

## **MINUTES**

### **JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON TRANSPORTATION**

January 19, 2010

10:00 AM

Room 544, Legislative Office Building

The Joint Legislative Oversight Committee on Transportation met on Tuesday, January 19, 2010 at 10:00 a.m. in Room 544 of the Legislative Office Building. Representative Nelson Cole, Co-Chair presided. The following members were present: Senator Steve Goss, Co-Chair; Senator Phil Berger; Senator David Hoyle; Senator Neal Hunt; Senator Richard Stevens; Representative Becky Carney; Representative Lorene Coates; Representative James Crawford; Representative William Current; Representative Mitch Gillespie; Representative Daniel McComas; Representative Lucy Allen, and Representative Arthur Williams. Representative Grier has an excused absence

Staff members present were Bob Weiss, Fiscal Research, Karlynn O'Shaughnessy, Fiscal Research, Giles Perry, Staff Counsel, Anne Murtha, Committee Assistant and Daladier Miller, Committee Assistant.

Chairman Cole recognized Tom Wilder; Earl Coker; Rod Finger; Stan Johnson; Curtis Dowd, and Wade Anders of the Sergeant-At-Arms Staff, and welcomed everyone to the meeting.

### **PRESENTATION**

#### **Maglev – Mass Transit for the Future**

**Tony Morris of Atlanta, Georgia, President and CEO, American Maglev Technology**

*Summary: Mr. Morris' report on Green Transportation Projects in North Carolina is as follows:*

State of the Art American Technology Sustainable Solution consist of no moving parts; driverless, automated system; low energy usage; commitment to using renewable resources, and avoid vehicle miles and idling buses.

Options are as follows:

The queue forms in Washington, D.C., 1500 miles ahead. The people fund 30 miles per year. It will cost \$50 – 100M per mile according to FTA. DOT pays half the capital cost.

Best systems recover half the operating costs. This is a perpetual subsidy. Finally, DOT pays none of that operating subsidy.

Mr. Morris stated that, in creating a new option there needs to be a Sustainable business model (*a financial breakdown is outlined in attachment 1*). Mr. Morris stated that the old way does not work anymore, and there are opportunities to collaborate to reduce interest, obtain grants, and develop adjacent lands with new projects that can increase ridership and reduce subsidies.

*Committee Action: Mr. Morris agreed to remain after the meeting adjourns to answer questions that the committee members may have.*

## **PRESENTATION**

### **North Carolina Turnpike Authority Annual Report David Joyner Executive Director, North Carolina Turnpike Authority**

*Summary: Mr. Joyner provided a report on “(A Look Back At 2009”, which is explained in attachment 2, pages 1 through 8).*

Mr. Joyner stated that in looking ahead to the year 2010 and beyond; the Turnpike Authority will be developing an Electronic Toll Collection System; Addressing Interoperability, and Facing Challenges for the next set of projects.

The Turnpike Authority has three contracts to design and implement an all-electronic toll (AET) collection system. In addition, a Tag and Reader contract, for the first quarter of 2010.

In regards to Interoperability, reciprocity with other states is critical to all electronic tolling. Enforcement legislation may be required and an alliance for toll interoperability must be established.

There are issues beyond the Turnpike Authority’s control, such as rising interest rates; recessionary impacts on growth and revenue forecasts, and change in federal TIFIA loan policies.

## **PRESENTATION**

### **HB 1779 Report Karlynn O’Shaughnessy, Fiscal Research Division**

Ms. O’Shaughnessy stated that House Bill 1779 passed in August of 2005. It combines tax and registration for vehicles. The implementation date was to be July 1, 2009, or sooner if the integrated system was operational. It raises the interest rate on unpaid taxes

and registration fees to 5% the first month and continues adding  $\frac{3}{4}$  % for subsequent months (*Attachment 2*).

House Bill 1779 requires the DMV to refuse to register vehicles if county and municipal taxes and fees are not paid, and if there is a failure to meet court-ordered child support obligations.

It requires Revenue and Transportation to jointly study and develop a plan for determining the valuation of vehicles, and implementing an integrated computer system to support to combine registration and tax collection.

Ms. O'Shaughnessy stated that in regards to System Development; four projects were consolidated in November 2008 to create one project covering planning to post-implementation. The revised completion date is March 31, 2012.

The planned completion date for Separate Statewide Situs Address/Tax Jurisdiction Database Project is December 11, 2011.

### **COMMENTS ON HB 1779**

#### **Division of Motor Vehicles Michael D. Robertson, Commissioner**

Mr. Robertson reported that the DMV commissioners met with several agencies about House Bill 1779. Since the first meetings in 2005, the people attending these meetings have put in many hours outside of their regular duties about the bill. One-hundred counties and a hundred different IT Teams are involved in this process. DMV is going to have compliance issues. Mr. Robertson stated that with House Bill 1779, there is no fall back plan for the highway plan. (*Attachment 3*)

#### **Department of Revenue David Baker, Director, Property Tax Division**

Mr. Baker stated that there are many people working on this issue in addition to their full time positions. This is a very large undertaking. People are at DMV this very moment working on the design. It is moving forward from the Department of Revenue prospective. They are working on the user design and the Department of Revenue is feeling good about the progress

House Bill 1779 requires that Department of Revenue and the DMV be involved a Memorandum of Understanding (MOU). All of the stakeholders will be at the table concerning the MOU. The Department of Revenue does not receive any money from this, but Mr. Baker sees his roll in this process from the DOR prospective as seeing that everyone else gets their needs are met. Ultimately, the citizens of the North Carolina pay for all of this (*Attachment4*).

**Association of County Commissioners**  
**Kevin Leonard, Director of Government Relations**

Since House Bill 1779 was introduced in 2005, the members of the Association of County Commissioners have fully supported the passage of the Bill. Since then the Association has been a partner has been with the Committee that is looking at the MOU.

Mr. Leonard stated that the Association of County Commissioners is willing to provide any assistance needed to help move this process forward.

**HOUSE BILL 1779 COMMENTS CONTINUED**

**North Carolina Association of Motor Vehicle Registration Contractors (LPAs/Tag Agents)**

**Pam Smithson, Legislative Committee Co-Chair**

**Annalee Griffin, Legislative Committee Co-Chair**

Ms. Smithson and Ms. Griffin stated that the Association of County Commissioners and the North Carolina Department of Revenue Property Tax Division about House Bill 1779 contacted them. They were presented with a bill, which showed that tag agents would be compensated at the rate of a full transaction for the collection of property tax. They took their proposal to their board for their approval. They were blindsided with a Proposed Committee Substitute that stated that they would be compensated at a rate of no more than one third of a transaction fee. They agreed that the language could be changed to no less that one-third of a transaction fee. (*Attachment 5*).

They had the understanding that later the bill will be changed to compensate tag agents for services performed.

The DMV Bill Review states, “We believe the proposed increase in the fees for tag agents is not sufficient given the additional workload and responsibility being proposed.”

Ms. Smithson and Ms. Griffin stated that \$.48 is not enough because of the following issues:

- There is an increase in staff and overhead
- Additional training is mandated by the DMV
- Tag agencies currently field thousands of telephone calls daily
- Increase in time spent with customers explaining why last year’s \$28.00 renewal is now \$179.21
- Decrease in the percentage of transactions actually completed.

Several members of the committee suggested that House Bill 1779 be discussed again during the interim.

The meeting adjourned at 12:00 PM.

Chairman Cole reminded the members that all of the speakers at today's meeting are available to answer any question they may have after the meeting.

The next meeting will be in March. The date will be announced.

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**Senator Steve Goss, Co-Chair**

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**Representative Nelson Cole, Co-Chair**

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**Daladier C. Miller, Committee Assistant**