

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 942 (First Edition)

**SHORT TITLE:** Locksmith Licensure

**SPONSOR(S):** Representatives Hurley, et al.

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>	<b><u>FY 2005-06</u></b>
<b>REVENUES</b>					
Special Fund	\$220,000	\$21,000	\$22,200	\$163,100	\$31,300
<b>EXPENDITURES</b>					
Special Fund		To be determined by Board			
General Fund		No Fiscal Impact			
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> North Carolina Locksmith Licensing Board					
<b>EFFECTIVE DATE:</b> This act is effective when it becomes law.					

**BILL SUMMARY:**

The bill establishes a nine member North Carolina Locksmith Licensing Board to administer the provisions of the new Locksmith Licensing Act. Locksmiths will be required to obtain a license, renewable every three years.

**BACKGROUND:**

The Legislative Committee on New Licensing Boards recommended the licensing of locksmiths in its report published on June 6, 2001. According to the Associated Locksmiths of America (ALOA), the following states license locksmiths: California, Nevada, Nebraska, Illinois, Louisiana, New Jersey, and Dade County Florida.

**ASSUMPTIONS AND METHODOLOGY:**

**North Carolina Locksmith Licensing Board**

In response to a question from the Legislative Committee on New Licensing Boards, industry spokesmen said there are approximately 1,400 to 1,500 locksmiths in North Carolina. This estimate is reasonable given that the US Census Bureau reported 1,899 persons were employed in security systems services in North Carolina in its 1997 Economic

Census. There were 137 security systems services businesses employing 1,625 people and 91 locksmiths employing 274 people. Not all personnel employed by these firms would be licensed under this act. The North Carolina Locksmith Association (NCLA) believes the number of new locksmiths in the state will increase 5% each year over the next five years. This fiscal note will assume a base of 1,400 locksmiths and a 5% growth rate for licensees as follows:

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Licensees	1,400	1,470	1,544	1,621	1702

Current and future locksmiths will pay a license fee of up to \$100 every three years. New licensees will take an examination created by the North Carolina Locksmith Licensing Board and pay an exam fee of up to \$200. In FY 2001-02, the North Carolina Locksmith Association estimates that 1,000 of the current 1,400 locksmiths will be exempt from exam requirements, thus leaving 400 locksmiths that will take the exam and pay up to \$200. There is no estimate for the number of locksmiths that will pay reinstatement or late fees. The following chart shows the projected revenue from the maximum fees allowed in this bill.

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Current/Renewal	\$140,000			\$140,000	\$7,000
New License		\$7,000	\$7,400	\$7,700	\$8,100
Exam	<u>\$80,000</u>	<u>\$14,000</u>	<u>\$14,800</u>	<u>\$15,400</u>	<u>\$16,200</u>
Total	\$220,000	\$21,000	\$22,200	\$163,100	\$31,300

**Department of Correction and Judicial Branch**

Under section 74F-3, any person who is not licensed in North Carolina that performs locksmith services shall be guilty of a Class 3 misdemeanor. Given the misdemeanor offense, the General Assembly's Fiscal Research Division does not expect an impact on the prison population. In FY 1999-2000, 17% of Class 3 misdemeanors resulted in active sentences, with an average sentence length of 8 days. Sentences under 90 days are served in county jails. Additionally, it is the opinion of the Administrative Office of the Courts and the Fiscal Research Division that the conduct proscribed in this bill would not occur with great regularity as to result in a substantial impact on the court system.

**FISCAL RESEARCH DIVISION 733-4910**

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**DATE:** June 15, 2001



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