

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: House Bill 267 (Second Edition)

SHORT TITLE: 8-Year Drivers License/Internet DL Renewal.

SPONSOR(S): Representative Sutton

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2005-06</u></b>	<b><u>FY 2006-07</u></b>	<b><u>FY 2007-08</u></b>	<b><u>FY 2008-09</u></b>	<b><u>FY 2009-10</u></b>
<b>REVENUES</b>					
<b>Highway Fund</b>		\$3,587,025	\$3,498,492	\$3,230,324	\$3,469,689
<b>EXPENDITURES</b>					
<b>Highway Fund</b>					
<b>Internet Renewals</b>		\$26,690	\$26,690	\$26,690	\$26,690
<b>Information Technology</b>	\$85,872				
<b>POSITIONS (cumulative):</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Division of Motor Vehicles; Highway Fund					
<b>EFFECTIVE DATE:</b> July 1, 2006					

**BILL SUMMARY:**

Amends GS 20-7(f) to provide that drivers licenses will be issued for the following time periods: (1) if person is under 18, license will expire on person's 21st birthday; (2) if person is 18-37 years old, license will expire eight years after issuance; (3) a drivers license issued to all other persons will expire five years after issuance (was, first license issued to person 17 years old expired on person's 20th birthday and other licenses expired generally in fifth year after issuance). Authorizes Division of Motor Vehicles (DMV) to electronically renew licenses for one additional five-year period, and waive the vision and sign tests for electronic renewals, if person is at least 25 years old and less than 60 years old and: (1) has no more than two reportable accidents and no restrictions (other than for corrective lenses) in the previous year; (2) has four or fewer drivers license points; and (3) has obtained an eye examination within previous 12 months and results are submitted to DMV by license ophthalmologist or optometrist. Provides that commercial drivers licenses subject to federal retesting requirements may not be renewed electronically

House committee substitute makes the following changes to 1st edition. Amends GS 20-7(f) to require that any drivers license issued or renewed by the Division of Motor Vehicles (DMV) to an applicant with a visa of limited duration be valid only for the duration of the visa (was, DMV had the discretion to issue a license of shorter duration to individuals with limited duration visas) and to require that DMV issue a temporary driving certificate to applicants for issuance or renewal of a drivers license. Provides that temporary license is valid for driving purposes for only 10 days and requires that DMV mail applicant's drivers license to an address provided by the applicant. Changes effective date from January 1, 2006, to July 1, 2006. Makes technical changes

Source: *Bill Digest H.B.267 and S.B. 154*

**ASSUMPTIONS AND METHODOLOGY:**

Revenues

The major fiscal impact of the bill is an acceleration of revenues, as drivers between the ages of 18 and 38 renew their licenses for eight years instead of five. Additional revenue is collected in the first five years after the bill's effective date and then less revenue in years six through eight.

DMV has projected the number of issuances expected each year for persons aged 18 through 38 for the various regular driver license classifications under G.S. 20-7 and commercial driver licenses under Article 2C of G.S. 20. The projected revenues shown in the table below are the product of the additional three years, the annual fee for the driver license, and the number of issuances expected. Class C is the most common type of driver license.

Projected Revenues  
(3 years x annual rate x number of 8 year issuances)

License Type	Annual Fee	FY 2006-07	FY2007-08	FY2008-09	FY2009-10
Class A and B	\$4.30	\$8,927	\$8,488	\$7,972	\$4,424
Class C	\$3.05	\$3,127,873	\$3,068,992	\$2,864,902	\$3,275,178
Commercial (with one endorsement)	\$12.50	\$450,225	\$421,012	\$357,450	\$190,087
<b>TOTAL</b>		\$3,587,025	\$3,498,492	\$3,230,324	\$3,469,689

Expenditures

The bill would allow internet renewal of driver licenses for certain persons. DMV estimates that approximately 80,000 to 85,000 persons would take advantage of this opportunity. DMV estimates that the annual cost of postage for (85,000) internet renewals would be \$26,690 (at 29.4 cents for the mailing plus 2 cents for the envelope and stuffer).

DMV also estimates that three additional employees at grade 59 would be required to process the internet renewals and the eye examination documents at a total cost of \$84,900 per year. However, DMV did not provide any information on expected savings from 85,000 fewer visits to driver license offices and it is assumed here that no additional personnel are required.

The Committee Substitute for House Bill 267 adds a requirement that DMV issue a temporary driving certificate valid for 10 days and then send the permanent driver license from a central location. DMV estimates that the cost and savings of this requirement would approximately offset each other.

DMV states that the State Automated Driver License System will require medium modifications to implement HB 267. An estimated 971 hours will be required at \$80 per hour (\$77,680) plus ITS overhead (\$8,292) for a total cost of \$85,872.

**SOURCES OF DATA:** Division of Motor Vehicles

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION:** (919) 733-4910

**PREPARED BY:** Bob Weiss

**APPROVED BY:** James D. Johnson, Director  
Fiscal Research Division



**DATE:** May 31, 2005

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