

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: House Bill 1670 (Second Edition)

SHORT TITLE: 2002 Fee Bill

SPONSOR(S):

FISCAL IMPACT	Yes (X)	No ()	No Estimate Available ()		
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Revenues					
General Fund					
-Community Service Work					
Program Fees	3.8	5.2	5.3	5.4	5.5
-Offender Supervision Fees	4.5	4.5	4.5	4.5	4.5
-Seat Belt Court Costs	10.7	14.7	15.3	15.3	15.3
-Court of Justice Fees	11.2	15.3	15.4	15.6	15.7
-Expungement Fee	.2	.26	.26	.26	.26
-Ct. Fees Domestic Violence	(.1)	(.14)	(.14)	(.14)	(.14)
-Magistrate Special Fees	.19	.25	.25	.25	.25
-Secretary of State Fees	<u>3.22</u>	<u>4.29</u>	<u>4.29</u>	<u>4.29</u>	<u>4.29</u>
TOTAL GENERAL FUND	33.7	44.4	45.2	45.5	45.7
Agency Receipts					
-Worthless Check Program	.1	.13	.13	.13	.13
-SBI Lab Analyses Fee	.5	.67	.67	.67	.67
-DCI PIN Terminal Fee	.5	1.0	1.0	1.0	1.0
-Indigent Defense Fee	.67	.9	.9	.9	.9
-Justice Academy Lodging Fee	.29	.39	.39	.39	.39
-Hazardous Waste Facility Fee		.14	.14	.14	.13
-Food and Lodging Facility Fee	.23	.3	.3	.3	.3
-Falls and Jordan Lake Fees	.09	.13	.13	.14	.14
-Agriculture Fees	1.5	1.97	1.97	1.97	1.97
-Vital Records Fee	.5	.7	.73	.77	.81
-Newborn Screening Lab Fee	<u>.86</u>	<u>1.17</u>	<u>1.20</u>	<u>1.22</u>	<u>1.24</u>
TOTAL AGENCY RECEIPTS	5.24	7.5	7.56	7.63	7.68
Court Information Tech. Fund	.07	.1	.1	.1	.1
Local Governments					
-Ct. Fees Domestic Violence	(.05)	(.07)	(.07)	(.07)	(.07)
-Food and Lodging Facility Fee	<u>.48</u>	<u>.64</u>	<u>.64</u>	<u>.64</u>	<u>.64</u>
TOTAL LOCAL GOVTS.	.43	.57	.57	.57	.57
PRINCIPAL DEPARTMENTS AFFECTED: Department of Correction, Administrative Office of the Courts, Department of Justice, Department of Environment and Natural Resources, Department of Agriculture and Consumer Services, Department of Health and Human Services, Secretary of State					
EFFECTIVE DATE: Section 1.4 (Seat Belt Court Costs) and section 1.5 (Court fees) are effective September 1, 2002, and apply to offenses committed on or after that date. Section 1.11 (DCI PIN fees) and Section 3.11 (Poultry or Ratite Dealer fee) are effective January 1, 2003. All other sections are effective October 1, 2002.					

BILL SUMMARY: The bill establishes, sets, and modifies various fees.

ASSUMPTIONS AND METHODOLOGY:

PART I: JUSTICE AND PUBLIC SAFETY FEES

COMMUNITY SERVICE WORK PROGRAM FEES

The community service work program fee is increased from \$100 to \$200 in Section 1.1. Offenders sentenced to community service, either as part of supervised probation, parole, unsupervised probation, a DWI offense, or first offender/deferred prosecution, pay a one-time \$100 fee. The fee is paid within two weeks of judgment, generally prior to beginning community service. Fees are collected by Clerks of Court and remitted to the State Treasurer/General Fund. This fee was last increased in 1986. Current collections and admissions are detailed below.

Year	1999-2000	2000-01	2001-02 ytd	2001-02 proj
Fees collected	\$5,103,549	\$5,147,750	\$3,964,885	\$5,286,500
Admissions	69,300	73,010	56,050	74,733
Collection rate	73.6%	70.5%	70.7%	70.7%

Ytd is through March 31

These statistics show a growth rate of almost 4% per year in admissions and of 1.8% per year in fees. Future year projections assume continued growth in fees due of 1.8% but a decrease in collection rate from 71% to 69% due to the higher fee. The chart below shows new revenue realized at \$200 fee, effective October 1, 2002.

Year	2002-03	2003-04	2004-05	2005-06	2006-07
Total	\$10.76 M	\$10.96 M	\$11.15 M	\$11.36 M	\$11.6 M
Increase Revenue	\$ 3.84 M	\$5.21 M	\$5.31 M	\$5.4 M	\$5.5 M

OFFENDER SUPERVISION FEES

The new offender supervision fee in Section 1.2 of this bill is \$30. Offenders on probation, parole and post release supervision currently pay \$20/month during their term of supervision. At least half the states collect similar fees, ranging from \$15/month to \$103/month. In a recent survey by the American Probation and Parole Association, of the 19 states that reported specific fee amounts, 11 were \$30 or more.

The current population on probation/parole is 116,856 and is projected to remain stable. Currently, 58% of probationers are ordered to pay the fee and 62% of those pay it for an overall collection rate of 37%. About 75% of those who pay are on community punishment rather than intermediate punishment. Fees are paid to the Clerk of Court and then remitted to the General Fund.

The Department of Correction (DOC) is reviewing policies and is in discussion with the Judicial Branch to encourage higher collection rates. Collection rates were projected to increase to 45% in FY 2003-04 if the fee remained at \$20. With the \$30 fee, collection rates are assumed to plateau at 40% in FY 2002-03. That reduces the net gain from the fee increase in the years FY 2003-04 and later.

Current Collections

Year	1999-2000	2000-01	2001-02 ytd	2001-02 proj
Fees collected	\$10,603,000	\$10,499,000	\$8,103,504	\$10,804,672

**Projected Collections
(assume Oct 1 effective date and 40% collection rate)**

Year	2002-03	2003-04	2004-05	2005-06	2006-07
Total	\$12 Mil.	\$17.99 Mil.	\$17.99 Mil.	\$17.99 Mil.	\$17.99 Mil.
New Revenue	\$4.5 Mil.	\$4.5 Mil.	\$4.5 Mil.	\$4.5 Mil.	\$4.5 Mil.

COLLECTING COURT COSTS ON SEAT BELT/MOTORCYCLE HELMET INFRACTIONS

Section 1.4 will end the exemption from court costs for violators of the mandatory seat belt (driver and passenger) and motorcycle/moped helmet laws. Violators of these infractions do not currently pay court costs, but pay a \$25 fine that is redistributed to the county school fund. In calendar year 2001, there were 184,525 convictions/admissions of responsibility with payment of fines for the seat belt violations. (The number of motorcycle violations is small and not included in revenue projections.)

Offenders will pay the \$25 fine plus the \$75 Court of Justice Fee (assuming \$10 increase in this bill). They will not pay the facilities, LEOB and service fees that are part of other district court criminal actions. Of the \$75 Court of Justice Fee, \$1.05 goes to the State Bar for Access to Civil Justice (7A-474), as reflected in the chart below.

Collections for seat belt violations have increased an average of 6% over the past four years. These projections assume a more conservative growth rate of 3% for the first two years and no growth in future years. This no growth assumption is based on the expectation of some deterrent effect and because of the difficulties of projecting in the future.

Projected impacts are as follows, assuming effective September 1, 2002, for violations on or after that date.

Year	2002-03	2003-04	2004-05	2005-06	2006-07
General Fund	\$10,699,363	\$14,693,792	\$15,349,499	\$15,349,499	\$15,349,499
State Bar/LSNC	\$151,918	\$208,634	\$214,893	\$214,893	\$214,893

GENERAL COURT OF JUSTICE FEES

Section 1.5 increases the General Court of Justice Fees by \$10 for District and Superior Court criminal and civil cases. General Court of Justice fees were last raised by \$4 in 2000. General Court of Justice Fees are currently as follows:

District Court Criminal	\$65
District Court Civil	\$44
Superior Court Criminal	\$72
Superior Court Civil	\$59
Magistrate Civil	\$33
Special Proceedings	\$30
Estates	\$30

Parties also pay facilities and service fees that are remitted to the county, varying from \$17 to \$35, depending on the specific level of court. A Law Enforcement Officers (Retirement) Benefits (LEOB) charge of \$8 applies to criminal cases only.

Each \$1 of General Court of Justice Fees raises approximately \$1,440,469 (excluding special proceedings and estates which would not be affected here) based on FY 2000-01 collections. Court fees have grown modestly in recent years and these projections assume a 1% growth rate each year.

These changes in court fees will be effective September 1 for violations on or after that date. The projected impact is as follows:

2002-03	2003-04	2004-05	2005-06	2006-07
\$10,803,517	\$14,548,737	\$14,694,224	\$14,841,167	\$14,989,578

Section 1.5 also establishes for a person convicted of a felony in superior court that also had a first appearance in district court, both district (\$75) and superior court (\$82) fees apply. Because the collection rate on convicted felony offenders is low and because many fees that are currently paid are only paid in part, this change is anticipated to bring in about \$750,000 per year. Applying to offenses on or after September 1, \$375,000 is projected the first year.

EXPUNGEMENT FEE

Section 1.6 authorizes the Department of Justice (DOJ) to charge \$65 to process an expungement request beginning October 1, 2002. NCGS 15A-145 and 15A-146 state that “the cost of expunging such records shall be taxed against the petitioner,” but to date, no petitioners have ever been charged for this service. This new fee will cover the Department’s cost of researching, documenting and eliminating criminal records targeted for expungement. According to DOJ data, in calendar year 2001 the State Bureau of Investigation received 5,897 applications for expungement. Of that total, 4,734 qualified for an expungement and were processed. About 15 percent of expungement applications are not generated by the petitioner or required by the court as a result of NCGS 15A-145 and 15A-146 and may result from judgment or court orders involving the indigent or the wrongfully accused. For these requests, no charges would be assessed for the cost of processing their expungement.

	FY02-03	FY03-04	FY04-05	FY05-06	FY06-07
# Applications Submitted	5,900	5,900	5,900	5,900	5,900
# Applications Exempt from Fee	900	900	900	900	900
Collection Rate	80%	80%	80%	80%	80%
Estimated Total Receipts	\$ 195,000	\$ 261,000	\$ 261,000	\$ 261,000	\$ 261,000

NO COURT COSTS FOR DOMESTIC VIOLENCE CASES

Section 1.8 requires that court costs be waived in cases of filings for protective orders or witness subpoenas related to cases of domestic violence (Chapter 50B). This is a requirement for the state to be in compliance with the federal Violence Against Women Act.

Under current law, the cost of filing for a protective order is \$65 in District Civil Court with \$44 of this going to the General Fund for General Court of Justice fees and the remaining \$21 going to local governments as a facilities and service fees. However, because court fees are waived if the party is indigent, not all domestic violence victims currently pay these fees. Administrative Office of the Courts' (AOC) data indicates that there were 21,615 cases in 2001 where domestic violence and ex parte restraining orders were the only issues. (There were an estimated 4,880 cases where domestic violence was only one of the issues and that court fees would still apply.) The AOC estimates that, at most, 15% (or 3,242 cases) of these plaintiffs are currently paying court fees. The cost of prohibiting the levying of court fees in these cases on an annualized basis would be:

General Fund	\$142,648
Local Government (facilities fees)	\$ 51,872
Local Government (service fees)	\$ 16,210

This represents a .14% reduction in General Fund receipts from court fees and a .3% reduction in facilities fees. With an effective date of October 1, the costs in foregone receipts would be reduced by 25%, so the impact in FY 2002-03 is \$106,986 General Fund and \$51,061 local government.

WORTHLESS CHECK PROGRAM FEE

The worthless check program, administered by District Attorney's Offices in eight judicial districts/13 counties, gives individuals who have written bad checks a last chance to avoid criminal prosecution by paying a fee and making restitution on the bad check. In CY 2001, the program collected restitution on 13,375 worthless checks. The current fee is \$50, set when the program was established in 1997. In FY 2001-02, \$670,300 was collected from this fee. An increase to \$60 in Section 1.9 will increase receipts by \$134,000 on an annualized basis. With an effective date of October 1, first year proceeds are \$100,545.

The total direct cost of the program is budgeted at \$619,574 with additional expenses covered in the \$56 million budget for district attorneys. These receipts are budgeted against the cost of this program.

SBI LABORATORY ANALYSES FEE

The SBI Crime Laboratory performs 25,000 to 30,000 drug, 3,000 alcohol, and 1,700 molecular genetic (DNA and body fluids) analyses annually. Current statute gives judges the discretion to require that persons with drug convictions make a restitution payment of \$100 to the state to cover the cost of analyses performed by the SBI Crime Laboratory. However, the statute does not permit judges to order restitution payments for the cost of alcohol analyses performed for DWI cases or

for any DNA analyses. While current statute permits judges to order a \$100 restitution payment, the costs of the analyses are \$300. Judges currently order restitution payments for only about 10 percent of the analyses performed. In FY 2000-01, the SBI received restitution payments for 2,500 of the analyses performed. Effective October 1, 2002, Section 1.10 1 requires that: 1) convicted offenders pay restitution for the cost of laboratory analyses, unless the judges waives such a payment; 2) extends laboratory restitution payments to alcohol and DNA analyses; and 3) increases the laboratory restitution payment to \$300. Unknown at this time is the actual number of cases for which judges will waive the restitution requirement. Therefore, the fiscal estimates assume restitution payments shall be ordered in 20 percent of cases, double the existing rate. In addition, it is assumed the collection rate will be equivalent to that for parole and probation fees in the Department of Correction, about 35 percent.

	FY02-03	FY03-04	FY04-05	FY05-06	FY06-07
# Drug, Alcohol & DNA analyses	32,000	32,000	32,000	32,000	32,000
# Restitutions Ordered by Judges	4,800	6,400	6,400	6,400	6,400
Collection Rate	35%	35%	35%	35%	35%
Estimated Total Receipts	\$504,000	\$670,000	\$670,000	\$670,000	\$670,000

DCI PIN TERMINAL RENT INCREASE

Effective January 1, 2003, Section 1.11 increases the rental rates charged to local law enforcement agencies to access the Police Information Network (PIN) maintained by the Department of Justice, Division of Criminal Information (DCI). The DCI PIN is the primary database used by local law enforcement to obtain criminal justice information on individuals. Law enforcement agencies pay a rental rate for both the terminal connections and the devices used to access the database. The Office of State Budget and Management recently studied the DCI fee structure and issued a report containing recommended fee adjustments. The adjustments will bring the rental rates in line with the Department's actual costs to maintain the DCI database. As a result of the recommended adjustments, the rental rates paid by some local agencies will increase while others will decrease, depending upon the number of circuits and devices used. Effective January 1, 2003, the new monthly rates are \$67 per circuit and \$29.50 per terminal. In FY 2002-03, the rate increase will generate \$500,000 in additional receipts. For Fiscal Years 2003 through 2007, receipts will increase by \$1 million annually.

APPOINTMENT FEE FOR INDIGENT DEFENSE

Section 1.12 authorizes a new \$50 fee for persons requesting appointment of counsel in criminal cases. This fee will be due at the time of appointment but inability to pay the fee shall not prevent the person from receiving counsel. The fee is due regardless of the outcome of the case, and if it has not been paid by the conclusion of the case, the unpaid balance will be combined with any other judgments related to the case. Of the \$50, \$5 shall be credited to the Court Information Technology Fund (7A-343.2) and the remainder shall be budgeted as a receipt to the Office of Indigent Defense Services.

As of December 2001, 17 states and counties within five other states had instituted application/appointment fees for indigent counsel with the actual fee varying from \$10 to \$200. Collection rates vary from 6% to 20%. Based on 200,000 cases per year and a collection rate of 10%, this fee will raise \$1,000,000 per year. With an effective date of October 1, 2002, the first year proceeds would be \$750,000. Of this, \$75,000 will go to the Court Information Technology Fund. These projections do not assume any growth in revenue over time until there is better data on collection and implementation.

JUSTICE ACADEMY LODGING FEE

The NC Justice Academy provides free training to state and local law enforcement personnel at its two campuses located in Salemburg and Edneyville. Both campuses offer dormitory lodging free of charge to students enrolled in the academy. Students who do not stay on campus must pay the full cost of commercial lodging at area hotels/motels. There are 295 dormitory rooms available at the Salemburg campus and 68 rooms at the Edneyville campus. In FY 2000-01, 10,684 students were housed in dormitories while enrolled in courses at the two campuses. Section 1.13 charges a \$10 per diem fee to cover the cost of dormitory lodging offered at the Justice Academy campuses and would generate about \$395,000 annually. According to data from the Department of Justice, housing related costs at the two campuses total about \$450,000 annually.

	FY02-03	FY03-04	FY04-05	FY05-06	FY06-07
# Dormitory Rooms	363	363	363	363	363
Average Occupancy Rate	57%	57%	57%	57%	57%
Estimated Total Receipts	\$295,000	\$395,000	\$395,000	\$395,000	\$395,000

INCREASE MAGISTRATE SPECIAL FEES

Section 1.14 increases special fees charged by magistrates. GS 7A-309 itemizes five different special fees that may be charged by magistrates. The marriage fee was last raised in 1983 from \$5 to \$10. The chart below shows the current fees and the proposed increases.

<u>Fee</u>	<u>Current</u>	<u>Proposed</u>
Marriage Ceremony	\$10	\$20
Hearing petition for year’s allowance	\$ 4	\$ 8
Taking Deposition	\$ 5	\$10
Proof of execution or acknowledgment of any instrument	\$ 1	\$ 2
Other statutory functions not incident to civil/criminal action	\$ 1	\$ 2

Together, these fees brought in \$224,619 in FY 1999-2000 and \$253,669 in FY 2000-01. Using the most recent figures, doubling each fee would double the receipts for a net gain of \$253,669. With an October 1 effective date, the FY 2002-03 proceeds would be \$190,251.

PART II: DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES FEES

HAZARDOUS WASTE FACILITY FEES

Every facility that generates hazardous waste is required to pay a hazardous waste facility fee based on the amount of waste generated. The fee is set in statute [G.S. 130A-294.1(e) & (f)] and is currently \$500 for large quantity generators (in excess of 1,000 kilograms of hazardous waste in any calendar month) and \$25 for small quantity generators (between 100 to 1,000 kilograms). Sections 2.1 and 2.2 of the bill increase these fees to \$750 and \$37.50, respectively.

The Division of Waste Management has observed a modest reduction in number of both large and small quantity generators over the past few years due to hazardous waste production minimization

efforts. The Division expects this trend to level off in the future, but believes the number of large and small quantity generators will continue to decline by approximately 3% in each of the next five years. The charts below provide a five-year estimate of the number of facilities required to pay the fee and the incremental revenue generated by raising the fee. Note that since the effective date of this bill is October 1, there will be no additional revenue generated in FY 2002-03 because the Division of Waste Management bills facilities in July of each fiscal year.

Estimated Number of Facilities Impacted by Fee					
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
# of Large Quantity Generators	493	478	464	450	436
# of Small Quantity Generators	2,098	2,035	1,974	1,915	1,857

Estimated Additional Revenue Generated by Fee Increases					
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Additional revenue generated at \$750	\$0	\$119,553	\$115,966	\$112,487	\$109,112
Additional revenue generated at \$37.50	\$0	\$25,438	\$24,675	\$23,935	\$23,217
Total Additional Revenue Generated	\$0	\$144,991	\$140,641	\$136,422	\$132,329

FOOD AND LODGING FACILITY FEES

Currently, food and lodging facilities subject to regulation under G.S. 130A-248 pay an annual fee of \$25 to the Department of Environment and Natural Resources (DENR). By statute, no more than one-third of the fees collected can be used to support the state food and lodging program. Two-thirds of the fees collected are distributed to the local food and lodging programs at the county level. Sections 2.3 and 2.4 increase the annual fee to \$50. The method of collection and distribution of the fees remains the same.

Because the actual number of facilities billed annually varies from year to year, this fiscal note will use an average based on actual numbers from the two most recent years to estimate the number of facilities that will be subject to the fee increase in each of the next five years. Using an average of 26,600 food and lodging facilities, this note estimates that approximately \$665,000 in additional fee revenue will be raised annually from the fee increase to \$50. **Of this total amount, \$221,667 will remain at the state level and \$443,333 will be distributed to local programs at the county level in each of next five years.** In FY 2002-03, these totals will be reduced 25% due to the October 1 effective date.

In addition to raising the annual food and lodging fee, the bill also establishes two new fees: 1) a \$200 fee that DENR may charge for plan review of franchised or chain facilities for food establishments subject to food and lodging regulation; and 2) a fee not to exceed \$200 that local health departments may charge for plan review of local “mom and pop” type restaurants, whose food establishment plans are not reviewed by the state staff.

The number of plans reviewed at the state level varies between 300 and 500 per year. The Division believes that most of this variance is due to the health of the economy. When the economy is strong, franchises are expanding. When the economy is weak, franchises are less likely to expand. This fiscal note assumes that the Division will review an average of 400 plans annually in each of the next five years. At \$200, the plan review fee will generate \$80,000 at the state level. The additional revenue will be \$60,000 in FY 2002-03 due to the October 1 effective date.

The Division estimates that approximately 1,000 plans are reviewed at the local level on an annual basis. Since the fee language is permissive and allows local health departments to charge up to \$200, it is impossible to know without polling every health department which ones would take advantage of this fee setting authority and at what level they would choose to set the fee. If you assume that every health department sets the fee at \$200, then the plan review fee will generate \$200,000 in each of the next five fiscal years at the local level. The FY 2002-03 revenue will be \$150,000 due to the October 1 effective date.

CARS ENTRY FEES AT FALLS AND JORDAN LAKES STATE RECREATION AREAS

Currently, the Division of Parks and Recreation charges a \$4 entry fee to each car that enters Falls and Jordan Lakes State Recreation Areas. Section 2.5 of the bill directs the Division to adopt temporary rules to increase the car entry fee to \$5. The amount of revenue generated by this fee increase is dependent on the number of cars entering each recreation area. Over the past three years, the number of cars entering Falls Lake has increased by 3% per year. At Jordan Lake, the number of cars entering decreased from FY1999 to FY 2000, but rebounded in 2001. The Division expects the number of cars entering each recreation area will continue to rise in the next few years due to a decline in travel outside the state and a greater use of state resources, like the parks. Based on past experience and assumption that North Carolina citizens will use the state recreation areas in increasingly greater numbers, this fiscal note assumes that each park will see an annual usage increase of approximately 3% in each of the next five years. The charts below provide a five-year estimate of the number of cars entering Falls and Jordan Lakes State Recreation Areas and the incremental revenue generated by raising the fee by \$1.00.

Estimated Number of Cars Entering State Recreation Areas					
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Total # of cars entering Falls Lake State Recreation Area	52,564	54,141	55,765	57,438	59,161
Total # of cars entering Jordan Lake State Recreation Area	72,642	74,821	77,066	79,378	81,759

Estimated Additional Revenue Generated by Raising Fee from \$4.00 to \$5.00					
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Incremental Revenue Generated at Falls Lake	\$39,423	\$54,141	\$55,765	\$57,438	\$59,161
Incremental Revenue Generated at Jordan Lake	\$54,481	\$74,821	\$77,066	\$79,378	\$81,759
Total Additional Revenue	\$93,904	\$128,962	\$132,831	\$136,816	\$140,920

Note: The revenue projection for FY 2002-03 has been reduced by 25% to reflect the October 1 effective date of the bill.

PART III: DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES FEES

VETERINARY SERVICES

Sections 3.1-3.3 raise license fees for operations of pet shops, public auctions and boarding kennels, and cat and dog dealers from \$50.00 to \$100.00. These fees have not been changed since 1979. Since the Department has already sent the annual license renewal bills for FY 2002-03, the fee increase will not generate any additional General Fund availability until FY 2003-04. The table below reflects the total increase in revenues from all three fees.

Fiscal Year	2002-03	2003-04	2004-05	2005-06	2006-07
Increased Revenue	\$0	\$17,650	\$17,650	\$17,650	\$17,650

Section 3.4 raises the fee for recording of livestock brands from \$25 to \$50. This fee has not been increased since 1975. Section 3.9 increases the fees for public livestock market permits from \$250 to \$350. This fee has not been increased since 1967. This section also increases the annual renewal for public livestock market permits from \$100 to \$150. This fee has not been increased since 1941. Section 3.10 initiates a new fee for livestock dealers. The Department estimates that 481 licenses are issued annually. At a fee rate of \$50, this fee will generate \$24,050 annually. Section 3.11(a) initiates a fee for poultry/ratite dealer licenses, effective January 1, 2003. The Department issues approximately 419 dealer licenses annually. At a rate of \$20, this fee will generate \$8,380 annually. The table below reflects the total increase in revenues.

Fiscal Year	2002-03	2003-04	2004-05	2005-06	2006-07
Increased Revenue	\$40,355	\$40,355	\$40,355	\$40,355	\$40,355

Section 3.17 increases several veterinary services fees for animal disease diagnostics. These fees have not been increased since 1990 or earlier. This section also initiates fee for cytology tests and necropsy disposal. With an effective date of October 1, 2002, revenues will be 25% less for FY 2002-03 than in subsequent years. The table below reflects the total increase in revenues.

Fiscal Year	2002-03	2003-04	2004-05	2005-06	2006-07
Increased Revenue	\$349,668	\$466,224	\$466,224	\$466,224	\$466,224

WEIGHT AND MEASURES

Section 3.5 (a) repeals the fee schedule for the NC Standards Laboratory. Section 3.5 (b) establishes a revised fee schedule. Since the inception date of 1992, fees charged by the Standards Lab have not increased. The Department estimates the cost of service to be \$261,400 annually, while receipts for FY 2000-01 were \$85,734. Even with these increases, the Standards Lab will not fully recover costs. In addition to increasing fees, the schedule has been condensed to reduce the number of fees, thereby reducing administrative time. Given the effective date of October 1, 2002, revenues would be 25% less for FY 2002-03 than in subsequent years. The table below reflects the total increase in revenues.

Fiscal Year	2002-03	2003-04	2004-05	2005-06	2006-07
Increased Revenue	\$23,408	\$31,210	\$31,210	\$31,210	\$31,210

FOOD AND DRUG PROTECTION

Section 3.6 increases the inspection fees charged to wholesale and retail dairy establishments. Wholesale inspections are increased from \$40 to \$60 and retail inspections from \$10 to \$15. Neither of these fees has been increased since 1989. The increase in revenues from these two fees will be \$13,260 annually. Section 3.8 (a) increases the annual registration fee for commercial non-canned pet food from \$3 to \$5. The Department issues 14,364 licenses each December. This increase will generate an additional \$428,728 annually. Section 3.8 (b) increases the registration fee for canned pet food distributed in the state only in packages of five pounds or less. The current fee is \$30. This section increases it to \$45. At 3,317 annual registrations, this increase will generate an additional \$49,755 annually. Sections 3.12-3.15 increases fees for licensing of pesticide dealer, applicators and consultants. The fees, which have not been increased since 1989, are increasing from \$30 to \$45. Section 3.14 also increases the pesticide aircraft inspection fee from \$10 to \$15. With the exception of the commercial feed registrations, which are renewed each December, the October 1, 2002, effective date will decrease the additional revenues generated by 25% for FY 2002-03 than in subsequent years. The table below reflects the total increase in revenues.

Fiscal Year	2002-03	2003-04	2004-05	2005-06	2006-07
Increased Revenue	\$337,449	\$423,798	\$423,798	\$423,798	\$423,798

PLANT INDUSTRY

Section 3.7 increases license and inspection fees paid by seed dealers. The first fee increases the rate charged to wholesale or combined wholesale and retail seed dealers from \$100 to \$145. The other three increases are to retail seed dealers. There is a graduated scale which depends on the amount of sales generated by the retailer. These fees have not been increased since 1989. The licenses are renewed each January 1, therefore, a full year's increase would be realized with an effective date of October 1, 2002. The table below reflects the total increase in revenues.

Fiscal Year	2002-03	2003-04	2004-05	2005-06	2006-07
Increased Revenue	\$38,110	\$38,110	\$38,110	\$38,110	\$38,110

AGRONOMIC SERVICES

Section 3.16 initiates six new fees for soil testing and increases six existing fees. The increases were recommended by the Department to reflect the actual cost of conducting the tests. Currently, North Carolina does not charge for several types of soil testing, including testing of samples from

outside the state. This new fee schedule would bring North Carolina's fees for soil testing in line with surrounding states. Due to the October 1, 2002, effective date, additional revenues generated by these new fee rates will be 25% less in FY 2002-03 than in subsequent years. The table below reflects the total increase in revenues.

Fiscal Year	2002-03	2003-04	2004-05	2005-06	2006-07
Increased Revenue	\$719,298	\$959,054	\$959,054	\$959,054	\$959,054

PART IV: DEPARTMENT OF HEALTH AND HUMAN SERVICES FEES

VITAL RECORDS

Section 4.1 amends GS 130A-93.1 to increase all vital records transactions to \$15. According to available historical information, the sale of vital records information has demonstrated healthy annual increases. However, not knowing how the fee increase will impact sales and growth, the projections are based on a modest 5% annual increase in vital records sales. FY 2002-03 revenues are adjusted for the October 1, 2002, effective date.

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Total Transactions	122,711	128,847	135,289	142,053	149,156
Total Revenues	\$1,674,253	\$1,932,698	\$2,029,333	\$2,130,800	\$2,237,340
Approximate Revenues @ Current fees	\$1,175,018	\$1,233,769	\$1,295,457	\$1,360,230	\$1,428,242
New Revenues	\$499,235	\$698,929	\$733,876	\$770,570	\$809,098

NEWBORN SCREENING LABORATORY TEST FEE

The State Laboratory currently performs newborn screening tests for all children born in the state pursuant to G.S. 130A-125. Section 4.2 establishes a \$10 fee for each test performed by the State Lab, to be charged to hospitals and birthing centers. The fee is expected to generate sufficient funds to make the Newborn Screening Program completely receipt supported. The proposed bill also allows the Department to increase the fee amount if the costs of performing each test exceed \$10. The State Lab anticipates performing 115,000 tests in FY 2002-03. Due to the October 1, 2002, effective date, only 86,250 tests will be charged the \$10 fee in FY 2002-03. The five-year projection is based on a modest annual increase in the state birth rate of 2%.

	2002-03	2003-04	2004-05	2005-06	2006-07
Total Transactions	86,250	117,300	119,646	122,039	124,480
Total Revenues	\$862,500	\$1,173,000	\$1,196,460	\$1,220,389	\$1,244,797

PART V: SECRETARY OF STATE FEES

NOTARY PUBLIC COMMISSION FEE

Section 5.1 amends Chapter 10A of the General Statutes to increase the notary commission fee, effective October 1, 2002, from \$30 to \$50. This \$20 increase will generate approximately \$606,560 in additional revenue annually.

	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Notary Commission	\$454,920	\$606,560	\$606,560	\$606,560	\$606,560

SECURITIES DIVISION FEES

Sections 5.2 through 5.4 adjust three Securities Division fees regarding types of securities registrations known nationally as Rule 504 and Rule 505 limited placement offerings and Rule 506 federally covered securities offered to accredited investors. The Rule 504-506 registration fees are currently set by administrative rule with statutory caps. General Statute sections 78A-17(9,17) and 78A-31(b) will be amended effective October 1, 2002, to set the respective fees at the current statutory caps of \$150. The Rule 504 registration fee is currently \$25; raising this fee should generate approximately \$1,625 in additional revenue (13 annual registrants). The Rule 505 registration fee is currently \$75; raising this fee should generate approximately \$375 in additional revenue (5 annual registrants). The Rule 506 registration fee is currently \$75; raising this fee should generate approximately \$86,850 in additional revenue (1,158 annual registrants).

Section 5.14 amends G.S. 78A-37(b) to increase the registration fee for broker/dealers from \$200 to \$300. It also increases the registration fee for salesmen from \$55 to \$75. With 908 registered broker/dealers and 122,078 registered salesmen, the increases are expected to generate \$2,664,260 annually.

Section 5.15 amends G.S. 78C-17(b) effective October 1, 2002, to increase the investment adviser representative registration fee from \$45 to \$75. With 13,448 representatives registered in North Carolina, this will generate approximately \$403,440 in additional revenue annually.

Section 5.17 amends G.S. 78A-31(a)(4) to increase the investment company notice filing from \$100 to \$200 annually. This increase is expected to generate \$188,400 in additional revenue annually.

	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
504	\$1,218	\$1,625	\$1,625	\$1,625	\$1,625
505	\$281	\$375	\$375	\$375	\$375
506	\$65,137	\$86,850	\$86,850	\$86,850	\$86,850
Broker/Dealer	\$167,025	\$222,700	\$222,700	\$222,700	\$222,700
Salesman	\$1,831,170	\$2,441,560	\$2,441,560	\$2,441,560	\$2,441,560
Inv. Advisor Rep.	\$302,580	\$403,440	\$403,440	\$403,440	\$403,440
Inv. Co. Notice					
Renewal	\$141,300	\$188,400	\$188,400	\$188,400	\$188,400

CORPORATIONS DIVISION CERTIFIED DOCUMENT FEES

The Corporations Division will currently provide any requestor with a certified copy of any document on file with the Division for \$5 per certificate. This includes Certificates of Existence for domestic corporations and Certificates of Authorization for foreign corporations. These certificates are available both on paper and electronically. Sections 5.5 to 5.11 increase the \$5 certificate fees in GS 55-1-22(a)(25), 55-1-22(c)(2), 55A-1-22(a)(26), 55A-1-22 (c)(2), 57C-1-22(a)(24), 57C-1-22(c)(2) and 59-1106(c)(2), effective October 1, 2002, to \$15 for paper certificates and \$10 for electronic certificates. Division management estimates this will generate \$175,000 in additional revenue annually. (\$131,250 in FY 2002-03 due to October 1 effective date.)

Section 5.5 also increases the application for reserved name fee in GS 55-1-22(a)(2) from \$10 to \$30, the application for certificate of withdrawal fee in GS 55-1-22(a)(21) from \$10 to \$25, and the application for an amended certificate of authority in GS 55-1-22(a)(20) from \$50 to \$75. The additional revenue from these increases is expected to be \$69,175, annually.

	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Amended Cert. Auth.	\$1,650	\$2,200	\$2,200	\$2,200	\$2,200
App. Cert. Withdrawal	\$15,311	\$20,415	\$20,415	\$20,415	\$20,415
App. Reserved Name	\$34,920	\$46,560	\$46,560	\$46,560	\$46,560
Certificates of Existence/Authorization	\$131,250	\$175,000	\$175,000	\$175,000	\$175,000

AUTHENTICATION SECTION CERTIFIED DOCUMENT FEES (FEE REDUCTION)

The Authentication Section provides authentication services on North Carolina documents that will be used in foreign countries. The Section issues apostilles, authentications and certificates (herein generically “certificates”) relating to a variety of documents, including birth certificates, marriage certificates, statements of martial status, articles of incorporation, corporate bylaws, certificates of merger, powers of attorney, patent applications, trademarks, diplomas, school transcripts, deeds and assignments of interest. Recently, several countries (notably Russia and Belarus) have begun requiring that duplicate sets of authenticated documents be filed relating to adoptions. The departmental resources required to generate extra certificates relating to a single document are negligible. The current fee for authenticating a document is \$10 per certificate (increased from \$6.25 effective January 1, 1999). Section 5.12 amends GS 147-37 effective October 1, 2002, to reduce the certificate fee for second (and further multiple) concurrently requested certificates for foreign adoptions only from \$10 to \$5. Section staff estimates that this change will reduce section revenue by approximately \$30,000 per year.

	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Authentication Certified Document	(\$22,500)	(\$30,000)	(\$30,000)	(\$30,000)	(\$30,000)

LOBBYIST REGISTRATION FEES

Section 5.13 amends GS 120-47.3 to increase the registration fee for lobbyists from \$75 annually to \$200 annually. This increase is expected to generate \$113,500 annually.

	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Lobbyist Registration	\$85,125	\$113,500	\$113,500	\$113,500	\$113,500

TRADEMARK/SERVICE MARK REGISTRATION FEES

Section 5.16 amends GS 80-3 to increase the application fee for a trademark or service mark from \$50 to \$75. This increase is expected to generate \$14,800 in additional revenue annually.

	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Service Mark Reg.	\$11,100	\$14,800	\$14,800	\$14,800	\$14,800

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