



# NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

## Legislative Fiscal Note

**Short Title:** Increase Vehicle Registration Fee/SHP Pay.  
**Bill Number:** House Bill 386 (First Edition)  
**Sponsor(s):** Rep. Clampitt

### SUMMARY TABLE

#### FISCAL IMPACT OF H.B. 386, V.1 (\$ in millions)

	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>
<b>State Impact</b>					
General Fund Receipts	42.0	42.0	42.0	42.0	42.0
Less Expenditures	40.4	40.4	40.4	40.4	40.4
<b>General Fund Impact</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>
 Highway Fund Revenue	42.0	42.0	42.0	42.0	42.0
Less Transfer	42.0	42.0	42.0	42.0	42.0
<b>Highway Fund Impact</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
 <b>NET STATE IMPACT</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>

### FISCAL IMPACT SUMMARY

The bill imposes an additional vehicle registration fee on private passenger vehicles to fund an enhanced salary schedule for sworn members of the State Highway Patrol.

**Section 1** would impose an additional fee of \$6.25 on each private passenger vehicle registration. The additional fee is expected to generate \$42 million in the first year of implementation.

**Section 2** of the bill would implement a new salary schedule for sworn members of the State Highway Patrol. The bill appropriates \$40.4 million recurring to fund the salary schedule listed in this Section.

### FISCAL ANALYSIS

#### Registration Fee

Individuals pay an annual fee for the registration and licensing of a private passenger vehicle, commensurate with the schedule detailed in G.S. 20-87(5)<sup>1</sup>:

- Private passenger vehicles (not more than 15 passengers): \$46.25

<sup>1</sup> These registration fee amounts above do not match those currently listed in statute, and subsequently in the bill, as annual registration fees are subject to a quadrennial inflation adjustment. The most recent adjustment occurred on July 1, 2024.



- Private passenger vehicles (more than 15 passengers): \$51.50

Section 1 of the bill would impose an additional \$6.25 fee on each private passenger vehicle registration. The additional fee would be collected by the Division of Motor Vehicles (DMV) and remitted to the Department of Public Safety on a monthly basis.

In FY 2023-24, there were 6.7 million private passenger vehicles registered in North Carolina. DMV collected \$257.5 million from registrations on this class of vehicle. The table below shows the number of registered private passenger vehicles, revenue collected from these registrations, and the annual percentage change in registrations from FY 2019-20 to FY 2023-24.

Table 1. Registrations and Revenue from Private Passenger Vehicles

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
<b>Private Passenger Vehicle Registrations</b>	6,708,693	6,988,621	6,533,782	6,700,657	6,708,693
<b>Revenue Collected</b>	\$222,520,393	\$265,247,506	\$248,724,126	\$255,419,345	\$257,467,461
<b>Annual Change in Registrations</b>	N/A	4.17%	-6.51%	2.55%	0.12%

Source: North Carolina Division of Motor Vehicles

The average annual growth rate of registered passenger vehicles over the last four Fiscal Years was .08%. Because the net growth over the next five years is estimated to be less than 1%, and not significantly impact revenue growth, the Fiscal Research Division estimates that the additional registration fee will collect \$42 million each year.

The proposed additional registration fee would be effective July 1, 2025.

### State Highway Patrol Salary Schedule

Section 2 of the bill implements a new salary schedule for sworn members of the State Highway Patrol. FRD estimates that this schedule would cost \$40.4 million to implement. FRD generated the estimate using the difference between the current salary schedule and budgeted salaries, the budgeted positions associated with each rank, the years of experience of any filled positions, and the addition of benefit contributions. The new salary schedule will provide an average salary increase of 22.2% to all sworn members of the State Highway Patrol.

The proposed salary schedule would be effective when the bill becomes law.

### TECHNICAL CONSIDERATIONS

The bill proposes that DMV would remit the proceeds from the additional registration fee to the Department of Public Safety to support a new State Highway Patrol officer salary schedule. S.L. 2024-57 established an independent State Highway Patrol, which would become the agency of receipt for the additional registration fee on July 1, 2025.

The revenue projection assumes the proposed \$6.25 additional registration fee would be constant over the next five Fiscal Years. FRD did not estimate the next quadrennial registration fee



adjustment for its revenue projection, as the adjustment is based on historic inflation for upcoming years. The next scheduled quadrennial increase to registration fees will be in FY 2028-29.

## **DATA SOURCES**

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NORTH CAROLINA DIVISION OF MOTOR VEHICLES, NORTH CAROLINA STATE PERSONNEL SYSTEM, NORTH CAROLINA OFFICE OF STATE BUDGET AND MANAGEMENT

## **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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## **ESTIMATE APPROVED BY**

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John Poteat  
on behalf of Brian Matteson, Director  
Fiscal Research Division  
March 28, 2025



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

