

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1254 Proposed House Finance Committee Substitute

SHORT TITLE: Homebuilder Responsibility

SPONSOR(S): Rep. Earle

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	\$				
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>
REVENUES					
General Fund	* No General Fund Impact *				
General Contractor					
Licensing Board	114,000	228,000	228,000	228,000	228,000
Local Governments	28,500	57,000	57,000	57,000	57,000
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: General Contractors Licensing Board and Local Governments.					
EFFECTIVE DATE: January 1, 2000.					

BILL SUMMARY: The bill makes several changes to the state's building laws. The legislation lowers the threshold value for structural improvements that trigger statutory general contractor status to \$5,000. Under current law the trigger is \$30,000. The bill expands the disciplinary sanctions the Board can impose to include suspensions, restrictions, or a refusal to renew. It also expands the grounds for which the Board can take disciplinary action. The bill modifies the definition of reimbursable monetary loss. It also increases the permit fee for single-family residential dwelling units, and the alteration of those units, to \$10.00. Eight dollars (\$8.00) of that amount is forward to the General Contractors Licensing Board for the Homeowner Recovery Fund, and local governments retain two dollars (\$2.00). Under current law the permit fee is \$5.00 and \$4.00 of that amount is forwarded to the licensing board. The bill authorizes the board to develop minimum experience requirements for residential general contractors, and places some restrictions on those requirements. It also adds new insurance requirements for residential contractors. Finally, the bill requires that general contractor who advertise include their license number, in legible type, in the advertisement.

ASSUMPTIONS AND METHODOLOGY: The only potential fiscal impact of the bill relates to the permit fees. The North Carolina General Contractors Licensing Board reports FY 1998-permit revenue of \$227,433. In FY 1997 the board collected \$246,544. This was at the

rate of four dollars (\$4.00) per permit. Thus in FY 1998 these fees raised \$56,858 per dollar of permit fee. Because there is no clear trend in permit fees a flat annual amount of \$57,000 is used to estimate future revenue. Under the bill the permit fee amount is increased to \$10.00. Eight dollars of this amount is forwarded to the General Contractors Licensing Board. This is a four-dollar increase over what is currently sent to the licensing board. Therefore, the board will see an annual \$228,000 increase (4 times \$57,000). The local governments will also see a one-dollar increase (from one-dollar to two dollars) and an associated revenue increase of \$57,000 annually. The 1999-00 estimate in the chart is adjusted to account for the effective date.

The permit funding forwarded to the licensing board must be deposited in the Homeowner Recovery Fund. This is a non-reverting fund.

FISCAL RESEARCH DIVISION 733-4910

PREPARED BY: Linda Struyk Millsaps

APPROVED BY: Tom Covington

DATE: Wednesday, June 30, 1999



Signed Copy Located in the NCGA Principal Clerk's Offices