

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**Session 2017**

**Legislative Fiscal Note**

**BILL NUMBER:** House Bill 230 (First Edition)  
**SHORT TITLE:** Revised Uniform Athlete Agents Act.  
**SPONSOR(S):** Representative Davis

<b>FISCAL IMPACT</b>					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
<b>State Impact</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
General Fund Revenues:	\$0	\$0	\$0	\$0	\$0
General Fund Expenditures:	\$547,483	\$493,483	\$493,483	\$493,483	\$493,483
State Positions:					
<b>NET STATE IMPACT</b>	<b>(\$547,483)</b>	<b>(\$493,483)</b>	<b>(\$493,483)</b>	<b>(\$493,483)</b>	<b>(\$493,483)</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Secretary of State					
<b>EFFECTIVE DATE:</b> December 1, 2017					
<b>TECHNICAL CONSIDERATIONS:</b> None					

**BILL SUMMARY:**

This bill makes a number of changes to the Uniform Athlete Agents Act, including the following:

- Defines the term "covered athlete" to include both present and former student athletes and extending protections to former student athletes.
- Requires athlete agents to disclose additional information in their registration application with the Secretary of State's Office and permits the Secretary of State to require any additional information as deemed necessary by the Office.
- Expands the Secretary of State's disciplinary authority related to any violations of the new Article 10 of G.S. 78 C (Revised Uniform Athlete Agents Act) and any new rules adopted related to this Act.
- Requires educational institutions to notify the Secretary of State of any violations of Article 10.
- Makes a number of changes to criminal and civil penalties related to violations of the Act (see the related [Legislative Incarceration Note](#) for further detail on this impact). The Secretary of State is permitted to assess a civil penalty up to \$250,000.

In addition, the Secretary of State may:

- issue subpoenas as needed to administer the Article
- make requests for records and inquiries about the athlete agent's activities

- refuse to issue a certificate of a new registration to an applicant
- limit, suspend, revoke or refuse to renew a registration for an individual
- issue temporary certificates of registration while the application is pending

**ASSUMPTIONS AND METHODOLOGY:**

This bill expands the authority and responsibilities for the Office of the Secretary of State in relation to regulating and overseeing athlete agents. There are two main functions the Office oversees: 1) registration of athlete agents and 2) enforcement of laws governing athlete agents.

1) Registration: The bill expands the required information that the Office of the Secretary of State must collect from athlete agents. Because the Office already collects some information, there is existing information technology infrastructure in place that can be updated to conform with the law with a negligible cost impact to the Office.

2) Enforcement: There are currently no staff dedicated to overseeing the athlete agents. The Office estimates that the following four new positions will need to be created:

- Financial Investigator (Sworn Officer) – 2.0 FTE – The two sworn financial investigators’ duties will involve conducting criminal investigations regarding potential violations of the Act. This includes conducting interviews, drafting and serving subpoenas, executing search warrants for records and physical locations, making arrests, coordinating investigations with State and Federal investigators and prosecutors, conducting financial analyses of bank records and financial accounts, and testifying at trial.
- Financial Investigator (Non-Sworn Officer) – 1.0 FTE – The non-sworn financial investigator’s duties will include receiving and reviewing applications, communicating with applicants regarding the filing process, and assisting the sworn investigators and attorney as needed.
- Attorney III – 1.0 FTE – The attorney will be required to work with the three financial investigators related to their regulatory and law enforcement roles. The attorney may also be required to serve as the special prosecutor in criminal proceedings as needed, as well as initiating administrative proceedings for violations of the Act and assisting with the rule making process as required per the law.

The cost for these positions is as follows:

<b>Position</b>	<b>Salary + Benefits</b> (recurring)	<b>Start-up Expenses</b> (nonrecurring)	<b>Operating Expenses</b> (recurring)	<b>TOTAL</b>
Sworn Financial Investigator	\$84,231	\$24,750	\$44,082	<b>\$153,063</b>
Sworn Financial Investigator	\$84,231	\$24,750	\$44,082	<b>\$153,063</b>
Non-Sworn Financial Investigator	\$69,013	\$2,250	\$16,000	<b>\$87,263</b>
Attorney III	\$135,844	\$2,250	\$16,000	<b>\$154,094</b>
<b>TOTAL</b>	<b>\$373,319</b>	<b>\$54,000</b>	<b>\$120,164</b>	<b>\$547,483</b>

Below is a detailed description of the costs by category:

- **Position Salary and Benefits (Recurring)**

1. Sworn Financial Investigator (2.0 FTE): Classified as a career-banded position and funded at the Journey Market Rate, per the Office of State Human Resources 2016 salary schedule. The salary amount is \$63,375 per position; the salary plus benefits total is \$84,231 per position.

2. Non-Sworn Financial Investigator (1.0 FTE): Classified as a career-banded position and funded at the Contributing Market Rate, per the Office of State Human Resources 2016 salary schedule, as this position will have fewer duties in comparison to the sworn investigators. The salary amount is \$51,100; the salary plus benefits total is \$69,013.

3. Attorney III (1.0 FTE): Classified as salary grade 86, with the midpoint salary at \$105,005, per the Office of State Human Resources 2016 salary schedule. The total salary plus benefits is \$135,844.

- **Start-Up Expenses (Nonrecurring)**

Below are the nonrecurring expenses related to the start-up for a new position:

- Furniture	\$750
- Computer hardware and equipment	\$1,000
- Office Equipment	\$500
- Sworn investigator equipment	\$2,500
- Sworn investigator car	\$20,000
Total per non-sworn FTE	\$2,250
Total per sworn FTE	\$24,750

The two sworn financial investigators will need to be outfitted with special equipment, including weapons, gear, and safety supplies, which will cost \$2,500 per position. The two sworn investigators will also require cars from the Motor Fleet Division for travel and investigative purposes. The cost per car to begin participation with the Motor Fleet is approximately \$20,000.

Typically these costs (with the exception of the new cars) can be covered by the agency using the lapsed salary that accumulates between the time the position is funded and the date in which the employee begins working.

- **Operating Expenses (Recurring)**

The following are the recurring annual expenses are associated with all four new positions:

- Telephone and cell phone	\$650
- Maintenance agreements, technology licenses	\$2,660
- Rental allocation for leased office space	\$5,000
- Supplies	\$1,000
- Travel (per non-sworn FTE)	\$6,690
- Motor fleet fee (per sworn FTE)	\$7,920
- Travel (per sworn FTE)	\$26,852

Travel for the sworn investigator positions is expected to include both in-state and out-of-state travel. This estimated amount of \$26,852 per each sworn investigator includes funding for air travel expenses, as well as subsistence. The travel budget is lower for the non-sworn investigator and attorney due to fewer overall trips and no anticipated out-of-state trips.

**SOURCES OF DATA:** Secretary of State, Office of State Human Resources

**TECHNICAL CONSIDERATIONS:** None

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**DATE:** May 11, 2017



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