

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: House Bill 122 (as amended)
SHORT TITLE: Transporter Plate/Salvage Changes
SPONSOR(S): Representatives Arnold, Gamble, Luebke, Ramsey,
and Tallent

FISCAL IMPACT: **Expenditures:** **Increase ()** **Decrease ()**
 Revenues: **Increase ()** **Decrease (X)**
 No Impact ()
 No Estimate Available ()

FUND AFFECTED: **General Fund ()** **Highway Fund (X)** **Local Govt. ()**
 Other Funds (X) Highway Trust Fund

BILL SUMMARY: The bill allows special mobile equipment dealers to use transporter plates instead of dealer plates in the following circumstances: (1) when moving the special mobile equipment from the manufacturer of the equipment to a facility of a dealer, (2) when moving from one dealer facility to another, and (3) when moving the equipment from the dealership to a purchaser. The bill also expands the provision that now allows utilities to use transporter plates in limited circumstances so that the provision applies to all businesses. Finally, the bill exempts utility vehicles that are licensed in another state and used in this State in an emergency to restore utility service from certain registration requirements.

The bill also makes changes to the laws regarding the transfer of a salvage vehicle. The bill eliminates the requirement that the owner of a salvage vehicle, who wishes to retain the vehicle, must transfer title of the vehicle to the insurance company. As a result, owners of salvage vehicles will not be required to pay the existing \$10 fee for the transfer of salvage vehicle from the owner to the insurance company. In addition, because the vehicle will never be transferred to the insurance company, the vehicle owners will not be required to transfer the vehicle back to themselves and pay highway use tax and a title fee for title transfers, as is required by current law (G.S. 109.1). The highway use tax on this type of transaction currently is typically \$40. The title fee for this type of transaction is currently \$35.

EFFECTIVE DATE: The use of transporter plates for special mobile equipment is effective upon ratification. The fee changes are effective July 1, 1995. The exemption of out-of-state utility vehicles from certain registration requirements is effective October 1, 1995.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Department of Transportation, Division of Motor Vehicles

FISCAL IMPACT

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
	<u>FY00</u>			

REVENUES

HIGHWAY

TRUST FUND	(\$171,600)	(\$171,600)	(\$171,600)	(\$171,600)	(\$171,600)
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HIGHWAY FUND	(\$32,400)	(\$32,400)	(\$32,400)	(\$32,400)
	(\$32,400)			

ASSUMPTIONS AND METHODOLOGY: Approximately 50,000 salvage titles are issued by the Division of Motor Vehicles every year. Representatives of the insurance industry estimate that less than 10% of total vehicle losses in the state are owner-retained. Statistics on this type of title transfer are not compiled at the Division of Motor Vehicles. The Division's best estimate of this type of transaction is 200 per month, or 2,400 titles per year.

Current law requires that the \$10 paid when a salvage vehicle is transferred to an insurance company be deposited in the Highway Fund. Because owners wishing to retain their salvage vehicle would not be transferring it to the insurance company, the Highway Fund would lose \$10.00 for each of the 2,400 transfers that will not occur, for a total loss of \$24,000.

The title fee paid when a salvage vehicle is transferred back to the owner is shared between the Highway Fund and the Highway Trust Fund. Of the \$35 title fee, \$31.50 is deposited in the Trust Fund and the remaining \$3.50 in the Highway Fund. As such, the Highway Fund would lose \$3.50 per eliminated transaction, for a total loss of \$8,400. The Trust Fund would lose \$31.50 per eliminated transaction plus the \$40 highway use tax payment per eliminated transaction for a loss of \$171,600.

The exemption of out-of-state utility vehicles from certain registration requirements will also create a small, loss to Highway Fund revenues, but the amount of loss can not be accurately estimated because it is determined by the number of emergency utility outages that occur in a given year.

SOURCES OF DATA: Division of Motor Vehicles

FISCAL RESEARCH DIVISION

733-4910

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DATE: March 15, 1995



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