



NORTH CAROLINA GENERAL ASSEMBLY

Session 2021

Fiscal Analysis Memorandum

CONFIDENTIAL

Requestor: Representatives Setzer, Wray, Szoka, Bradford, and Kidwell
Analyst(s): Karen Hammonds-Blanks
RE: PCS for House Bill 865

SUMMARY TABLE

FISCAL IMPACT OF PCS FOR H.B. 865 (\$ in thousands)

| | <u>FY 2021-22</u> | <u>FY 2022-23</u> | <u>FY 2023-24</u> | <u>FY 2024-25</u> | <u>FY 2025-26</u> |
|--------------------------------|--|-------------------|-------------------|-------------------|-------------------|
| State Impact | | | | | |
| General Fund Revenue | - | - | - | - | - |
| <u>Less Expenditures</u> | - | - | - | - | - |
| General Fund Impact | No Estimate Available - Refer to Fiscal Analysis section | | | | |
| Special Fund Revenues | - | - | - | - | - |
| <u>Less Expenditures</u> | - | - | - | - | - |
| Special Fund Impact | No Estimate Available - Refer to Fiscal Analysis section | | | | |
| NET STATE IMPACT | No Estimate Available - Refer to Fiscal Analysis section | | | | |
| Local Impact | | | | | |
| Local Revenue | - | - | - | - | - |
| <u>Less Local Expenditures</u> | - | - | - | - | - |
| NET LOCAL IMPACT | No Estimate Available - Refer to Fiscal Analysis section | | | | |
| STATE POSITIONS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |



FISCAL IMPACT SUMMARY

The proposed committee substitute (PCS) for House Bill 865 would authorize the North Carolina Code Officials Qualification Board (Q-Board) to certify, register, and regulate private inspectors to conduct inspections of commercial buildings and structures for compliance with the State Building Code (Code) and to issue certificates of compliance with the Code.

The PCS authorizes the Q-Board to establish new certification, renewal, and registration fees for private commercial inspectors and requires local governments to reduce building permit fees by 75% when a permit applicant elects to use a private commercial inspector.

The implementation of the PCS is likely to have a fiscal impact on the Department of Insurance (DOI) budget, but an estimated cost is not possible at this time. However, the combination of new certification fee revenue authorized in the bill along with the current authority to use revenue in the Insurance Regulatory Fund for this purpose will be sufficient to cover the additional cost to the State.

The implementation of the PCS is likely to have a fiscal impact on local municipalities, but the impact is indeterminable.

FISCAL ANALYSIS

DOI provides direct support to the 20-member Q-Board in carrying out its statutory responsibilities to establish minimum standards for employment as a Code-enforcement official and to certify persons as being qualified under the provisions of Chapter 143, Article 7 to be Code-enforcement officials.

The estimated cost to DOI to assist the Q-Board in carrying its responsibilities is currently \$483,697, including a fulltime staff of 6 FTE and a temporary support position. This amount does not include the cost of one Assistant Attorney General whose duties include providing legal representation to the Board and handling any licensing actions or other litigation on behalf of the Board. The amount also does not include the investigatory cost to DOI when complaints against local code officials arise. This fiscal information was not available to incorporate into this analysis.

The cost of the Q-Board and all associated costs is fully offset by the Insurance Regulatory Fund.

According to the DOI, the PCS has the potential to increase complaints to the Q-Board. If this occurs, additional costs for legal and investigatory support will be incurred. However, a cost estimate is not possible.

New Commercial Inspection Fee Structure

The PCS amends G.S. 143.16 to set a \$250 initial application fee for certification of private commercial inspectors, an annual certification renewal fee of \$200, and \$20 for registration applications or amendments for private commercial inspectors.



The implementation of the new fee structure is likely to generate additional revenue to the State, but an estimate is not possible.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

DEPARTMENT OF INSURANCE

FISCAL ANALYSIS MEMORANDUM – PURPOSE AND LIMITATIONS

This document is a fiscal analysis of a bill, draft bill, amendment, committee substitute, or conference committee report that is confidential under Chapter 120 of the General Statutes. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts. This document is not an official fiscal note. If a formal fiscal note is requested, please email your request to the Fiscal Research Division at FiscalNoteRequests@ncleg.net or call (919) 733-4910.

