

GENERAL ASSEMBLY OF NORTH CAROLINA



Legislative Fiscal Note

BILL NUMBER: House Bill 803 (Second Edition)

SHORT TITLE: Manufactured Housing License Amendments.

SPONSOR(S): Representative Holliman

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>
REVENUES:					
Late fee	35,550	21,300	12,750	7,700	4,625
License	<u>6,900</u>	<u>6,900</u>	<u>6,900</u>	<u>6,900</u>	<u>6,900</u>
Total	42,450	28,200	19,650	14,600	11,525
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: North Carolina Office of the State Fire Marshal.					
EFFECTIVE DATE: When law.					

BILL SUMMARY: This legislation allows the Office of the State Fire Marshal (OSFM) to assess a late fee for manufactured building license renewals submitted after June 30th of a given year. It also eliminates the supplemental dealer license from state statute. Approximately 25% of license renewals are submitted after the due date. The late fee is intended to discourage this practice. The elimination of the supplemental license designation is aimed at simplifying administration of the fee and treating manufactured building dealers more equitably as only the larger manufactured building retailers are the ones who benefit from the lower cost supplemental dealer license.

The second edition of the bill clarifies that manufactured home retailers must obtain a separate license for each place of business they operate and adds continuing education requirements as criteria for obtaining a license or license renewal. The second edition also sets a statutory maximum late filing fee of \$300. OSFM estimates they will approve a late filing fee of \$100 via administrative rule. These changes do not affect the fiscal impact.

ASSUMPTIONS AND METHODOLOGY: This legislation has two fiscal impacts. The first results from the addition of a late fee on applications submitted after the June 30th due date. The Office of the State Fire Marshal estimates that 25% of applications for license renewals are received late, and that the late applications are evenly distributed across all types of manufactured building licensees.

License Type	# Issued Annually	Current fee	Proposed late fee	% late
Manufacturer	56	\$300	\$100	25%
Retailer	567	\$250	\$100	25%
Set-up contractor	392	\$250	\$100	25%
Salesperson	1624	\$25	\$25	25%

From this data, additional late fee revenue of \$35,550 is projected for 2005-2006. It is likely that the number of late license renewals will quickly decrease as a result of the late fee. The projection assumes a 30% reduction in late license renewals per year.

The second fiscal impact is the removal of the supplemental dealer license designation. A supplemental dealer is a location other than the main retailer location. Larger manufactured building dealers frequently set up and shut down different locations, and the OSFM has found it difficult to track these locations. Currently, there are 46 supplemental dealer licenses issued at a cost of \$100 per license. This legislation would increase the cost of licensing those locations to the standard retailer rate of \$250, resulting in an additional \$6,900 in revenue each year.

SOURCES OF DATA: North Carolina Office of the State Fire Marshal

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Brenna Erford and Rodney Bizzell

APPROVED BY: James D. Johnson, Director
Fiscal Research Division



DATE: April 18, 2005

Signed Copy Located in the NCGA Principal Clerk's Offices