

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 806 (Second Edition)

SHORT TITLE: Rebate and Grant Program for AFVs

SPONSOR(S): Representative Tolson

FISCAL IMPACT

Yes (X) No () No Estimate Available ()

FY 2003-04 FY 2004-05 FY 2005-06 FY 2006-07 FY 2007-08

ALTERNATIVE FUEL AND VEHICLE REBATE AND INFRASTRUCTURE GRANT PROGRAM FUND

REVENUES

AFV Fee	\$6,051,553	\$8,068,737	\$8,230,108	\$4,197,355
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EXPENDITURES

DMV

Computer System Changes \$26,400

State Energy Office (SEO)

Administration

Personnel	\$98,066	\$196,132	\$196,132	\$98,066
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Other	\$16,300	\$32,600	\$32,600	\$16,300
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Education (10%)	\$395,526	\$806,874	\$823,011	\$419,736
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SEO Total	\$509,892	\$1,035,606	\$1,051,743	\$534,102
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Rebates and Grants	\$3,418,970	\$7,033,131	\$7,178,365	\$3,663,253
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POSITIONS

State Energy Office	4.25	4.25	4.25	4.25
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(does not include Education)

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Division of Motor Vehicles (DMV); Department of Administration, State Energy Office (SEO)

EFFECTIVE DATE: The act is effective when it becomes law. Rules are to be adopted by SEO on or before January 1, 2004. The act expires January 1, 2007.

BILL SUMMARY:

The bill establishes an alternative fuel and alternative fuel vehicle rebate program to be administered by the State Energy Office in the Department of Administration. 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 will be funded by adding \$1 to all vehicle registration fees for the three years of the program. The State Energy Office and DMV can use a maximum of 5% of the funds collected to administer the program. A maximum of 10% of the funds collected may be used by the State Energy Office for education and awareness about applications and advantages of alternative fuels and vehicles. The program is to include a cap on the number and amount of rebates and grants to limit them to the available funds. State and local governments are not eligible for grants or rebates from the program. The State Energy Office is to issue rules implementing the program on or before January 1, 2004.

ASSUMPTIONS AND METHODOLOGY:

Expenditures

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. During the actual operation of the program, DMV’s costs are expected to be nominal and thus no estimate is shown.

During the first half of FY03-04, the State Energy Office (SEO) will be developing the rules for the program. SEO indicates that it can absorb the costs of the rule making process. Starting on January 1, 2004, when the rules have been adopted and the program is in operation, SEO estimates its expenditures as \$228,732 per year for administration, 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	<u>\$25,000</u>
ADMINISTRATION GRAND TOTAL	\$228,732

For FY 03-04, the total will be one half of this amount. The operating costs for DMV and SEO are within the 5% allotted by HB 806 for program administration. In addition, the bill provides that SEO may use up to 10% of the funds collected for education and awareness.

Revenues

DMV estimates that the \$1 fee will affect 8,068,737 vehicles in the first full year and that the number of vehicles affected will increase by 2% per year. It will take DMV approximately two months to complete the programming on its STARS system to accommodate the \$1 increase in registration fees. Assuming an August 1 enactment date, the collection of the additional dollar could begin on October 1, 2003. That would give the program nine months of revenue or \$6,051,553 (75% X 8,068,737 vehicles X \$1). Since the program ends on January 1, 2007, the FY 2006-07 revenue estimate is for the six months from July 1, 2006 to December 31, 2006.

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

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