

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: Senate Bill 1073 (Fifth Edition)

SHORT TITLE: Amend Alarm Systems Licensing Act.

SPONSOR(S): Senator Snow

| 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 | | | | | |
| NC Alarm Systems Licensing Board | \$600.00 | \$600.00 | \$600.00 | \$600.00 | \$600.00 |
| PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Alarm Systems Licensing Board | | | | | |
| EFFECTIVE DATE: October 1, 2009 | | | | | |

BILL SUMMARY:

Senate Bill 1073 makes several changes to the Alarm Systems Licensing Act, including:

Section 1: Amends the section of the Act relating to who is required to be licensed under the Act by making the following changes:

- Amends the definition of the term "alarm system business" by removing the provision that a person selling alarm system devices must make a personal inspection of the interior of the residence or business to advise, design, or consult with the customer.
- Extends from 30 to 90 days the time within which the business must identify a new qualifying agent when the original qualifying agent ceases to serve.
- Clarifies that the Board may request a criminal record check from the Department of Justice for a renewal applicant based on the applicant's fingerprints in accordance with policy adopted by the Board.

Section 2: Amends the section of the Act relating to exemptions. This section authorizes a licensee to hire an unlicensed consultant to troubleshoot in a specific location for a period of up to 48 hours within a one-month period. The licensee must submit a report on this activity to the Board within 30 days of the consultation.

Section 3: Clarifies that an investigation of a complaint under this Act is deemed confidential and not subject to the Public Records Law until released to the Board upon its completion. However, the report can be released to the licensee before being presented to the Board.

Section 4: Provides that a licensee must notify the Board before making changes to a branch office.

This section also authorizes the Board to charge a late registration fee of up to \$20.00 for an application submitted no more than 30 days after the expiration of the registration. After 30 days, the applicant must be registered as a new applicant.

Section 5: Extends from 20 to 30 days the time within which a licensee must register a new employee. In order to register the employee, the licensee must submit (i) the applicant's fingerprints, (ii) a recent color photograph of the applicant, (iii) and statements of any criminal records deemed appropriate by the Board.

Section 6: Expands the list of activities for which the Board may take disciplinary action to include:

- Having previously been denied or had revoked a license or registration under the Act.
- Engaging in the alarm system business under a different name than appears on the license.
- Advertising or soliciting business under a different name than appears on the license.
- Failing or refusing to cooperate with the Board during an investigation of a complaint.
- Failing to disclose information or provide documents required by the Act or the Board.
- Engaging in conduct that constitutes a dereliction of duty or deceives, defrauds, or harms the public in the course of providing professional services.
- Demonstrating a lack of financial responsibility.

Section 7: Amends the provision relating to enforcement of the Act by adding a provision that a contract for sale, installation, or service of an alarm system entered into by an unlicensed or unregistered person is a threat to public safety, and the contract shall be deemed void and unenforceable.

Section 8: Adds a new section to the law requiring that a licensee must be able to prove that the business' license is valid and that the employee or agent is properly registered in order to commence or maintain an action to collect compensation. This provision also makes it an unfair and deceptive trade practice to engage in the alarm systems business without a license or registration.

Section 9: Amends the title of Article 2A to the "Alarm Systems Education Fund".

Section 10: Amends Article 2 of the Act to change the Alarm Systems Recovery Fund to the Alarm Systems Education Fund. Since 1985, the Board has administered a fund for the payment of claims by a person who has suffered monetary loss as a result of the actions of a licensee. The Board was authorized to charge licensees a \$50 fee to maintain the fund at the level of at least \$100,000. This section changes the purpose of the fund to provide exclusively for the education of licensees and registrants and lowers the maintenance level from \$100,000 to \$25,000.

Section 11: Repeals sections of Article 2 which define the procedure for the Board to determine claims on the fund and to make payments where appropriate.

This bill varies from previous editions by reconciling the changes made to G.S. 74D-2 by this bill to changes made to the same statute by Senate Bill 584 (Amend Private Protective Services), which has been ratified but has not become law.

Source: Adopted from the bill analysis done by the Committee Counsel to House Finance on July 22, 2009.

ASSUMPTIONS AND METHODOLOGY:

Senate Bill 1073 makes various amendments to the Alarm Systems Licensing Act, including allowing the NC Alarm Systems Licensing Board to levy a \$20.00 late registration fee. According to the Board, they typically receive around 30 late applications each year. The number of late applications multiplied by the \$20 late fee results in the revenue increase expected from the bill. This results in a \$600.00 revenue increase beginning in FY 2009-10. Aside from the new fee, Senate Bill 1073 is not expected to have any additional fiscal impact.

SOURCES OF DATA: NC Alarm Systems Licensing Board

TECHNICAL CONSIDERATIONS: None

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