



# NORTH CAROLINA GENERAL ASSEMBLY

2023 Session

## Legislative Fiscal Note

**Short Title:** Alarm Systems Licensing Act Modernization.  
**Bill Number:** Senate Bill 345 (Second Edition)  
**Sponsor(s):**

### SUMMARY TABLE

#### FISCAL IMPACT OF S.B.345, V.2

	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>
<b>State Impact</b>					
Special Fund Revenues	11,145	22,555	34,239	46,202	58,451
<u>Less Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Special Fund Impact</b>	<b>11,145</b>	<b>22,555</b>	<b>34,239</b>	<b>46,202</b>	<b>58,451</b>
<b>NET STATE IMPACT</b>	<b>11,145</b>	<b>22,555</b>	<b>34,239</b>	<b>46,202</b>	<b>58,451</b>

### FISCAL IMPACT SUMMARY

This proposed legislation will have a fiscal impact on the Department of Public Safety (DPS) and the Alarm Systems Licensing Board. The Board is primarily funded through receipts generated by fees charged to its licensees and registrants. While it is possible that the maximum fee increases authorized in the proposed legislation could double the Board’s revenue, the Board has indicated to Fiscal Research that it does not plan to raise current rates in the near future and that the proposal’s fee ceiling is a form of future-planning. As such, while Fiscal Research does anticipate that the Board will see increased revenues in coming years, these increases are expected to be relatively minimal.

### FISCAL ANALYSIS

The Alarm Systems Licensing Board is charged with regulating and licensing the alarm systems industry in North Carolina. To fund its activities, the Board is authorized to charge fees, which are deposited into a special interest-bearing operating fund. The proposed legislation increases the maximum fee allowed for each of the fee types. Table A below shows the types of fees charged, the number of fees received in the most recent year, the current fee rates, the maximum allowed rates under the proposed bill, and the associated revenue at each level.

Fee Type	Received FY 2022-23	Current Fee	Current Revenue	Max under SB 345	Projected Max Revenue under SB 345
Application	71	\$150	\$10,650	\$500	\$35,500
License	412	\$500	\$206,000	\$1,000	\$412,000
Late License Renewal	251	\$100	\$25,100	\$500	\$125,500
Registration	4,262	\$50	\$213,100	\$100	\$426,200
Registration Transfer	249	\$10	\$2,490	\$25	\$6,225
Branch Office	16	\$150	\$2,400	\$300	\$4,800
Late Registration Renewal	328	\$20	\$6,560	\$40	\$13,120
<b>Total</b>	<b>5,589</b>	<b>-</b>	<b>\$466,300</b>	<b>-</b>	<b>\$1,023,345</b>

The Board's maximum allowable fees were last increased by the General Assembly in 2004. However, the Board did not set fees to that maximum until 2019, instead electing for a series of smaller increases over time, averaging to 2.39% per year. The Board has indicated to Fiscal Research that it anticipates following a similar pattern should this bill become law. In this scenario, the fees would not reach the new proposed maximum for approximately 30 years. Table B shows the increased revenue by Fiscal Year for the Board if rates were to increase at the historic rate of 2.39% each year over the next five years.

Fee Type	Received/ Year	Current Revenue	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Application	71	\$10,650	\$10,905	\$11,165	\$11,432	\$11,705	\$11,985
License	412	\$206,000	\$210,923	\$215,964	\$221,126	\$226,411	\$231,822
Late License Renewal	251	\$25,100	\$25,700	\$26,314	\$26,943	\$27,587	\$28,246
Registration	4,262	\$213,100	\$218,193	\$223,408	\$228,747	\$234,214	\$239,812
Registration Transfer	249	\$2,490	\$2,550	\$2,610	\$2,673	\$2,737	\$2,802
Branch Office	16	\$2,400	\$2,457	\$2,516	\$2,576	\$2,638	\$2,701
Late Registration Renewal	328	\$6,560	\$6,717	\$6,877	\$7,042	\$7,210	\$7,382
<b>Total</b>	<b>5,589</b>	<b>\$466,300</b>	<b>\$477,445</b>	<b>\$488,855</b>	<b>\$500,539</b>	<b>\$512,502</b>	<b>\$524,751</b>
<b><u>Difference from Current Revenue</u></b>	<b>-</b>	<b>-</b>	<b><u>\$11,145</u></b>	<b><u>\$22,555</u></b>	<b><u>\$34,239</u></b>	<b><u>\$46,202</u></b>	<b><u>\$58,451</u></b>

In this scenario, by the end of the 5-year window for a standard fiscal analysis, the Board would generate \$58,451 more than their current revenue, an increase of 12.5%.

Therefore, while it is technically possible under the legislation for the Board to increase its annual fee revenue by approximately \$557,000, Fiscal Research estimates that revenues are more likely to increase by approximately \$58,000 by the end of the 5-year window.

There are no anticipated increased expenditures to the Board that would result from passage of this legislation.

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## **TECHNICAL CONSIDERATIONS**

N/A.

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## **DATA SOURCES**

N.C. Department of Public Safety Alarm Systems Licensing Board

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## **LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS**

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. 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.

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## **CONTACT INFORMATION**

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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## **ESTIMATE PREPARED BY**

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## **ESTIMATE APPROVED BY**

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**Signed copy located in the NCGA Principal Clerk's Offices**