

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2013

Legislative Fiscal Note

BILL NUMBER: House Bill 466 (First Edition)

SHORT TITLE: Amend Private Protective Services Act/Fees.

SPONSOR(S): Representatives McNeill, Burr, Dobson, and Hanes

FISCAL IMPACT

Yes No No Estimate Available

State Impact	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
General Fund Revenues:					
General Fund Expenditures:					
Special Fund Revenues:	\$29,500	\$2,500	\$31,500	\$5,000	\$34,000
Special Fund Expenditures:					
State Positions:					
NET STATE IMPACT	\$29,500	\$2,500	\$31,500	\$5,000	\$34,000

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:

Private Protective Services, Department of Justice

EFFECTIVE DATE: July 1, 2013

TECHNICAL CONSIDERATIONS:

None

FISCAL IMPACT SUMMARY:

Most of the statutory changes in H.B. 466 will have no fiscal impact on the Private Protective Services Board (PPS). Implementation of the amendments to G.S. 74C will not result in a significant increase to the PPS workload. However, Section 4 of the bill adds a renewal requirement for holders of proprietary employer licenses. This section may result in an increase in revenue of approximately \$29,500 to PPS in the first year of implementation. Please see the Assumptions and Methodology Section for additional information.

BILL SUMMARY:

This bill amends the requirements for private protective services licensing in G.S. 74C-8 to provide that in the event that a qualifying agent upon whom a business entity relies in order to do business ceases to

perform his duties, the business entity must obtain a substitute qualifying agent within 90 (was, 30) days, unless the Private Protective Services Board (PPS) extends the period for good cause for an additional 30 days upon the filing of a petition by the business entity and upon a hearing by PPS.

This bill allows PPS to require the payment of a late fee for a business entity failing to obtain a substitute qualifying agent. In addition, it requires a license applicant to pay the initial fee and make the required Private Protective Services Education Fund (Fund) contribution within 90 days from the date the applicant receives notice of pending licensure approval unless PPS extends the period for good cause for an additional 30 days upon filing a petition and having a hearing. The bill also allows PPS to require the payment of a late fee, capped at \$100.

The proposed legislation allows the board to grant a 90-day extension to a licensee, trainee, or registrant who is temporarily unable to complete the renewal application requirements because of a physical disability or medical condition. It also amends G.S. 74C-12 to also allow PPS to deny, suspend, or revoke a trainer certification and amends G.S. 74C-13 to require a proprietary employer who employs an armed guard to submit an application to PPS and requires the employer to renew its license every two years.

This bill is effective July 1, 2013.

ASSUMPTIONS AND METHODOLOGY:

The Private Protective Services Board (PPS) is a receipt-supported licensing board housed administratively in the Department of Justice. It does not receive any General Fund appropriation. PPS operations are wholly supported through licensing fees charged to private protective services companies under its purview (including armored car services, courier services, security guards, and private investigators). The PPS Board has an annual budget of approximately \$1.4 million supporting 18 full-time equivalent positions.

Most of the statutory changes in H.B. 466 will have no fiscal impact on PPS. Implementation of the amendments to G.S. 74C will not result in a significant increase to the PPS workload. However, Section 4 of the bill adds a renewal requirement for holders of proprietary employer licenses. This section may result in an increase in revenue to PPS.

Two types of private protective services employers are licensed by PPS: contract employers, who employs guards that are contracted to work in other places (for example, Wackenhut Security), and proprietary employers, who employs guards that only work on that particular company's location (for example, Charlotte Motor Speedway). Current law requires contract employers to renew their licenses every two years. Proprietary employers are not required to renew. H.B. 466 creates a renewal requirement for proprietary employers. Because there is not currently a renewal requirement for these license holders, PPS does not have up-to-date information on the number of employers that may exist in the State. 63 companies have a license, and PPS averages approximately five new license applicants for the proprietary armed license each year.

Assuming that, of the existing 63 license holders, five applied for their license the year before the bill becomes law, 58 of the 63 current license holders would be required to renew when the bill becomes law and the remaining five would be required to renew in the second year. Assuming also that all 63 of those companies still exist, license renewal for them would generate approximately \$29,000 in the first year for PPS (\$250 license fee per year for a two year license times 58 companies equals \$29,000) and \$2,500 in the second year (\$250 license fee per year for a two year license times five companies equals \$2,500). The table below illustrates the effect of the renewals for the next five years (assuming no companies go out of business and the number of licensees continues to increase by five each year).

**Estimate of Proprietary Armed Employer Licensees
FY 2013-14 through FY 2017-18**

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
New Licenses	5	5	5	5	5
Existing Licenses	68	73	78	88	93
Total Licenses	73	78	83	93	98
Two-Year Renewal Fee	\$500	\$500	\$500	\$500	\$500
License Renewals	58	5	63	10	68
Revenue Generated	\$29,000	\$2,500	\$31,500	\$5,000	\$34,000

SOURCES OF DATA: Department of Justice

TECHNICAL CONSIDERATIONS: None.

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