

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 473 (First Edition)

SHORT TITLE: All-Terrain Vehicle Registration

SPONSOR(S): Representatives Baker; Sauls and K. Williams

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>
Highway Fund					
REVENUES					
(Registration fees)	\$4,375,000	\$875,000	\$4,375,000	\$875,000	\$4,375,000
EXPENDITURES					
Information Technology	\$156,400				
Contract Agent Fees	\$158,750	\$31,750	\$158,750	\$31,750	\$158,750
Total Expenditures	\$315,150	\$31,750	\$158,750	\$31,750	\$158,750
POSITIONS: (cumulative)					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Highway Fund; Division of Motor Vehicles (DMV)					
EFFECTIVE DATE: December 1, 2003					

BILL SUMMARY: Defines All-terrain vehicles (ATV's) and requires their registration by the Division of Motor Vehicles. Sets registration fees at \$35 for a two-year period and specifies rules of operation and penalties for violation.

ASSUMPTIONS AND METHODOLOGY: The Specialty Vehicle Institute of America estimates that almost 30,000 were sold in North Carolina in 2002 and that the number of ATV's and off-highway motorcycles in use in the state is over 200,000. For this fiscal note it is assumed that 25,000 new are registered each year (about 85% of the total sold) and that in the first year 100,000 are registered for the first time and that 100,000 are reregistered every two years. It is assumed that 15% of new ATV's are not registered either because they fit the exceptions in bill (used only on the owner's property, bought for official use by a government agency, or used only on property where the owner has written permission) or through noncompliance. It is assumed that owners register only about half of the existing (this is consistent with DMV's experience with motorcycles) due to noncompliance, the exceptions listed above, or to a lack of documentation (e.g., bill of sale) that would allow registration.

The revenues are calculated by multiplying the number of registered by the registration fee of \$35. (25,000 new plus 100,000 other equal 125,000 and 125,000 times \$35 equals \$4,375,000). The registration is good for two years so every other year there are only 25,000 registrations. The continuing costs are the \$1.27 payment to contract agents for performing each registration transaction.

There are also startup costs related to changing the State Titling and Registration System (STARS) to accommodate the new vehicle type, two-year registration period, etc. DMV estimates that 1,700 professional hours would be required at a cost of \$80 per hour (\$136,000) plus computer charges of \$20,400 for a total Information Technology cost of \$156,400. This work is assumed to occur in FY2003-04.

SOURCES OF DATA: Division of Motor Vehicles; ATV Safety Institute of the Specialty Vehicle Institute of America; *Motorcycle Industry Magazine*

TECHNICAL CONSIDERATIONS: G.S. 20-309(a) states:

"No motor vehicle shall be registered in this State unless the owner at time of registration has financial responsibility for the operation of such motor vehicle... "

If the General Assembly does not wish to require ATV's to be insured, it needs to exempt them from this statute.

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DATE: April 18, 2003



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