

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

**BILL NUMBER:** House Bill 1016 CS

**SHORT TITLE:** 5-YR. Drivers License Renewal

**SPONSOR(S):** Representative Robert Hunter (original bill)

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

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

**BILL SUMMARY:** The bill establishes a 5-year drivers license renewal cycle for all drivers licenses, duplicate licenses, and special ID cards. The current renewal cycle is every four years. The new system is phased-in to establish a different renewal cycle so that each person's renewal date is their next birthday that is divisible by 5. This system is similar to one used by the State of Virginia.

The license fees are the same as under current law when computed on a per-year basis. The current \$10 fee for a regular Class C drivers license, a duplicate license, or a special ID card becomes \$2.50 for each year of the period for which the license is issued.

There is an 11-year phase-in cycle to transform the current 4-year staggered cycle to a 5-year, age-based cycle. The length of the first renewal period for each person will vary from three years to eight years depending on the person's age.

**EFFECTIVE DATE:** January 1, 1995

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:** Division of Motor Vehicles, Drivers License Section

FISCAL IMPACT

	<u>FY</u> 1994	<u>FY</u> 1995	<u>FY</u> 1996	<u>FY</u> 1997	<u>FY</u> 1998
<b>REVENUES:</b>					
<b>GENERAL FUND</b>					
<b>HIGHWAY FUND</b>	-0-	\$4.2	\$8.9	\$6.9	\$4.5
<b>HIGHWAY TRUST FUND</b>					
<b>LOCAL</b>					
<b>EXPENDITURES</b>					

**POSITIONS:**

**EXPENDITURES:** Due to the upgrade of the computer system in the Drivers License Section of DMV currently in progress, the Division will not require additional computer-related expenditures to implement this bill.

**POSITIONS:** No new positions will be required. In 1999, the scheduled phase-in of the new renewal cycle will reduce driver license renewals from approximately 1 million per year to 200,000. Renewals gradually increase each year thereafter until the year 2006 when the transition from the 4-year to the 5-year cycle is complete. In 1999, the workload of current drivers license examiners will be reduced by 4.0% (total transactions are projected to fall from 2,044,000 in 1998 to 1,229,000 in 1999).

**ASSUMPTIONS AND METHODOLOGY:** Data relating to the projected pattern of license issuance and renewals under the proposed 5-year phase-in was supplied by the Division of Motor Vehicles, Drivers License Section. The annual fee of \$2.50 was multiplied by the number of licensees projected in each of the three to eight year renewal periods, and then compared against trend line data using a 1.8% annual growth rate in current drivers license fees (those affected by this bill).

**SOURCES OF DATA:** Division of Motor Vehicles of the Department of Transportation

**TECHNICAL CONSIDERATIONS:**

**FISCAL RESEARCH DIVISION**

733-4910

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**DATE:**

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