

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 1083 (Second Edition)

SHORT TITLE: Staggered Issuance/Safety Inspection Changes

SPONSOR(S):

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>
Sections 1-9					
EXPENDITURES					
Highway Fund	\$1,262,000				
Section 10					
REVENUES					
Highway Fund	(\$23,360)	(\$47,654)	(\$48,607)	(49,579)	(\$50,571)
Volunteer Rescue/ EMS Fund	(\$7,645)	(\$15,596)	(\$15,908)	(\$16,226)	(\$16,550)
Rescue Squad Workers Relief Fund	(\$5,097)	(\$10,397)	(\$10,605)	(\$10,817)	(\$11,034)
TOTAL	(\$36,102)	(\$73,647)	(\$75,120)	(\$76,623)	(\$78,155)
POSITIONS: (cumulative)					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Division of Motor Vehicles (DMV); Highway Fund; Volunteer Rescue/EMS Fund (G.S. 58-87-5), Rescue Squad Workers' Relief Fund (G.S. 58-88-5).					
EFFECTIVE DATE: January 1, 2005					

BILL SUMMARY:

Under current law, commercial motor vehicle plates expire on December 31 and motor vehicle dealer licenses expire on June 30 each year. Sections 1-9 of the bill would stagger the issuance of commercial motor vehicle plates and motor vehicle dealer licenses. Section 10 would exempt motor vehicles 35 or more model years old from safety inspection.

ASSUMPTIONS AND METHODOLOGY:

Sections 1-9

According to DMV, implementation of Sections 1-9 of this legislation would require major, complex changes to three large computer systems: State Title and Registration System (STARS), International Registration Plan (IRP) system, and the Dealer system. DMV has outlined the required changes in a Technical Considerations document. A summary of the expected costs is as follows:

<u>Activity</u>	<u>Hours</u>
Analysis	1,500
Design	1,700
Programming/Specification	1,000
Programming/Testing	6,200
System Testing	650
Client Testing	1,500
Training	240
Implementation	550
Post Implementation	1,100
TOTAL	14,440

Each hour costs \$80 for a total of (\$80 x 14,400) \$1,155,200. In addition, there are computer overhead charges of 15% of programming and testing and implementation hours that equal (.15 x \$80 x 8,900) \$106,800. The total expected cost is \$1,262,000, which would come from the Highway Fund.

Section 10

Data from the Division of Motor Vehicles indicate that approximately 84,945 vehicles over 35 model years old would qualify for this safety inspection exemption in the first year. It is assumed that the number of vehicles qualifying would grow by 2% each year. G.S. 20-183.7 sets the fee for the issuance of an inspection sticker. The fee is \$0.85 with \$0.55 going to the Highway Fund, \$0.18 going to the Volunteer Rescue/EMS Fund, and \$0.12 going to the Rescue Squad Workers' Relief Fund. The loss of revenue to each of the funds is shown above.

SOURCES OF DATA: Division of Motor Vehicles (DMV)

TECHNICAL CONSIDERATIONS: DMV notes that the complexity of the IT changes required for Sections 1-9 would make it impossible for the agency to complete these changes by January 1, 2005.

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DATE: July 6, 2004

Signed Copy Located in the NCGA Principal Clerk's Offices