NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: H.B. 259

SHORT TITLE: Home Inspector Amendments/AB

SPONSOR(S): Rep. Jarrell

FISCAL IMPACT

Yes (X) No () No Estimate Available (X)

FY 1999-00 FY 2000-01 FY 2001-02 FY 2002-03 FY 2003-04

REVENUES See Assumptions and Methodology

EXPENDITURES

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Home Inspector Licensure Board.

EFFECTIVE DATE: October 1, 1999, and applies licenses applied for or renewed on or after that date.

BILL SUMMARY: The bill makes several changes to the requirements for licensure as a home inspector. First, it clarifies that an inspector must continuously maintain a minimum bond, or net assets, as determined by the board. The required amount can not exceed \$10,000 or fall below \$5,000. (Current law only requires that inspectors have such a bond). Second, it requires that an inspector's license be considered lapsed when they do not pay the renewal fee or maintain the bond or asset base. It also requires that an associate inspector's license be considered lapsed when the associate does not pay the renewal fee or is not continuously employed by or affiliated with a licensed home inspector. Third, the bill requires that all licensees maintain full and accurate records. Fourth, it authorizes the Home Inspector Licensure Board to establish continuing education courses, and require that inspectors and associates complete a set number of credit hours each year. While the board will determine the number of hours, the annual requirement can not exceed 12 credit hours. Fifth, the bill authorizes the board to charge fees to a course sponsor to review and approve a suggested course, and renew the approval for that course. It also authorizes the board to charge a course sponsor up to \$5.00 per credit hour for each licensee that completes an approved course, and allows them to charge licensees up to \$50.00 to review an unapproved course or activity to determine if that activity meets the

continuing education requirements. Sixth, the bill authorizes the board to adopt reasonable rules to carry out and enforce the continuing education program. Finally, the bill provides the board with the option to grant extensions to those who fail to meet the continuing education requirements.

ASSUMPTIONS AND METHODOLOGY: The bill has two potential areas for fiscal impact: creating a lapsed category, and authorizing continuing education and a series of associated fees.

The Department of Insurance reports that there are currently 96 home inspectors and 29 associate home inspectors who have not yet paid their renewal fee. (This does not include the inspectors and associates who have become "inactive"). The renewal fee for home inspectors is \$150. The renewal fee for associate home inspectors is \$100. Payment is due by October 1 of each year. Under the bill, in future years, the licenses of these inspectors and associate inspectors would be considered "lapsed" status encourages these inspectors and associates to renew their license, the Department could see a \$17,300 increase in renewal fees. However, it is unclear if the "lapsed" standing would actually cause these inspectors and associates to renew their license. It is also unclear how many of these inspectors will eventually pay their delinquent fee, with our without the law. As such, no fiscal estimate on this portion of the bill is possible.

The second potential area for fiscal impact is related to the continuing education requirements. At this time, neither the Home Inspection Licensure Board nor the Department of Insurance (which staffs the Board) have made any determinations or recommendations as to the number of courses to be offered, or the number of courses to approve. No estimate on this portion of the bill is possible. Neither body has determined or recommended what fee should be charged, per student, for each credit hour completed. The Department of Insurance reports that there are 1079 home inspectors and 110 associate home inspectors with active licenses. Assuming each active inspector and associate completes 12 credit hours of training, and the Board charges the maximum fee of \$5, the Board might see a revenue increase of \$71,300 (1189 inspectors and associates X \$60 each in fees). The Department reports that the current number of inspectors and associates is about average. No significant revenue growth is expected. All revenue from continuing education program is non-reverting.

Given the above information it appears that the Home Inspectors Licensing Board will see some increase in revenue. It is unclear how much the exact fiscal impact may be, primarily because the Board has yet to determine the number of courses offered and approved.

FISCAL RESEARCH DIVISION 733-4910

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