

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 28 (Senate Finance Committee Substitute)

SHORT TITLE: Contract Agent Rate

SPONSOR(S):

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
REVENUES					
EXPENDITURES					
Highway Fund	\$808,163	\$808,163	\$808,163	\$808,163	\$808,163
POSITIONS:					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	Department of Transportation, Division of Motor Vehicles				
EFFECTIVE DATE:	This act becomes effective July 1, 2001				

BILL SUMMARY: This bill increases the per transaction reimbursement rate for privately operated contract license plate agents by 6%. The rate paid to contract agents for collection of the highway use tax will increase from \$1.20 to \$1.27 per transaction and the rate paid for all other transactions will increase from \$1.35 to \$1.43.

BACKGROUND: The Division of Motor Vehicles (DMV) contracts with 128 private companies across the state to 1) issue and renew license plates and certificates of title, 2) collect the 3% highway use tax on vehicles transactions, and 3) perform other vehicle title related functions. The Commission to Study Commission Contracts for the Issuance of Motor Vehicle Registration Plates and Certificates, created by the 2000 General Assembly, recommended DMV conduct a productivity study of all transactions in contract agencies to determine the proper compensation for the tasks performed. Until the study is completed, the Commission recommends a 5% to 8% increase in the contract agent reimbursement rate.

ASSUMPTIONS AND METHODOLOGY: The Division of Motor Vehicles (DMV) reported spending \$13,469,387 in FY 1999-2000 on commissions to contract agents. A 6% increase of this amount would equal \$808,163. DMV projected zero growth in contract agent transactions

due to the increase in customer transactions processed by the agency via the Internet and an increase by car dealers processing work on-line.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION 733-4910

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DATE: February 27, 2001



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