

GENERAL ASSEMBLY OF NORTH CAROLINA



Legislative Fiscal Note

**BILL NUMBER:** Senate Bill 948 (Third Edition)

**SHORT TITLE:** Amend Boating Safety/Vessel Titling Law.

**SPONSOR(S):** Senator Hoyle

<b>FISCAL IMPACT</b>					
	Yes (X)	No ( )	No Estimate Available ( )		
	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>
<b>REVENUES:</b>	(in dollars)				
<b>General Fund</b>	<u>No Impact to General Fund</u>				
<b>Wildlife Resources Commission</b>	823,508	831,743	840,060	848,461	856,945
<b>EXPENDITURES</b>					
<b>General Fund</b>	Small fiscal impact likely; exact amount cannot be determined.				
<b>Correction</b>	Amount cannot be determined.				
<b>Judicial</b>	Amount cannot be determined.				
<b>ADDITIONAL PRISON BEDS*</b>	None anticipated; impact on local jail beds possible but cannot be determined.				
<b>POSITIONS (cumulative):</b>	None anticipated.				
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>	Wildlife Resources Commission; Department of Correction; Judicial Branch.				
<b>EFFECTIVE DATE:</b>	January 1, 2007.				
*This fiscal analysis is independent of the impact of other criminal penalty bills being considered by the General Assembly, which could also increase the projected prison population and thus the availability of prison beds in future years. The Fiscal Research Division is tracking the cumulative effect of all criminal penalty bills on the prison system as well as the Judicial Department.					

**BILL SUMMARY:** Senate Bill 948 makes vessel titling mandatory in North Carolina, adds several fees to existing statutes regarding boat safety and vessel titling, creates several new criminal offenses, and makes numerous technical changes. Senate Bill 948:

- Increases the fee for transferring a vessel title from \$10 to \$20
- Increases the fee for duplicate certificate of number from \$2 to \$5
- And, specifies that the Wildlife Resources Commission shall use at least three dollars (\$3.00) of each one-year certificate of number fee and at least nine dollars (\$9.00) of each three-year certificate of number fee for boating access area acquisition, development, and maintenance.

Senate Bill 948 creates these new criminal offenses:

G.S. 75A-5.2(h) – Creates new Class 1 misdemeanor offenses for vessel agents who do any of the following:

- (1) Withhold or misappropriate funds generated from vessel transactions.
- (2) Falsify records of vessel transactions.
- (3) Willfully and knowingly assist or allow a person to obtain a certificate of number or certificate of title for which that person is ineligible.
- (4) Willfully issue a backdated certificate of number or certificate of title.
- (5) Willfully include false information or omit material information on vessel transaction forms and records regarding either:
  - a. A person’s entitlement to a particular certificate of number or certificate of title.
  - b. The applicability or term of a particular certificate of number.
- (6) Charge or accept any fee, remuneration, or other item of value that exceeds the fee amounts provided by statute.

G.S. 75A-16.1(f) – Creates a new Class 2 misdemeanor offense for presenting a fictitious boating safety certification, or for attempting to obtain a boating safety certification card through fraud.

G.S. 75A-17(c) – Creates a new Class 1 misdemeanor offense for activating, installing, or operating a flashing blue light on a vessel other than a law enforcement vessel.

G.S. 75A-17(e) – Creates a new Class 2 misdemeanor offense for failure to stop, remain at idle speed, or maneuver in such a way as to permit a law enforcement officer to come alongside the vessel when directed to do so by a law enforcement officer.

G.S. 75A-17(f) – Creates a new Class 3 misdemeanor offense for failure to slow to a no-wake speed when passing within 50 yards of law enforcement vessel that is displaying a flashing blue light.

## **ASSUMPTIONS AND METHODOLOGY:**

The Wildlife Resources Commission (WRC) administers the registration and titling of vessels to the public. Unlike many surrounding states, North Carolina does not currently require that vessels be titled although vessel owners may choose to title their vessels. Senate Bill 948 requires that vessels be titled. Mandatory titling of vessels will conform to surrounding states and will improve and streamline the existing titling process as well as add ownership protection and identification for vessels.

The chart below provides detail on the three fee-related provisions in Section 75A-38(b) of this bill that would generate new revenue for the WRC.

<b>Senate Bill 948, Estimated Gross Fee Revenues from Section 75A-38(b)</b>					
Fee	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
Mandatory vessel titling fee*	753,830	761,368	768,982	776,672	784,439
Increase in transfer of vessel title fee	100,450	101,455	102,469	103,494	104,529
Increase in duplicate certificate of number fee	21,792	22,010	22,230	22,452	22,677
<b>Total, all fee increases</b>	<b>876,072</b>	<b>884,833</b>	<b>893,681</b>	<b>902,618</b>	<b>911,644</b>

\*Includes revenue from titling of new vessels and from non-titled vessels being transferred to a new owner

Under current law, vessel agents retain set commissions for specified statutory transactions as compensation for services rendered to the WRC and the general public. Vessel agents, as a subset of wildlife agents, conduct a considerable amount of WRC-related transactions; in 2005, six percent (6%) of gross fee collections was retained by wildlife agents. This projection assumes that 6% of collections will be retained by vessel agents. The chart below shows the estimated total fiscal impact of this legislation (gross revenues less 6% in commissions for vessel agents).

<b>Senate Bill 948, Net Fee Revenues</b>					
	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-2010</b>	<b>2010-11</b>
6% of gross collections to wildlife agents	(52,564)	(53,090)	(53,621)	(54,157)	(54,699)
<b>Total</b>	<b>823,508</b>	<b>831,743</b>	<b>840,060</b>	<b>848,461</b>	<b>856,945</b>

### **Department of Correction**

The Sentencing and Policy Advisory Commission prepares prison population projections for each criminal penalty bill. The Commission assumes for each bill that increasing criminal penalties does not have a deterrent or incapacitative effect on crime. Therefore, the Fiscal Research Division does not assume savings due to deterrent effects for this bill or any criminal penalty bill. Based on the most recent population projections and estimated available prison bed capacity, *there are no surplus prison beds available over the immediate five-year horizon, or beyond.*

Because this bill creates new offenses, there are no historical data to estimate the potential impact on the State's prison population. Thus, it is not known how many offenders might be sentenced under this bill. In 2004-05, 19% of Class 1, 16% of Class 2, and 23% of Class 3 misdemeanor convictions resulted in active sentences, with average estimated times served of 30.7, 11.8, and 2.9 days, respectively. Since offenders serving active sentences of 90 days or less are housed in county jails, any new offenses resulting from this bill are not expected to impact the State's prison population. The impact on local jail populations is not known.

### **Department of Correction – Division of Community Corrections**

In 2004-05, 79%, 83%, and 77% of Class 1, 2, and 3 misdemeanor convictions resulted in some form of community punishment, primarily special and intensive supervision probation. Assuming some additional convictions and community sentencing, additional costs for probation supervision may be incurred. Presently, general supervision from a probation officer costs the Division of Community Corrections \$1.93 per offender, per day. For offenders on special sanction, such as intensive supervision probation or electronic house arrest, the daily costs are higher – \$12.95 and \$6.71, respectively.

In addition, offenders supervised by DCC are required to pay a \$30 per month supervision fee; those serving community service are required pay a one-time fee of \$200; and those on electronic house arrest or electronic monitoring must pay a one-time \$90 fee. This money is collected by the Court System and goes to the General Fund. The percentage of fees actually collected cannot be determined from the Court's records, but survey information indicates that the compliance rate for supervised probationers is around 48%.

### **Judicial Branch**

For most criminal penalty bills, the Administrative Office of the Courts provides Fiscal Research with an analysis of the fiscal impact of the specific bill. For these bills, fiscal impact is typically based on the assumption that court time will increase due to an expected increase in trials and a corresponding increase in the hours of work for judges, clerks, and prosecutors. This increased court time is also expected to result in greater expenditures for jury fees and indigent defense.

There is no data with which to estimate the number of violations that might result under these new provisions. However, the AOC anticipates an increase in the workload of district court judges, deputy clerks, and district attorneys as a result of this bill. Currently, the AOC estimates court-time costs for Class 1, 2, and 3 misdemeanors of \$3,153, \$2,380, and \$2,380 per trial, respectively; cost estimates per plea are \$224, \$211, and \$208, respectively.

**SOURCES OF DATA:** North Carolina Wildlife Resources Commission; North Carolina Sentencing and Policy Advisory Commission; North Carolina Administrative Office of the Courts.

**TECHNICAL CONSIDERATIONS:** None

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