expected to net additional revenue for the General Fund or Highway Fund.

It is unknown how many new transactions would be conducted by LPAs; however, the bill does not address compensation for these new transactions. As LPA compensation is set in statute, there is no fiscal impact associated with LPA compensation.

**Section 2** amends G.S. 20-54(b) to require that DMV's vehicle records must reflect the amount owed to NCTA when imposing a registration stop. Further, a vehicle owner may clear a NCTA registration stop by paying DMV or an LPA. This section affects both DMV and NCTA.

DMV – Requiring DMV to clear registration stops for NCTA would require IT changes to STARS and the International Registration Plan (IRP) system. It is estimated that this reprogramming will cost DMV \$1,156,775 in FY 2021-22 with annual maintenance costs of \$115,677 beginning in FY 2022-23. Additionally, changes will be need for the third-party application, Pay-It. Costs associated with these changes are unknown.

NCTA – Requiring NCTA to report amounts for delinquent tolls will have a one-time expenditure estimated at \$1,187,500 for software development to create a portal providing real-time data to DMV on hold status and amount owed. In addition, NCTA will have additional annual software maintenance costs of \$75,000. Further, this analysis assumes costs of \$92,567 associated with 1.0 FTE for an Accountant II position to reconcile NCTA and DMV accounts daily. Combined, these recurring costs are estimated at \$167,576 in FY 2021-22 and adjust with inflation in the following years.

Impacts on revenues are estimated to be negligible. While increased ease of payment may encourage additional transactions, it is not possible to measure this impact for NCTA.

## **TECHNICAL CONSIDERATIONS**

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Due to the complexity of reprogramming requirements and coordination with other agency systems, DMV is unable to implement Section 2 of this bill until at least July 2023. A precise implementation date is unknown.

The bill requires DMV to collect fees on behalf of and/or clear registration stops placed by other agencies without conforming language authorizing DMV to take action on behalf of other agencies, including the North Carolina Turnpike Authority.

Section 3 does not define a Department of Transportation stop; this term is not defined elsewhere in statute.

## **DATA SOURCES**

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DIVISION OF MOTOR VEHICLES, NORTH CAROLINA TURNPIKE AUTHORITY

## **LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS**

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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**

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

## **ESTIMATE PREPARED BY**

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**Signed copy located in the NCGA Principal Clerk's Offices**