

# GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

## Legislative Fiscal Note

**BILL NUMBER:** House Bill 861 (First Edition)

**SHORT TITLE:** Create New Titling Categories.

**SPONSOR(S):** Representatives Crawford, Barnhart, Frye, and Goodwin

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2009-10</u></b>	<b><u>FY 2010-11</u></b>	<b><u>FY 2011-12</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2013-14</u></b>
<b>REVENUES</b>					
Highway Fund	\$101,903	\$138,600	\$141,360	\$144,210	\$147,090
<b>EXPENDITURES</b>					
Division of Motor Vehicles	\$255,850	\$18,360	\$18,360	\$18,360	\$18,360
<b>POSITIONS (cumulative):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Division of Motor Vehicles, Department of Transportation					
<b>EFFECTIVE DATE:</b> Bill becomes effective December 1, 2009.					

### **BILL SUMMARY:**

This bill creates new motor vehicle titling and registration categories for motor vehicles classified as custom-built vehicles, replica vehicles, street rod vehicles, and specially constructed vehicles. It requires a one-time \$30 registration fee for custom-built, replica, and street rod vehicles. The bill amends G.S. 20-4.01(33) and makes conforming changes to G.S. 20-71.3(a) and G.S. 20-71.4(a)(2).

The bill amends G.S. 20-54 to provide that certificates of title and registration for generally recognized manufacturer-built vehicles are not to be denied or delayed because the originating title is from out of state, because of the age of the vehicle, or because the vehicle has not been first inspected by a representative of the Division of Motor Vehicles (DMV) unless there is some probable cause to believe that an individual vehicle has some issue that justifies an inspection before title and registration are issued. It amends G.S. 20-70 to provide that the notification and registration requirements in G.S. 20-70(a) and (b) regarding an engine change are only required if

the motor vehicle into which a new engine is installed is identified solely by an engine number. It amends G.S. 20-71.3(b) to require any vehicle up to and including six model years old that is damaged by collision or other occurrence and is to be retitled in this state to be inspected by the License and Theft Bureau of the DMV.

**ASSUMPTIONS AND METHODOLOGY:**

Revenues:

In 2008, DMV inspected 4,441 vehicles that are classified as custom-built, replica, or street rods at no charge. DMV estimates the number of vehicles in these categories will increase by two percent annually. This bill includes a one-time \$30 fee that will apply to all vehicles listed under these three classifications.

<b>Table 1: Revenues Generated by \$30 Fee</b>					
	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Base Number of Vehicles	4,441	4,530	4,620	4,713	4,807
Annual 2% Increase	89	91	92	94	96
Total Vehicles	4,530	4,620	4,713	4,807	4,903
Revenues Generated (\$30 fee)	\$101,903*	\$138,612	\$141,385	\$144,212	\$147,097
*Revenues generated in FY 2009-10 are prorated to match the bill's effective date.					

Expenditures:

Based on Division of Motor Vehicles (DMV) estimates, the total development cost to complete programming required to implement this bill is \$255,850 in the first year. This includes planning, development, and implementation costs for DMV and the Office of Information Technology Services (ITS). For cost estimating purposes, DMV is using an hourly rate of \$85. Total development costs are \$221,000, or 2,600 hours of an information technology professional's time. ITS charges total \$34,850.

Annual maintenance and operations costs following completion of the project are estimated at \$18,360. Any programming requires maintenance, and DMV has allowed 15 hours a month at \$85 an hour to maintain this application for a total of \$15,300. The annual ITS computer usage charge totals \$3,060.

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

**TECHNICAL CONSIDERATIONS:** Because of programming requirements, the DMV has proposed delaying the implementation until July 1, 2010.

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Fiscal Research Division

**DATE:** May 8, 2009



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