

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 1213 (Second Edition)

SHORT TITLE: Rebate and Grant Program for AFVs

SPONSOR(S): Representative Tolson

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					
Highway Fund AFV Fee	\$3,440,437	\$7,018,493	\$7,158,862	\$10,953,060	\$14,896,161
EXPENDITURES					
Highway Fund AFV Program					
Rebates & Grants	\$2,941,574	\$6,000,812	\$6,120,827	\$9,364,866	\$12,736,218
Education	\$326,842	\$666,757	\$680,092	\$1,040,541	\$1,415,135
Administration	<u>\$172,022</u>	<u>\$350,925</u>	<u>\$357,943</u>	<u>\$547,653</u>	<u>\$744,808</u>
Total	\$3,440,437	\$7,018,493	\$7,158,862	\$10,953,060	\$14,896,161
POSITIONS:					
DOA/DMV	No estimate available				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Administration – State Energy Office; Department of Transportation – Division of Motor Vehicles					
EFFECTIVE DATE: The bill becomes effective January 1, 2002 and expires January 1, 2012.					

BILL SUMMARY: This bill creates the Alternative Fuel Vehicle Rebate and Infrastructure Grant Program to be administered by the State Energy Office in the Department of Administration. The program will offer rebates for purchases of alternative fuel vehicles and grants for the construction of alternative fuel vehicle infrastructure projects. The program will be funded by an increase in the vehicle registration fee. Of the revenue collected, 5% will be used for administrative expenses for Division of Motor Vehicles (DMV) and the State Energy Office, with the remainder dedicated to the Alternative Fuel Vehicle Rebate and Infrastructure Grant Program. Up to 10% of the program expenditures must be used for

“education and awareness about the applications, advantages, and environmental benefits of alternative fuel vehicles”. The bill requires DMV to include type of fuel used in their vehicle registration system and to report registered vehicles by fuel type to the State Energy Office. The Department of Transportation is directed to study the feasibility of special parking spaces for alternative fuel vehicles and allowing alternative fuel vehicles in high occupancy vehicle lanes and to make recommendations to the Joint Transportation Oversight Committee. The Joint Transportation Oversight Committee is mandated to study the effectiveness of the Alternative Fuel Vehicle Rebate and Infrastructure Grant Program after ten years.

ASSUMPTIONS AND METHODOLOGY:

Revenue

Section 4 of the bill increases the vehicle registration fee in GS 20-87 for the benefit of the proposed Alternative Fuel Vehicle Rebate and Infrastructure Grant Program. The increase will be \$1 for calendar years 2002 to 2004 and \$2 for years 2005 to 2011. The vehicles subject to this fee increase are automobiles, trucks under 7,000 pounds, buses, trailers, mobile homes/RVs, and special mobile equipment. As of January 15, 2001, there were 6,745,956 of these vehicles registered in North Carolina. The chart below presents the revenue estimate for the fee increase based on the 2% annual growth rate in vehicles registrations experienced by DMV in recent years. In FY 2001-02, the \$1 fee increase is only for the second half of the fiscal year. In FY 2004-05, vehicles pay a \$1 fee for the first half of the fiscal year and \$2 for the second half of the fiscal year.

	# of Registered Vehicles (GS 20-87)	\$1/ \$2 Fee Increase
FY 2000-01	6,745,956	
FY 2001-02	6,880,875	\$3,440,437
FY 2002-03	7,018,493	\$7,018,493
FY 2003-04	7,158,862	\$7,158,862
FY 2004-05	7,302,040	\$10,953,060
FY 2005-06	7,448,081	\$14,896,161

Expenditures

Section 1 allows the State Energy Office and DMV to use up to 5% of the funds generated by the increased vehicle registration fee for administrative purposes. Based on early estimates by the State Energy Office, it projects a need for approximately \$97,200 to hire a program manager and a clerical position to operate the program. The 5% administrative allowance of \$172,022 in FY 2001-02 rising to \$744, 808 in FY 2005-06 is more than sufficient to compensate the Energy Office.

Several sections of the bill impose costs on DMV that will need reimbursement from the 5% set aside for administration. In section 3 of the bill, DMV is required to change its vehicle registration system to include information on the type of fuel used by a vehicle. At a minimum, this will require computer programming costs. Further computer programming costs are prompted by the Section 2 requirement for DMV to report all registered vehicles

by fuel type to the State Energy Office four times a year. Section 1 also requires DMV to handle rebate forms for the State Energy Office.

Section 1 of the bill sets the maximum amount that an individual can receive in rebates and grants from the Alternative Fuel Vehicle Rebate and Infrastructure Grant Program. However, the total amount of rebates and grants paid each year is based on the availability of funds. The amount available for grants and rebates ranges from \$2.9 million in FY 2001-02 to \$12.7 million in FY 2005-06. The State Energy Office will place a cap on the number of vehicles eligible for rebates each year.

Section 1 of the bill also allows up to 10% of the program funds to be used for “education and awareness about the applications, advantages, and environmental benefits of alternative fuel vehicles”. Approximately \$326,842 is available for education in FY 2001-02, but this amount will increase to \$1.4 million in FY 2005-06.

TECHNICAL CONSIDERATIONS:

(1) In section 1, GS 113B-31(b) is not clear on the policy of denying a rebate to a taxpayer that qualifies under this bill. Will the taxpayer receive a rebate in the next year when revenues are available? Can the State Energy Office apportion the available funds to taxpayers qualifying for a rebate?

FISCAL RESEARCH DIVISION 733-4910

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