

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: Senate Bill 994 (Second Edition)

SHORT TITLE: Establish State Athletics Commission.

SPONSOR(S): Senator Clodfelter

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES:					
Department of Crime Control	(\$132,433)	(\$132,433)	(\$132,433)	(\$132,433)	(\$132,433)
Department of Commerce	\$132,433	\$132,433	\$132,433	\$132,433	\$132,433
EXPENDITURES:					
Department of Crime Control	(\$280,184)	(\$272,557)	(\$280,052)	(\$287,753)	(\$295,666)
Department of Commerce	\$265,263	\$272,557	\$280,052	\$287,753	\$295,666
POSITIONS (cumulative):	4	4	4	4	4
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Commerce, Department of Crime Control and Public Safety					
EFFECTIVE DATE: This act is effective when it becomes law.					

BILL SUMMARY:

This bill is entitled "An Act to Establish the North Carolina State Athletics Commission" and seeks to perform the following:

- Enacts Article 68A entitled North Carolina State Athletics Commission, in G.S. Chapter 143.
- Creates the eight-member Commission within the Division of Tourism, Film, and Sports Development of the Department of Commerce to regulate live boxing and kickboxing matches for which admission is charged for viewing or the contestants compete for a purse or prize of value greater than \$25.

- Sets out qualifications to serve as a Commission member, provides for appointment of Commission members, and states that Commission members may not receive compensation for their service, but may be reimbursed for expenses.
- Clarifies that one voting member each of the State Athletics Commission is to be appointed by the General Assembly upon recommendation by the President Pro Tempore of the Senate and the Speaker of the House of Representatives.
- Provides the Commission with rulemaking authority.
- Enacts G.S. 143-659.4 providing that no one may promote, conduct, or engage in an unarmed combat match, except as authorized by the new Article.
- Enacts G.S. 143-659.5 pertaining to licensing and permitting, G.S. 143-659.6 pertaining to fees and establishing the State Athletics Commission Revenue Account, G.S. 143-659.7 regarding contracts and financial arrangements, and G.S. 143-659.8 pertaining to sanctioned amateur matches.
- Enacts G.S. 143-659.9 authorizing the Commission to impose a civil penalty of up to \$5,000 for a single violation or of up to \$25,000 for multiple violations of the new Article.
- Provides for notice and an opportunity for a contested case hearing.
- Provides that a willful violation of any provision of the Article is a Class 2 misdemeanor. Also authorizes the Commission to bring actions for injunctions against violators.
- Provides that each member serving on the North Carolina Boxing Advisory Commission on the effective date of the act shall continue to serve the term for which the member was appointed and, upon the expiration of a member's term, a member shall be appointed to the Commission.
- Defines relevant terms.
- Repeals Article 68 of G.S. Chapter 143 (Regulation of Boxing).
- Transfers the regulation of boxing under the authority of the Alcohol Law Enforcement Division of the Department of Crime Control and Public Safety to the North Carolina State Athletics Commission by a Type II transfer, as defined by GS 143A-6(b).

Source: Bill Digest S.B. 994 (03/26/0200)

ASSUMPTIONS AND METHODOLOGY:

Department of Commerce

This bill seeks to create the NC Athletics Commission within the Department of Commerce (Commerce) and to move the existing athletics oversight, regulatory, and enforcement functions from the Department of Crime Control and Public Safety (CCPS) to this newly created Commission. It costs CCPS \$280,184 annually (\$132,433 in boxing receipts and \$147,751 in General Fund appropriation) to operate the NC Boxing Authority and cover the annual cost (about \$1,200) for the Boxing Advisory Commission.

Commerce reports that they will need additional funds other than what is currently appropriated to CCPS (\$147,751) to fully implement the changes outlined in this bill. These additional expenses are due to the fact that Commerce does not currently have the expertise or staff necessary to accommodate the transfer in oversight, regulatory, and enforcement functions. CCPS has law enforcement officers that are regionally located around the State to regulate the 80+ annual boxing events as part of their work duties in comparison to Commerce that will incur significant travel and lodging costs since the agency will need to dispatch law enforcement officers from Raleigh to cover each event.

As noted in the table below, the Department of Commerce estimates that it will cost \$331,000 to implement the requirements of S.B. 994. However, Commerce did not provide detailed information related to their cost estimates. Based on information available from CCPS about annual costs incurred for boxing regulation, the Fiscal Research Division made the following adjustments to Commerce's cost estimate for S.B. 994:

Reduced position cost estimates: (\$22,237) Commerce provided position cost estimates for an executive director (\$100,000 for salary and fringe benefits) and two officer positions (\$50,000 for salary and fringe benefits for each). Based on amounts budgeted in the CCPS – Alcohol Law Enforcement (ALE) budget for FTE positions currently assigned to boxing regulation; the following adjustments were made to the Commerce position cost estimates:

Fiscal Research Position Cost Adjustments

	<u>Salary</u>	<u>Fringe Benefits</u>	<u>Total Position Cost</u>
Executive Director	\$68,422	\$18,381	\$86,803
Law Enforcement Officer 1	\$34,211	\$11,269	\$45,480
Law Enforcement Officer 2	\$34,211	\$11,269	\$45,480

Most of the ALE FTE positions assigned to boxing regulation are filled with staff also responsible for other ALE work functions such as lottery, controlled substance, and alcohol law enforcement. If this bill is enacted, there will be one CCPS administrative staff position that is assigned full-time to boxing regulation that will be transferred to Commerce.

Reduced the training cost estimate for law enforcement officers: (\$23,500) The training necessary to do the work associated with S.B. 994 is provided by the community colleges and typically costs about \$3,000 per officer. Furthermore, if the officer receiving the training is a state employee, the community college waives the training course cost if the agency issues a sponsorship letter for the officer. Training costs in addition to the course cost are about \$750 per officer for course materials (clothing, boots, ammunition) and are usually paid for by the sponsoring agency.

Eliminated costs for additional rent: (\$20,000) The transfer of the Boxing Authority and the Boxing Advisory Commission to the Department of Commerce will impact a total of four staff positions. One administrative position transferred from CCPS, and three new staff positions (one director and two officers) to be hired by the Department of Commerce. The agency has enough office space to accommodate four additional staff positions.

Cost Estimates for S.B. 994

	Commerce	Fiscal Research
Hiring two law enforcement officers, salary and fringe benefits	\$100,000	\$90,960
Training for law enforcement officers	\$25,000	\$1,500
Hiring an executive director, salary and fringe benefits	\$100,000	\$86,803
Operating expenses for additional employees	\$40,000	\$40,000
Additional rent	\$20,000	-
Additional travel expenses	\$45,000	\$45,000
Compensation to Board Members	\$1,000	\$1,000
Total Requirements:	\$331,000	\$265,263
Boxing license and admission ticket receipts:		(\$132,433)
General Fund appropriation need:		\$132,830

The Fiscal Research Division estimates that Commerce will incur \$265,263 in annual costs for the operation of State Athletics Commission. However, the agency will collect approximately \$132,433 in annual boxing license and admission ticket receipts that will be used to offset some of the commission’s annual operating costs. **For the implementation of S.B. 994, Commerce will need a recurring General Fund appropriation of \$132,830 to support the operation of the State Athletics Commission.**

Administrative Office of the Courts

The Administrative Office of the Courts (AOC) reports that this bill does not make any substantive changes to the statute governing these athletics activities, other than to move the oversight, regulatory, and enforcement activities from the Department of Crime Control and Public Safety to the Department of Commerce. Therefore, assuming all other factors remain the same, AOC does not anticipate any change to the existing Class 2 misdemeanor penalty contained in this bill.

SOURCES OF DATA: Department of Commerce and Department of Crime Control and Public Safety

TECHNICAL CONSIDERATIONS: None

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