



# NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

## Legislative Fiscal Note

**Short Title:** Drivers License Expiration Moratorium.  
**Bill Number:** House Bill 821 (First Edition)  
**Sponsor(s):** Rep. Adams, Rep. Kidwell, and Rep. Schietzelt

### SUMMARY TABLE

#### FISCAL IMPACT OF H.B. 821, V.1 (\$ in millions)

	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>
Highway Fund Revenue	(7.4) to (29.7)	(6.9) to (27.8)	4.5 to 29.7	6.9 to 27.8	2.8 to 11.4
Less Expenditures	— to —	— to —	— to —	— to —	— to —
<b>Highway Fund Impact</b>	<b>(7.4) to (29.7)</b>	<b>(6.9) to (27.8)</b>	<b>4.5 to 29.7</b>	<b>6.9 to 27.8</b>	<b>2.8 to 11.4</b>

### FISCAL IMPACT SUMMARY

The bill would extend the validity of non-REAL ID compliant Driver Licenses for individuals with credentials that expire from when the proposal becomes law, to December 31, 2027, for a period of up to two years.

The proposed Driver License validity extension could reduce Highway Fund revenue anywhere from \$7.4 million to \$29.7 million in the first year of implementation, depending on the number of individuals that op-in to the extension. The overall shift in revenue means that the proposal is expected to be net-neutral from a revenue perspective over the FY 2025-26 to FY 2029-30 period.

### FISCAL ANALYSIS

#### Background

The Division of Motor Vehicles (DMV) issues non-commercial Class C Driver Licenses in accordance with requirements detailed in G.S. 20-7. For individuals between the ages of 18-66, Class C Driver Licenses are issued for a period of 8 years; individuals older than 66 must have their license renewed every 5 years. The bill would extend the validity of non-REAL ID compliant Driver Licenses by two years for licenses set to expire between the proposed bill's effective date and December 31, 2027. Driver Licenses that have been canceled, revoked, or suspended would not qualify under the proposed validity extension.

Individuals with a non-commercial Driver License (Classes A-C) are required to pay an issuance/renewal fee equal to \$6.50 multiplied by the number of years for which the license is issued. Funds collected from Driver License renewal fees are deposited in the Highway Fund, which supports operations at the North Carolina Department of Transportation (NCDOT). Table 1 provides the current fee structure for Class C Driver Licenses.



**Table 1. Current Driver License Fee Structure<sup>1</sup>**

Age	Driver License Fee	Years Issued	Issuance/Renewal Cost
18-66	\$6.50	8	\$52
66 +	\$6.50	5	\$32.50

**Revenue Estimate**

The Fiscal Research Division (FRD) used data from the North Carolina Division of Motor Vehicles and the U.S. Census Bureau to estimate the expected revenue changes due to the proposed extended Driver License validity period. Since the renewal fee for drivers above the age of 66 is different than the fee for younger drivers, FRD used data from the U.S. Census Bureau to estimate the proportion of drivers to pay each fee amount. Table 2 shows the number of expected non-REAL ID Driver License renewals for the individuals aged 18-64 and 65 and above for FY 2025-26 through FY 2027-28. FRD assumed half the expected population for FY 2027-28 since the proposed extension ends halfway through the Fiscal Year.

**Table 2. Expected Driver License Renewals**

Population	FY 2025-26	FY 2026-27	FY 2027-28
18-64	503,038	471,519	192,969
65+	110,423	103,504	42,359
Total	613,461	575,023	235,329

Using the data in Table 3, FRD estimated the change in revenue to the Highway Fund from the proposed Driver License validity extension. FRD used the age groups in Table 3 as proxies to estimate expected revenue change for the under age 66 and above age 66 groups, which pay \$52 and \$32.50 renewal fees, respectively.

Since the proposal is an extension and not a waiver, fees typically collected from Driver License renewals will be shifted into future Fiscal Years. Tables 3 and 4 show this shift of revenue decreasing in the first 2 Fiscal Years and increasing in the next 3 Fiscal Years. Because there may be individuals that chose to renew their license instead of taking advantage of the extension, FRD provided a range for its revenue estimate, based on a 25% or 100% of eligible individuals opting in to the extension.

**Table 3. Revenue Estimate Under 25% Opt-In**

Projection	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Revenue Loss	-\$7,436,715	-\$6,970,730	-\$2,852,759	\$-	\$-
Revenue Gain	\$-	\$-	\$7,436,715	\$6,970,730	\$2,852,759
Net Change	-\$7,436,715	-\$6,970,730	\$4,583,956	\$6,970,730	\$2,852,759

<sup>1</sup> These registration fee amounts above do not match those currently listed in statute, as annual registration fees are subject to a quadrennial inflation adjustment (G.S. 20-4.02). The most recent adjustment occurred on July 1, 2024.

**Table 4. Revenue Estimate under 100% Opt-In**

<b>Projection</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>FY 2029-30</b>
Revenue Loss	-\$29,746,724	-\$27,882,868	-\$11,411,056	\$-	\$-
Revenue Gain	\$-	\$-	\$29,746,724	\$27,882,868	\$11,411,056
Net Change	-\$29,746,724	-\$27,882,868	\$18,335,668	\$27,882,868	\$11,411,056

FRD estimates that the proposal could reduce Highway Fund revenue anywhere from \$7.4 million to \$29.7 million in the first year of implementation, depending on the level of uptake. In FY 2026-27, renewal fees originally scheduled to be paid in the first year will resume.<sup>2</sup> The overall shift in revenue means that the proposal is expected to be net-neutral over the FY 2025-26 to FY 2029-30 period.

## TECHNICAL CONSIDERATIONS

FRD projected the revenue rebound to be net-neutral by assuming all individuals will eventually pay their renewal fee in future years. There is likely to be a loss of population for a myriad of reasons, including out-of-state migration, death, and license revocation. FRD opted not to project this population loss due to the unpredictability of forecasting these trends.

The bill does not indicate whether individuals will need to pay for the additional years their Driver License will become valid, if they opt into the extension. FRD assumed the amount paid after the extension will remain the same as the fee that would have been expected at the end of the original validity period. If the fee due after the extension period includes the additional years, the revenue estimate, and possibly the expected uptake, would be significantly altered.

FRD's revenue projection assumes the Driver License renewal fee of \$6.50 remains constant over the next five Fiscal Years. FRD did not estimate any fee changes from the next expected quadrennial fee adjustment for its revenue projection, as the adjustment is based on historic inflation for upcoming years. The next scheduled quadrennial increase to DMV fees will occur in FY 2028-29.

## DATA SOURCES

NORTH CAROLINA DIVISION OF MOTOR VEHICLES, U.S. CENSUS BUREAU

## LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected

<sup>2</sup> In FY 2027-28, the proposal will lead to an overlap of revenue loss from the renewal extension and gain from the “rebound” of renewal fees being paid in subsequent years. The rebound is best illustrated in FYs 2026-27 and 2028-29, where the loss of revenue in the first year is the same as the increase in revenue in the corresponding year.



direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

### **CONTACT INFORMATION**

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Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

### **ESTIMATE PREPARED BY**

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May 5, 2025



**Signed copy located in the NCGA Principal Clerk's Offices**

