

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 1594 (First Edition)

SHORT TITLE: Alarm Systems Licensure Fees.

SPONSOR(S): Representative Haire

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>
REVENUES:	Private Protective Services Section (Special Fund)				
	\$97,500	\$97,500	\$273,750	\$273,750	\$273,750
EXPENDITURES:					
POSITIONS:					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	Private Protective Services Section - Alarm Systems Licensing Board (Dept. of Justice)				
EFFECTIVE DATE:	When it becomes law.				

BILL SUMMARY:

Amends GS 74D-7(e) to increase new or renewal license fee to \$500 (was, \$350) and registration fee to \$50 (was, \$20). Enacts new GS 74D-7(e)(7) authorizing additional fee of up to \$100 for reconsideration of license or registration permits returned due to correctable errors.

Source: Bill Digest H.B. 1594 (05/20/2004)

ASSUMPTIONS AND METHODOLOGY:

The Alarm Systems Licensing Board and the Private Protective Services Board fall under the administration and oversight of the Private Protective Services Section (PPS) of the Department of Justice. These Boards are supported entirely by receipts received from the industries they regulate. They share a joint operating budget with annual expenditures of approximately \$1.4 million; each Board also has a separate Recovery Fund account.

In 2002, the Office of State Budget and Management transferred \$200,000 from the operating budget of these Boards to the General Fund to help address the budget shortfall. In the past three years, average expenditures have exceeded average revenues – in FY 2002-03, expenditures exceeded revenue by \$145,000. Average monthly expenditures were \$121,047 this year, compared to average monthly revenues of \$111,071. The Private Protective Services Board has increased its fees, which were not at the statutory maximums, to raise additional revenue. The

Alarm Services Licensure Board already charges the maximum fees in statute, and thus would require legislative authority to raise its fees.

In addition, the Alarm Board has identified what it believes to be an error in the General Statutes. In 1992, G.S. 74D was amended to change the period of a registration permit from one to two years. The registration fee was \$20 by statute, and was not increased to coincide with the longer registration term. This legislation would authorize the Board to increase the registration fee up to \$50. It is the Board's intention to increase the fee from \$20 to \$40, which is projected to generate an additional \$140,000 over the two-year period, or an average of \$70,000 per year (7,000 applications per two-year period). This amount, along with increases in Private Protective Services (PPS) fees that have already been implemented, is expected to bring revenue even with operating expenditures. If the Board increased the fee to \$50, the average increase in revenue would be \$105,000 per year.

This bill also includes an increase in the licensing fees from \$350 to \$500. The Board states that it has pledged to the Burglar & Fire Alarm Association that it will not implement any increases presently, and is requesting the authority to increase fees in case it needs to do so in the future. The Board receives approximately 850 applications over two years, so the fee increase, if implemented, would generate approximately \$127,500 over two years, or an average of \$63,750 per year.

The Bill also includes a "reconsideration fee" not to exceed \$100. The Board requested this fee to address the issue of applications submitted that must be returned to the applicant due to errors, missing documents, or other reasons, and must then be processed by staff a second time. During the past year, there were 1,200 "correctable" Alarm registration applications. The Board has not made a final decision on what amount might be assessed, but is considering \$25 for registration applications and \$50 for license applications. The Board estimates that there will be approximately 1,000 registration returns and 50 license application returns per year. At the maximum proposed under this bill, the fee would generate approximately \$105,000 per year. At the levels anticipated by the Board, the fees would generate approximately \$27,500 per year.

Please note: The amounts in the box on page 1 assume the Board's planned or considered increases for the first two years, and the maximum allowable increases for the next three years.

SOURCES OF DATA: Department of Justice, Private Protective Services Section

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Signed Copy Located in the NCGA Principal Clerk's Offices