

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** HB 806 First Edition

**SHORT TITLE:** Rebate and Grant Program for AFVs

**SPONSOR(S):** Representatives Tolson; and Insko

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>	<b><u>FY 2005-06</u></b>	<b><u>FY 2006-07</u></b>	<b><u>FY 2007-08</u></b>
<b>REVENUES</b>					
AFV Fee		<b>\$8,068,737</b>	<b>\$8,230,108</b>	<b>\$8,394,710</b>	<b>\$17,125,208</b>
<b>EXPENDITURES</b>					
DMV					
Computer system changes	\$26,400				
State Energy Office					
Administration					
Personnel	\$196,132	\$196,132	\$196,132	\$196,132	\$196,132
Other	\$32,600	\$32,600	\$32,600	\$32,600	\$32,600
Rebates and Grants		\$7,840,005	\$8,001,376	\$8,165,978	\$16,896,476
<b>POSITIONS: (cumulative)</b>					
State Energy Office	<b>4.25</b>	<b>4.25</b>	<b>4.25</b>	<b>4.25</b>	<b>4.25</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Division of Motor Vehicles (DMV); State Energy Office (SEO)					
<b>EFFECTIVE DATE:</b> When the bill becomes law, but revenue collections for the program are to start July 1, 2004.					

**BILL SUMMARY:** The bill establishes an alternative fuel and alternative fuel vehicle rebate program to be administered by the State Energy Office. The program will provide partial rebates to first owners for incremental cost differences for eligible alternative fueled and hybrid vehicles, limited rebates for State taxes paid on incremental costs of alternative motor fuels, and grants for alternative motor fuel infrastructure projects. The program would be funded by an additional \$1 added to all registration fees for the first three years of the program and an additional \$2 added to all registration fees for the remaining seven years of the program. A maximum of 5% of the funds collected can be used by the State Energy Office and DMV to administer the program.

The program is to include a cap on the number and amount of rebates and grants to limit them to the available funds.

The State Energy Office is to issue rules implementing the program on or before July 1, 2004, and upon final adoption of the rules the Division of Motor Vehicles is to begin collecting the additional fees mandated.

**ASSUMPTIONS AND METHODOLOGY:**

Expenditures

During FY03-04, SEO will be coordinating with other agencies and the industry in establishing rules for the program and DMV will be doing the computer changes necessary for the program. SEO estimates its expenditures at a total of \$228,732, as follows:

Program Manager	\$50,000
Program Associate	40,000
Administrative Assistant	30,000
Accounting Technician	32,000
Public Info Officer (1/4 time)	11,000
Fringe Benefits	<u>33,132</u>
TOTAL PERSONNEL	\$196,132
TRAVEL	7,600
PRINTING and WEBSITE	\$25,000
GRAND TOTAL	\$228,732

SEO indicates that these administrative costs will continue during the life of the program.

DMV's expenditures during FY03-04 to prepare for the program include modifying the STARS (State Titling and Registration System) for plate fee calculation, updating the fiscal and other reports it prepares to capture the information required, and creation of the quarterly report specified in the bill. DMV estimates the cost of these activities as 300 professional hours times \$80 per hour, or \$24,000, plus computer overhead charges of \$2,400, for a total of \$26,400. Starting in FY04-05, during the operation of the program itself, DMV's costs are expected to be nominal and no estimate is shown.

Revenues

DMV estimates that the fee of \$1 per vehicle will bring in \$8,068,734 during the program's first year and that the number of vehicles will increase by 2% per year. The fee will double in the fourth year of the program. In each year, based on the bill, \$228,732 will be used to pay administrative expenses and the remainder will be used for the rebates and grants according to the rules that SEO will be preparing in FY03-04.

**SOURCES OF DATA:** Division of Motor Vehicles; State Energy Office

**TECHNICAL CONSIDERATIONS:** The bill provides that SEO and DMV may use up to 5% of the funds collected for administration. However, administrative expenses will begin in FY03-04, while funds will not be collected until FY04-05. The source of funds for administration in FY03-04 is not clear.

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**DATE:** June 9, 2003



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