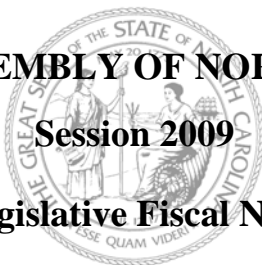


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: Senate Bill 992 (Third Edition)

SHORT TITLE: Pyrotechnics Operator's License.

SPONSOR(S): Senator Davis

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
REVENUES					
<u>Pyrotechnics</u>					
<u>Safety in NC</u>	\$80,100 to \$82,600	\$0	\$40,700	\$58,720	\$0
<u>Special Fund</u>					
EXPENDITURES	0	0	0	0	0
POSITIONS	0	0	0	0	0
(cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Insurance					
EFFECTIVE DATE: Sections 9, 9.1, and 10 are effective when they become law. The remaining sections are effective October 1, 2010.					

BILL SUMMARY:

SB 992 amends and clarifies the Pyrotechnics Training and Permitting Act to require that pyrotechnic display operators and their assistants obtain a license from the Commissioner of Insurance (the Commissioner). The bill amends the law to provide that no person may obtain a pyrotechnics permit from a city or county unless the person possesses an appropriate license issued by the Commissioner. The bill authorizes the following three kinds of licenses:

- Display operator license, which replaces the permit authorized under the 2009 law. In order to qualify for this license, an individual must (1) be at least 21 years old, (2) have assisted a licensed display operator as an assistant display operator for authorized displays at least 3 times or be a proximate display operator, (3) have completed the minimum training required, (4) have achieved a score of at least 75% an approved examination or have current certification by a third party acceptable to the State Fire Marshal, and (5) have no

violations of this or any other state's similar law and submit a letter of clearance from the federal Bureau of Alcohol, Tobacco, and Firearms or sign a statement that the operator has not been convicted under federal law.

- Proximate audience display operator license, which applies to an individual who displays pyrotechnics that occur within a building or structure or that occur outside before an audience within 75 feet of the pyrotechnics. In order to qualify for this license, an individual must (1) be at least 21 years of age, (2) complete the training program, (3) achieve a score of at least 75% on the examination, (4) have participated as a display operator or an assistant display operator under the direct supervision of a display operator on at least three displays, and (5) have no violations of this or any other state's similar laws.
- Assistant display operator license, which applies to any person who assists a display operator or a proximate audience display operator. In order to qualify for this license, an individual must (1) be at least 18 years of age, (2) sign a statement that the individual has read and understands the safety guidelines, (3) achieve a score of at least 75% on the examination, and (4) submit a letter of clearance from the federal Bureau of Alcohol, Tobacco, and Firearms or sign a statement that the operator has not been convicted under federal law.

SB 992 authorizes a nonrefundable license fee of \$100 for each application for a display operator license or a proximate audience display operator license, and a \$30 fee for each application for an assistant display operator license. There is also a \$60 renewal fee for a display operator's license and a proximate audience operator's license, respectively, and a \$30 renewal fee for an assistant display operator's license. The examination fee for all three categories of license is \$10 and nonrefundable. The fees are to be paid to the Commissioner of Insurance.

The bill defines an event employee as a person who assists a display operator but does not handle pyrotechnic materials. The Commissioner or a local fire code official may certify an individual as an event employee if the person (1) is at least 18 years of age, (2) has a valid driver's license or other state issued identification, (3) passes an on-site test of five basic pyrotechnic questions, and (4) provide written confirmation from a display operator that the event employee is working under the display operator's supervision and will not handle pyrotechnic material. The event employee certification is only valid for the listed event and cannot be renewed.

The Commissioner is authorized to deny, suspend, revoke or refuse to renew any license for any one of a number of listed prohibited activities.

Section 9 of the bill authorizes the Commissioner to issue a temporary display operator license to an individual who (1) is at least 21 years of age, (2) has completed a minimum of six permitted displays in North Carolina in the past ten years, and (3) pays a \$25 fee. The temporary license can only be issued to a person one time and is valid for 30 days. The temporary licensee must take the exam and complete the training by September 30, 2010, or 60 days after the effective date of this act. A person who fails to comply with the act cannot apply for a license until after September 30, 2011. No temporary license shall be issued after July 31, 2010.

Source: Bill Summary S.B. 992 (06/16/2010).

BACKGROUND INFORMATION

During the 2009 legislative session, the North Carolina General Assembly created G.S. 58-82A-1 to require anyone operating pyrotechnics to attend a training course and earn a pyrotechnics operator permit. The law directs the Office of State Fire Marshal to issue the operator permits. The law became effective February 1, 2010.

ASSUMPTIONS AND METHODOLOGY:

Revenue

SB 992 authorizes a nonrefundable license fee of \$100 for each application for a display operator license or a proximate audience display operator license, and a \$30 fee for each application for an assistant display operator license. The examination fee for all three categories of license is \$10 and nonrefundable.

Display Operator License

The Office of State Fire Marshal (OSFM) in the Department of Insurance reports that 340 display operator permits have already been issued since the law changed on February 1, 2010. OSFM expects to issue 30 more permits before the end of the current fiscal year. Current law states that permits are valid for three years.

OSFM anticipates that there will be one display operator license issued for each of the 642 city and county jurisdictions in North Carolina.¹ Fiscal Research estimates that \$27,200 will be generated from the application fee for a display operator license in FY 2010-11 (642 display operator licenses, subtract 370 display operator permits, multiplied by \$100 application fee). Also, Fiscal Research estimates that \$2,720 will be generated from the examination fee for the display operator license in FY 2010-11 (272 display operator licenses, multiplied by \$10 application fee).

Accounting for retirees and new workers, OSFM anticipates that there will be an increase of on average 200 applicants for the display operator license per year. However, Fiscal Research cannot confirm the accuracy of OSFM's estimate at this time.

As previously mentioned in this analysis, current permit holders will be required to apply for a display operator license and pay the \$100 fee by FY 2012-13. Fiscal Research estimates \$37,000 will be generated from application fee for current permit holders in FY 2012-13 (370 display operator licenses, multiplied by \$100 application fee).

Proximate Audience Display Operator License

¹ OSFM expects that some jurisdictions will not have a display while other jurisdictions will have more than one display.

OSFM anticipates that there will be a maximum of 200 proximate audience display operator licenses issued in FY 2010-11. OSFM projects that the number of transient pyrotechnic shows will be 200 per year. OSFM reports that it is customary for a traveling show to hire a local contact to cover the show, thereby allowing the traveling shows to operate in several states across the nation.

Fiscal Research estimates that \$20,000 will be generated from the application fee for a display operator license in FY 2010-11 (200 proximate audience display operator licenses, multiplied by \$100 application fee). Also, Fiscal Research estimates that \$2,000 will be generated from the examination fee for the proximate audience display operator license in FY 2010-11 (200 proximate audience display operator licenses, multiplied by \$10 application fee).

Assistant Display Operator License

Although there are more assistants than display operators at the display sites, the bill provides that an event employee can act as an assistant provided he or she meets the requirements outlined in the bill. OSFM estimates that the number of display operators will be lowered by the availability of this alternate form of certification. In total, OSFM anticipates that it will issue approximately the same number of assistant display operator licenses as display operator licenses, 642.

Fiscal Research estimates that \$19,260 will be generated from the application fee for a display operator license in FY 2010-11 (642 assistant audience display operator licenses, multiplied by \$30 application fee). Also, Fiscal Research estimates that that \$6,420 will be generated from the examination fee for the assistant display operator license in FY 2010-11 (642 assistant display operator licenses, multiplied by \$10 application fee).

Temporary Display Operator License

SB 992 also authorizes a temporary display operator license fee of \$25. The temporary license can only be issued to a person one time and is valid for 30 days, and shall not be issued after July 31, 2010. The temporary licensee must take the exam and pay the \$10 fee.

OSFM does not anticipate a great demand for the temporary licenses after the July 4th Holiday. As a result, OSFM estimates that it will issue 10 to 20 temporary display operator licenses per day between the passage of the bill and the July 4th Holiday; however, the number of temporary licenses issued depends upon the publicity surrounding the release. Assuming OSFM has ten days to issue the temporary licenses before the July 4th Holiday, OSFM expects to issue 100 to 200 temporary licenses.

Based upon OSFM's assumption, Fiscal Research estimates that \$2,500 to \$5,000 will be generated from the application fee for a display operator license in FY 2010-11 (100 to 200 temporary display operator licenses, multiplied by \$25 application fee).

Renewal Fees

SB 992 provides that a display operator license, a proximate display operator license, and an assistant display operator license is valid for three years and can be renewed. The bill authorizes a \$60 renewal fee for a display operator's license and a proximate audience operator's license, and a \$30 renewal fee for an assistant display operator's license.

As previously mentioned in this analysis, OSFM anticipates that there will be an increase of on average 200 applicants for each license per year. However, Fiscal Research cannot confirm the accuracy of OSFM's estimate at this time. Table 1 summarizes the estimated amount of revenue generated by SB 992.

TABLE 1. ESTIMATED REVENUE GENERATED BY SB 992					
License Type	Licenses Issued in FY 2010-11	Licenses Issued or Renewed in FY 2011-12	Licenses Issued or Renewed in FY 2012-13	Licenses Issued or Renewed in FY 2010-11	Licenses Issued or Renewed in FY 2010-11
Display Operator	272 Issued	0 Issued/Renewed	370 Issued*	272 Renewed	0 Issued/Renewed
Revenue	\$27,200	\$0	\$37,000	\$16,320	\$0
Proximate Operator	200 Issued	0 Issued/Renewed	0 Issued/Renewed	200 Renewed	0 Issued/Renewed
Revenue	\$20,000	\$0	\$0	\$12,000	\$0
Assistant Operator	642 Issued	0 Issued/Renewed	0 Issued/Renewed	642 Renewed	0 Issued/Renewed
Revenue	\$19,260	\$0	\$0	\$19,260	\$0
Temporary License	100 to 200	N/A	N/A	N/A	N/A
Revenue	\$2,500 to \$5,000	N/A	N/A	N/A	N/A
Exam Fee	\$11,140	\$0	\$3,700	\$11,140	\$0
TOTAL REVENUE	\$80,100 to \$82,600	\$0	\$40,700	\$58,720	\$0

*The estimated 380 operator display permit holders will be required to apply for a license once their permit expires.

Administrative Costs

OSFM estimates that SB 992 (Third Edition) will have no further fiscal impact on the current operations of the pyrotechnics process. However, the Department of Insurance estimated in 2009 that it would need \$141,787 in total recurring expenses in FY 2009-10 to administer SB 563, the legislation requiring anyone operating pyrotechnics to attend a training course and earn a pyrotechnics operator permit.² This total includes \$109,787 for 1.75 additional positions and \$32,000 for various operating expenses. The Department of Insurance did not receive any additional funding or positions and is using current staff to absorb the additional workload.

² See the Fiscal Note for SB 563v3 during FY 2009-10.

SOURCES OF DATA: Department of Insurance

TECHNICAL CONSIDERATIONS: None

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