



NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Fiscal Analysis Memorandum

CONFIDENTIAL

Requestor: Sen. Craven, Sen. McInnis, and Sen. B. Newton
Analyst(s): Aaron Cornell, Sean Hamel
RE: HB 1094(v3)- Ferry Div. Audit/DOT Omnibus.

SUMMARY TABLE

FISCAL IMPACT OF H.B. 1094, V.3 (\$ in millions)

	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>
State Impact					
Highway Fund Revenue	-	-	-	-	-
Less Expenditures	-	-	-	-	-
Highway Fund Impact	No Estimate Available - Refer to Fiscal Analysis section				

NET STATE IMPACT	Likely Insignificant Fiscal Impact - Refer to Fiscal Analysis section
-------------------------	--

Local Impact					
Local Revenue	-	-	-	-	-
Less Local Expenditures	-	-	-	-	-

NET LOCAL IMPACT	Likely Insignificant Fiscal Impact - Refer to Fiscal Analysis section
-------------------------	--

FISCAL IMPACT SUMMARY

The following Fiscal Note presents information regarding the finance-related portions of H.B. 1049 – Ferry Div. Audit/DOT Omnibus.

Section 3 authorizes the North Carolina Division of Motor Vehicles (DMV) to renew Class C Driver Licenses at any time prior to their expiration date. The fiscal impact to the Highway Fund from this policy change is unknown.

Section 21 authorizes counties to levy special assessments to finance improvements to commercial streets. At the time of the fiscal note request, the number of counties that would exercise this authority under the expanded scope is unknown. As such, the Fiscal Research Division (FRD) cannot provide an estimated impact for this section.

Section 22 privatizes the North Carolina Department of Transportation’s (DOT) tourist-oriented directional sign program. FRD anticipates the impact on the Highway Fund from this proposal to be de minimis.

Sections 30, 31, 32 authorize the DMV to issue new special registration license plates for community colleges, America’s Semiquincentennial, and the Guy Harvey Foundation. FRD estimates the new special plate revenue, to be distributed amongst the Special Registration Plate Account (SRPA) and the Collegiate and Cultural Attraction Plate Account (CCAPA), to be de minimis.

FISCAL ANALYSIS

Section 3

The DMV issues non-commercial Class C (regular) driver licenses in accordance with requirements detailed in G.S. 20-7. Drivers between the ages of 18-66 can renew their regular driver licenses every 8 years for \$52; individuals older than 66 must have their license renewed every 5 years for \$32.50. If a person requires a change to their license to reflect a new name or address, they must pay a duplicate driver license fee (\$27.50). This action does not reset their original renewal cycle. Currently, renewal is only allowable within a 180-day window before the license expires.

The bill amends G.S. 20-7(f)(3a) to expand the timeframe in which individuals can renew their driver license from 180 days to any time before the license expiration date. The new fee for regular driver licenses renewed more than 180 days before original expiration is shown below:

$$\text{Duplicate License Fee} + (\text{Normal Renewal Fee} - \text{Prorated Years}) = \text{Early Renewal Fee}$$

For example, a person under the age of 66 seeking to renew their license four years before their renewal would pay the duplicate license fee (\$16.75) plus the new prorated renewal fee (\$26), for a total early renewal fee of \$42.75.¹

It is unknown the number of individuals who will seek to renew their license early and pay the equivalent fee. The most recent data the Fiscal Research Division (FRD) obtained from DMV showed that ~700,000 duplicate Class C driver licenses were issued in FY 2023-24, but it is not known where each person was in their cycle when the duplicate was issued. While all of those individuals had to pay the duplicate license fee, the number that would instead choose to pay the additional amount needed to change their renewal cycle is unknown. FRD cannot reliably provide a fiscal impact estimate from this policy proposal.

Section 21

Under GS 153A-205 counties are authorized to levy a special assessment to finance improvements to locally maintained subdivisions and residential streets. The proposed change would expand the

¹ Individuals with a non-commercial Driver License (Classes A-C) are required to pay an issuance/renewal fee equal to \$6.50 multiplied by the number of years for which the license is issued. So, the prorated fee for the example given would be the regular renewal (\$6.50 times 8 years = \$52 fee) minus the years remaining (\$6.50 times 4 years = \$26 fee).

scope to include commercial streets. Due to the uncertainty concerning potential usage of this authority, FRD cannot reliably calculate an estimate for the local fiscal impact of this proposed section.

Section 22

Background

The Department operates the Tourist Oriented Directional Signing (TODS) program. The program is intended to convey specific business identification and directional information for tourist attractions to motorists on all non-freeway (non-control of access) state-maintained highways in the right-of-way. These signs are similar in nature to the Blue Logo sign program as they provide businesses with an opportunity to advertise their services on state-maintained highway right-of-way.

To be eligible for TODS, attractions must be defined as either tourist-oriented businesses or facilities. Tourist oriented businesses are defined as (136-140.15 (b)(2)) businesses whose products or services are of significant interest to tourists. Tourist-oriented facilities are defined in G.S. 136-140.15 (b)(3) as a business, service, or activity facility that derives a major portion of income or visitors during the normal business season from road users not residing in the immediate area of the facility.

Currently, each sign application requires a \$200 non-refundable deposit. This deposit covers the application fee and first year of advertising. There is an additional \$200 annual fee per advertising panel, with a maximum of 6 panels per intersection. Currently FRD estimates there are 290+ tourist-oriented businesses or facilities signs across the State. In FY 2024-25 the TODS program generated nearly \$59,000 in Highway Fund revenue.

Privatization Proposal

Under the bill's proposal, Section 22 would direct the department to privatize the tourist-oriented directional sign program. Under privatization the vendor would be responsible for the design, manufacture, installation, and maintenance of the signs, as well as all administrative operation of the program. Additionally, the fees would be set by the vendor, based on a market rate for the anticipated number of viewings the signage would have. Even though the market-based rate and number of tourist-oriented businesses that would choose to continue advertising with private vendor (conversion rate) is unknown, a similar policy was passed in S.L. 2024-30 privatizing the Blue Logo advertising program. Since its privatization, this program has seen a 33% increase in revenue year-over-year. Assuming a similar customer conversion rate and fee structure from the Blue Logo advertising privatization, FRD anticipates revenue to the Highway Fund from the proposal to privatize the TODS program would increase by estimated \$19,000 in the first year, increasing by the same rate until program saturation. The full fiscal impact to the Highway Fund over the timeline of the fiscal note would be de minimis.

Sections 30, 31, and 32

Background

Individuals interested in receiving special registration license plates must pay an additional issuance fee (as dictated G.S. 20-79.7(a1) based on plate type), on top of regular, annual motor

vehicle registration taxes and fees. The estimate in this fiscal note will only consider the new revenue brought in by the additional special plate fee.

Requirements for the application and development of a new special registration plate are detailed in G.S. 20-79.3A. An organization or local government seeking a new special plate must submit a minimum number of paid applicants to the DMV, along with an approved design. The minimum number of paid applicants for a new special plate with a standard plain background is 300. The minimum number of paid applicants for a new special plate with an organization-designed color background is 500.

Community Colleges Special Plates

The bill would authorize DMV to issue special plates for individual community colleges, in accordance with the current requirement of 300 paid applicants for special plates issued featuring insignias for the individual University of North Carolina (UNC) institutions. Individuals seeking a community college special plate would pay a fee of \$25, \$10 of which would be deposited in the SRPA. \$15 of the additional fee would go to the CCAPA, which then would be transferred to the State Board of Community Colleges to be disbursed proportionally to individual institutions based on the number of special plates sold.

Most UNC institutions have exceeded the required threshold to have active special plates, but it is unknown the number of community colleges that could be issued special plates. As such, FRD did not estimate the expected revenue for these special registration plates.

America’s Semiquincentennial Special Plate

The bill would authorize DMV to issue a new America’s Semiquincentennial special plate, to be developed after 300 paid applicants have been received. Since the bill does not dictate a specific fee under G.S. 20-79.7(a1), it would be issued under the “All Other Special Plates” category for \$10. The entirety of the fee would be deposited in the SRPA.

FRD’s revenue estimate for the America’s Semiquincentennial special plate is assumed to be flat and set at the 300 required applicants, as shown in the table below:

Table 1. America’s Semiquincentennial Special Plate Revenue Estimate

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
SRPA Revenue	\$3,000	\$3,000	\$3,000	\$3,000

Guy Harvey Foundation Special Plate

The bill would authorize the issuance of the new Guy Harvey Foundation special plate, to be developed after 300 paid applicants have been received. Individuals seeking a Guy Harvey Foundation special plate would pay a fee of \$30, \$10 of which would be deposited in the SRPA. \$20 of the additional fee would go to the CCAPA, which then would be disbursed equally between UNC-Wilmington, North Carolina State University, UNC-Chapel Hill, and East Carolina University.

FRD's revenue estimate for the Guy Harvey Foundation special plate is assumed to be flat and set at the 300 required applicants, as shown in the table below:

Table 1. Guy Harvey Foundation Special Plate Revenue Estimate

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
SRPA Revenue	\$3,000	\$3,000	\$3,000	\$3,000
CCAPA Revenue	\$6,000	\$6,000	\$6,000	\$6,000
(Per Recipient University)	(\$1,500)	(\$1,500)	(\$1,500)	(\$1,500)

Cost of Special Plate Issuance to the DMV

G.S. 20-79.7(c)(1) allows DMV to deduct the cost for issuing, handling, and production of specialty plates from the funds deposited in the SRPA. Due to this and the variation of production, issuance, and mailing costs per plate, FRD will not include expenditures in its final estimate.

Special Plate Revenue Estimate

The fiscal impact to the SRPA and CCAPA of the new special plates dictated in sections 30, 31, and 32 of the proposed bill would be de minimis.²

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

North Carolina Division of Motor Vehicles, North Carolina Department of Transportation

FISCAL ANALYSIS MEMORANDUM – PURPOSE AND LIMITATIONS

This document is a fiscal analysis of a bill, draft bill, amendment, committee substitute, or conference committee report that is confidential under Chapter 120 of the General Statutes. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts. This document is not an official fiscal note. If a formal fiscal note is requested, please email your request to the Fiscal Research Division at FiscalNoteRequests@ncleg.net or call (919) 733-4910.

² The SRPA supports 13 highway visitor centers, highway beautification efforts, and roadside vegetation management programs at the North Carolina Department of Transportation. The CCAPA acts as a centralized account to pool specified special plate revenue, before proceeds are eventually transferred to non-profit organizations and State government institutions.