

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: House Bill 853 (First Edition)
SHORT TITLE: Consumer Fireworks Safety.
SPONSOR(S): Representatives Brockman and Hardister

FISCAL IMPACT					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
State Impact	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
General Fund Revenues:	unknown	unknown	unknown	unknown	unknown
General Fund Expenditures:	\$449,625	\$284,207	\$308,038	\$337,493	\$369,548
State Positions:	4.0	4.0	4.0	4.0	4.0
NET STATE IMPACT	\$449,625	\$284,207	\$308,038	\$337,493	\$369,548
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
Department of Insurance					
EFFECTIVE DATE: July 1, 2015					
TECHNICAL CONSIDERATIONS:					
None					

This fiscal note only addresses the potential fiscal impact of the policy changes included in this bill. A separate incarceration note will be prepared to address the potential fiscal impact of new or increased criminal penalties included in the proposed legislation.

BILL SUMMARY:

This bill amends GS 14-410 to allow consumer fireworks to be sold and discharged in North Carolina as long as it is done in compliance with new requirements set in the law. This requires a license for the possession and use of consumer fireworks. To be eligible for a license an individual must be at least 18 years old, pay the required fees, and complete a new safety course. The safety course is to be administered by Department of Insurance, Office of State Fire Marshal (OSFM).

This bill details the conditions and hours that fireworks may be used and the locations in which fireworks may not be ignited (ie. hospitals, child care centers, gas stations, etc.).

Civil penalties may be imposed for failure to comply with the law. The law becomes effective July 1, 2015.

ASSUMPTIONS AND METHODOLOGY:

There are costs to the Department of Insurance for the following functions:

1. The Commissioner of Insurance through the OSFM will issue a license in order for an individual to possess or use fireworks. An individual must be at least 18 years old and complete a fireworks safety course in order to be granted a license.
 - This license will cost \$25 with an additional \$2 allowed as a service fee for certain issuances. The State Fire Marshal may sell licenses through mail, internet, telephone, or appoint agents for this purpose.
 - It is not known how many licenses will be issued and how much revenues will be generated by the fee.
2. The OSFM is required to create and administer the course targeted toward the proper handling, discharge, storage, and transportation of fireworks. The OSFM may conduct these trainings and/or create on-line course instruction. Upon completion of this course, a certificate will be issued to the individual.
3. A permit is required by individuals and businesses for the purpose of selling fireworks. This permit will be issued by OSFM and a list of authorized sellers would be made available to the public. The Commissioner of Insurance will set the permit cost and may charge an additional fee to help offset the operational costs of permitting. States who have implemented this already have permitting fees that range from \$100-\$1,500 for businesses and some states also require a one-time payment into a public fire safety account or surcharge on sales for a public fire safety program. The Commissioner will be responsible for setting the permit fee which would generate revenues to off-set the program costs. It is not known how many permits would be issued or what the amount of the permitting fee would be charged.
 - It is estimated that three administrative staff would be needed for issuing consumer licenses and seller permits, developing and implementing a training program (on-line and in person), and managing information technology databases/websites and contracts. Additionally, one accounting technology staff would be required for the collection of fees for licenses, permits, civil penalties.
 - In addition to staff, there is expected to be one-time and recurring costs for IT development, website upgrades, online training courses, and program development costs. The Department of Insurance estimates that approximately \$250,000 will be needed for initial contracts for one time information technology projects and \$75,000 on-going.
 - There may be a need for an investigator position to monitor fireworks shipped into North Carolina and to whom, but this fiscal analysis assumes that position is not needed.

SOURCES OF DATA:

Department of Insurance
Office of State Human Resources Website (Position Classifications)
Websites: Indiana Department of Homeland Security, Texas Department of Insurance, South Carolina Board of Pyrotechnic Safety

TECHNICAL CONSIDERATIONS:

The effective date of July 1, 2015, may not be achievable since there are training programs, licenses, and permitting policies to develop.

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DATE: April 22, 2015



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