

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 516 (First Edition)

SHORT TITLE: Lead-Based Paint Management /AB

SPONSOR(S): Senator Ballance, et al

| FISCAL IMPACT | | | | | |
|--|--------------------------|--------------------------|----------------------------------|--------------------------|--------------------------|
| | Yes (X) | No () | No Estimate Available () | | |
| | <u>FY 1997-98</u> | <u>FY 1998-99</u> | <u>FY 1999-00</u> | <u>FY 2000-01</u> | <u>FY 2001-02</u> |
| REVENUES | | | | | |
| Lead-Based Paint Hazard Management Program | | | | | |
| Accreditation of Courses | \$42,500 | \$50,000 | \$45,500 | \$38,000 | \$38,000 |
| Lead Certification fees | \$52,000 | \$100,250 | \$147,250 | \$147,250 | \$147,250 |
| Lead Examination fees | \$20,250 | \$37,500 | \$15,000 | \$15,000 | \$15,000 |
| Lead Abatement Permits | <u>\$13,000</u> | <u>\$23,400</u> | <u>\$13,000</u> | <u>\$13,000</u> | <u>\$13,000</u> |
| Total | \$127,750 | \$211,150 | \$220,750 | \$213,250 | \$213,250 |
| EXPENDITURES | | | | | |
| Lead-Based Paint Hazard Management Program | \$127,750 | \$211,150 | \$220,750 | \$213,250 | \$213,250 |
| POSITIONS: | | 2 | 4 | 4 | 4 |
| PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Environment, Health, and Natural Resources | | | | | |
| EFFECTIVE DATE: The act is effective when it becomes law. | | | | | |

BILL SUMMARY: The bill creates a Lead-Based Paint Hazard Management Program in the Department of Environment, Health, and Natural Resources (DEHNR). The Department will certify persons to perform lead abatement and will charge a certification fee not to exceed \$150 per person plus an examination fee not to exceed \$100 per exam. Those institutions or firms providing lead abatement training courses will be accredited by the Department at a cost of \$2,000 for the initial accreditation and \$750 annual renewal. Lead abatement permits are required for each lead abatement project (excluding homeowners) at a price equal to 2% of the

contracted price of the project. Violation of this statute carries a \$1,000 a day administrative penalty.

ASSUMPTIONS AND METHODOLOGY:

Revenue

I. Accreditation of Training Courses

The Department estimates that it will accredit 10 lead abatement training courses in each of the first two years of the program, then accredit only 4 each year thereafter. Each program will be charged \$2,000 for accreditation review and \$750 for annual renewal of their accreditation. In the first year, the Department will also verify the courses and instructors of programs accredited in 26 states such as Maryland, Virginia, Georgia, and Kentucky. The Department will charge \$750 for the course verification or the same as a renewal. It is anticipated that some training programs will drop out each year beginning in the year 2000.

| | | |
|------------|-----------------|---------------------------|
| FY 1997-98 | 10 Initial | X \$2,000 = \$20,000 |
| | 30 Verification | X \$750 = <u>\$22,500</u> |
| | | \$42,500 |
| FY 1998-99 | 10 Initial | X \$2,000 = \$20,000 |
| | 40 Renewals | X \$750 = <u>\$30,000</u> |
| | | \$50,000 |
| FY 1999-00 | 4 Initial | X \$2,000 = \$8,000 |
| | 50 Renewals | X \$750 = <u>\$37,500</u> |
| | | \$45,500 |
| FY 2000-01 | 4 Initial | X \$2,000 = \$8,000 |
| | 40 Renewals | X \$750 = <u>\$30,000</u> |
| | | \$38,000 |
| FY 2001-02 | 4 Initial | X \$2,000 = \$8,000 |
| | 40 Renewals | X \$750 = <u>\$30,000</u> |
| | | \$38,000 |

II. Lead abatement certification

The Department may charge up to \$150 to certify a person to perform lead abatement. The Department has set the following rates for each category of personnel:

worker = \$25

supervisor = \$150

inspector = \$150

risk assessor = \$150

designer = \$150

firm = \$100

Due to rule-making and other startup delays, the program is anticipated to begin in January 1998. Revenue from lead abatement certification for the first fiscal year reflects only 6 months of

program operation. Department officials expect certifications to rise until the year 2000 then level off as shown in the chart below.

| | <u>1997-98</u> | <u>1998-99</u> | <u>1999-00</u> | <u>2000-01</u> | <u>2001-02</u> |
|---------------|----------------|----------------|----------------|----------------|----------------|
| Worker | 300 | 500 | 800 | 800 | 800 |
| Supervisor | 75 | 100 | 150 | 150 | 150 |
| Inspector | 150 | 350 | 500 | 500 | 500 |
| Risk Assessor | 40 | 80 | 120 | 120 | 120 |
| Designer | 5 | 15 | 25 | 25 | 25 |
| Firms | 40 | 60 | 80 | 80 | 80 |
| Total | 610 | 1,105 | 1,675 | 1,675 | 1,675 |
| Annual Fees | \$52,000 | \$100,250 | \$147,250 | \$147,250 | \$147,250 |

III. Lead certification exams

The Department projects the number of exams it will administer as follows (at \$75 per exam):

| | <u>Exams</u> | <u>Revenues</u> |
|------------|--------------|-----------------|
| FY 1997-98 | 270 | \$ 20,250 |
| FY 1998-99 | 500 | \$ 37,500 |
| FY 1999-00 | 200 | \$ 15,000 |
| FY 2000-01 | 200 | \$ 15,000 |
| FY 2001-02 | 200 | \$ 15,000 |

IV. Lead-based paint removal permits

The fee for lead-based paint removal permits is equal to 2% of the contract price. Half of the permits will be used by homeowners and will be exempt from the charge. The Department believes much of the permit activity in the first two years will be driven by federal HUD housing funds, but the work will decline in 1999 and beyond as the federal dollars end.

| | <u>Permits</u> | <u>Revenues</u> |
|------------|----------------|-----------------|
| FY 1997-98 | 500 | \$ 13,000 |
| FY 1998-99 | 900 | \$ 23,400 |
| FY 1999-00 | 500 | \$ 13,000 |
| FY 2000-01 | 500 | \$ 13,000 |
| FY 2001-02 | 500 | \$ 13,000 |

Expenditures

The Lead-Based Paint Hazard Management Program created by this act will be partially supported with revenues generated from the accreditation, certification, examination and permit fees to be established by the Department. A federal lead grant will be used to offset the remaining program costs.

Program responsibilities and activities include:

- ◆ certification of persons performing lead abatement activities to ensure that qualified persons conduct lead hazard reduction activities,
- ◆ accreditation of training courses and persons providing training to individuals seeking certification to assure adequacy of course materials and competency of instructors,
- ◆ regulatory guidance, oversight and compliance, including the establishment of a lead abatement notification system to facilitate monitoring of abatement activities by the state.

According to the Department, a total of six full-time positions will be required to administer the program with an initial startup cost of \$369,192, including \$4,500 for a nonrecurring equipment purchase. Since program revenues are expected to be less the first year because of rule-making and other startup delays, the federal grant will be used to fund four positions for the 1997-98 fiscal year. The remaining two positions will be supported with certification and other program receipts during the 1997-98 fiscal year. As program revenues increase, beginning with the 1998-99 fiscal year, federally funded positions will be shifted to certification, accreditation, examination and/or permit receipts. The department expects sufficient federal funds to be available to offset any costs not covered by program fees.

The total estimated budget requirements for the Lead-Based Paint Hazard Management Program are outlined in the following table:

| |
|--|
| |
|--|

** Beginning with the 1998-99 fiscal year, salaries are adjusted to reflect the projected growth estimated for average hourly earnings in manufacturing. The inflation rates used are based on forecasts by Data Resources, Inc.*

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: Mona Moon & Richard Bostic

APPROVED BY: Tom Covington

DATE: April 28, 1997



Signed Copy Located in the NCGA Principal Clerk's Offices