

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 855 (Fourth Edition)

**SHORT TITLE:** Various Special Registration Plates

**SPONSOR(S):**

<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>					
Highway Fund - Special Registration Plate Acct.	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
Collegiate and Cultural Attraction Plate Acct.	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000
Natural Heritage Trust Fund	\$784,805	\$1,541,110	\$1,541,110	\$1,541,110	\$1,541,110
Parks and Recreation Trust Fund	\$784,805	\$1,541,110	\$1,541,110	\$1,541,110	\$1,541,110
<b>EXPENDITURES</b>					
Highway Fund - Special Registration Plate Acct.	\$70,355				
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Transportation - Division of Motor Vehicles					
<b>EFFECTIVE DATE:</b> Sections 7 (study) and 8 of this act are effective when they become law. The remainder of this act becomes effective January 1, 2004.					

**BILL SUMMARY:** The bill increases the fee for special license plates by \$10, with \$5 of the additional fee deposited into the Natural Heritage Trust Fund and \$5 of the increased fee deposited into the Parks and Recreation Trust Fund. This bill also authorizes the Division of Motor Vehicles (DMV) to issue a special registration plate for Alternative Fuel Vehicles, Be Active NC, the Blue Ridge Parkway Foundation, Breast Cancer Awareness, Buffalo Soldiers, Celebrate Adoption, Crystal Coast Artificial Reef Association, Delta Sigma Theta Sorority, Friends of the Appalachian Trail, Mothers Against Driving Drunk, POW/MIA, Red Hat Society,

Retired Law Enforcement Officers, Surveyors, and the Zeta Phi Beta Sorority if at least 300 applications for each plate are received. The bill allows the Blue Ridge Parkway Foundation and the Friends of the Appalachian Trail special plates to have a different background other than the “First in Flight” plate background. The bill requires the Transportation Oversight Committee to study the repeal of special license plates that do not reach their minimum number of applications within three years and the issuance of an alternative method of identifying North Carolina registration plates.

## **ASSUMPTIONS AND METHODOLOGY:**

### New Special Plates

For the 15 new special plates authorized in this bill, this fiscal analysis assumes that the applicants for these special plates already register their vehicles in the state and are paying the current \$20 registration fee, thus there is no new revenue for the Highway Fund. The analysis also assumes the issuance of the minimum 300 license plates in FY 2003-04 and renewal of those plates in the following years. There is a one-time cost of \$100 to design each new plate and an average programming cost of \$3,560 per plate to change the State Titling and Registration System (STARS). (Additional programming is needed for the Alternative Fuel Plate, so the cost is \$7360.) There is also a one-time cost to manufacture the special plate. The cost of a DMV recommended two-color plate is \$2.59. For 4,500 new plates in FY 03-04, the manufacturing cost is \$11,655 (300 plate minimum X 15 plates X \$2.59). The total one-time cost for the 15 new plates is \$70,355 and is paid from the Special Registration Plate Account.

In addition to the normal \$20 registration fee, each plate is assessed a \$10 fee that is deposited into the Special Registration Plate Account. Seven of the plates have additional fees that are deposited into the Collegiate and Cultural Attraction Plate Account then transferred to specific organizations. The Blue Ridge Parkway Foundation plate has an additional \$20 fee that is to be credited to the Foundation for use in promoting and preserving the Blue Ridge Parkway as a scenic attraction in North Carolina. The Friends of the Appalachian Trail has an additional \$20 fee that is to be credited to the Appalachian Trail Conference to be used for educational materials, preservation programs, trail maintenance, trailway and viewshed acquisitions, and capital improvements. The Be Active NC plate has an additional \$10 fee to be transferred to Be Active North Carolina, Inc. for promotion of physical activity in North Carolina communities. The Buffalo Soldiers plate has an additional \$15 fee to be given to the 9th and 10th (Horse) Calvary Association of the Buffalo Soldiers Greater North Carolina Chapter for its public outreach programs. The Crystal Coast plate has an additional \$20 fee that is credited to the Crystal Coast Artificial Reef Association to promote scuba diving off the Crystal Coast. The Surveyors’ plate has an additional \$15 fee to be given to the North Carolina Society of Surveyors Education Foundation, Inc. for public educational programs. The Zeta Phi Beta Sorority plate has an additional \$10 fee to be given to the Zeta Phi Beta Sorority Foundation for funding undergraduate scholarships.

### Special License Plate Fees

Sections 3 and 4 of the bill increase the special license plate fee by \$10 as of January 1, 2004. DMV had 87,573 special license plates as of March 31, 2003. However, 11,860 of these plates are military related and are exempt from the additional fee. This fiscal analysis assumes no change in the number of special plates in the next five years except for the addition of the 4,500 plates resulting from the creation of 15 new plates in this bill and 1,200 plates from four new

plates already authorized in the 2003 Session of the General Assembly. The General Assembly's Fiscal Research Division has not identified any research that predicts the price at which consumers will drop their special plate and return to the regular registration plate. Given that the special plate fee has not been increased since 1989 and that the increase is going for park and nature related purposes might keep tag sales from falling.

Assuming 75,713 currently issued special plates, 4,500 proposed new special plates, 226,809 personalized plates, 1,200 plates from four plates authorized in 2003, and no change in plate demand, the \$10 increase will produce \$1,541,110 each year for both the Natural Heritage Trust Fund and the Parks and Recreation Trust Fund. The January 1, 2004, effective date will cut the estimated revenue for each fund to \$784,805 in FY 03-04 assuming plate renewals are evenly distributed throughout the year and all new plates receive their 300-plate limit in the first year.

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

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

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**DATE:** June 26, 2003



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