

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 1555 (Third Edition)

SHORT TITLE: Tag Agents Title Transaction Fee.

SPONSOR(S): Representative Sutton

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>
REVENUES					
Highway Fund	\$1,983,354	\$2,697,361	\$2,751,308	\$2,806,334	\$2,862,461
EXPENDITURES					
<u>Highway Fund</u>					
Computer Changes	\$55,600				
Tag Agent Comp.	\$1,759,516	\$2,392,942	\$2,440,801	\$2,489,617	\$2,539,409
DMV Tech Upgrades	\$223,838	\$304,419	\$310,507	\$316,717	\$323,052
TOTAL	\$2,038,954	\$2,697,361	\$2,751,308	\$2,806,334	\$2,862,461
POSITIONS: (cumulative)					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Division of Motor Vehicles (DMV), Highway Trust Fund					
EFFECTIVE DATE: Effective when it becomes law. Sections 1 and 2 become effective October 1, 2004 and apply to fees assessed on or after that date.					

BILL SUMMARY: Section 1 amends G.S. 20-63 by adding section (h1) to provide that DMV shall pay to Commission Contract Agents an additional \$1.00 for certain title transactions listed under G.S. 20-85. Section 2 amends G.S. 20-85 to provide that an additional \$1.00 fee shall be imposed for those title transactions. Where DMV processes the transaction (as opposed to a commission contract agent) the Division shall use the additional fees collected for technology improvements. Section 3 requires the Joint Legislative Transportation Oversight Committee to study customer service issues at DMV license offices, registration offices, and the services provided by commission contract agents and to the General Assembly on the first day of the 2005 Regular Session.

ASSUMPTIONS AND METHODOLOGY: Based on data from calendar year 2003, it is assumed that 1,983,354 title transactions will be processed in the last nine months of FY 04-05 and that the number of transactions processed annually will grow by 2%. It is assumed that the percentage of transactions handled by contract agents will remain at approximately 89% and the remainder will be handled directly through DMV. Under this bill transactions under G.S. 20-85(a1), (a2), (a3), (a7), (a8), (a9) would cost an additional \$1.00. The contract agents would receive an additional \$1.00 from DMV for each of these transactions that they handle and the DMV would receive, and is directed to spend on technology improvements, \$1.00 for transactions that DMV handles directly. DMV estimates that the cost to reprogram the State Title and Registration System (STARS) to allow these changes would be \$55,600 (620 hours of professional time at \$80 per hour plus SIPS charges of \$6,000).

SOURCES OF DATA: DMV

TECHNICAL CONSIDERATIONS:

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Fiscal Research Division

DATE: June 23, 2004



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