

# GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

## Legislative Fiscal Note

**BILL NUMBER:** House Bill 2353 (First Edition)

**SHORT TITLE:** Irrigation Contractors Licensure/Fees.

**SPONSOR(S):** Representatives Gibson and Carney

### FISCAL IMPACT

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

FY 2008-09    FY 2009-10    FY 2010-11    FY 2011-12    FY 2012-13

#### REVENUES

North Carolina Irrigation Contractors' Licensing Board

\$941,000      \$335,000      \$336,000      \$340,000      \$337,000

#### EXPENDITURES

#### POSITIONS (cumulative):

**PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:** The North Carolina Irrigation Contractors' Licensing Board

**EFFECTIVE DATE:** G.S. 89G-4 become effective October 1, 2008. The remainder of the act becomes effective January 1, 2009.

#### BILL SUMMARY:

House Bill 2353 enacts GS Chapter 89G establishing a nine-member North Carolina Irrigation Contractors' Licensing Board effective October 1, 2008, and creating a comprehensive system for the licensing and regulation of irrigation contractors effective January 1, 2009. The bill defines an irrigation contractor as "[a]ny person who for compensation or other consideration constructs, installs, expands, services, or repairs irrigation systems" and requires a license to engage in this practice.

The bill exempts from the license requirements the following:

- federal or state agencies performing irrigation construction or contracting work on public property;
- property owners who performs irrigation construction or contracting work on their own property;

- landscape architects registered under GS Chapter 89A;
- professional engineers licensed under GS Chapter 89C;
- irrigation construction or contracting work where the total price is less than \$1,500 per jobsite over a 12-month period;
- irrigation construction or contracting work for temporary irrigation to establish vegetative cover for erosion control;
- irrigation construction or contracting work to control dust on commercial construction sites or mining operations;
- irrigation construction or contracting work for use in agricultural production, farming, or ranching, including land application of animal waste water;
- irrigation construction or contracting work for use in commercial sod production;
- irrigation construction or contracting work for use in the commercial production of horticultural crops, including nursery and greenhouse operators.

House Bill 2353 requires that an applicant meet the following qualifications to be licensed as an irrigation contractor:

- the applicant must be at least 18 years old;
- the applicant must be of good moral character;
- the applicant must have three years of experience in irrigation construction or contracting or the educational equivalent. Two years of educational training equal one year of experience; and
- the applicant must file with the board and maintain a corporate surety bond or a letter of credit in the amount of \$10,000.

It also requires applicants to pass an examination, which must test an applicant's understanding of the following subjects:

- efficiency of water use and conservation in irrigation construction and contracting;
- property methods of irrigation construction;
- property methods of irrigation installation; and
- basic business skills.

The bill makes exceptions to the exam requirement for individuals who have obtained Certified Irrigator Contractor or Certified Irrigation Designer and registered landscape contractors provided that specified conditions are met.

House Bill 2353 prescribes a process for appointing members of licensing board, as well as terms of office and qualifications. It sets forth powers and duties of the board and authorizes it to take disciplinary action, assess civil penalties, and seek injunctive relief for specified violations.

**ASSUMPTIONS AND METHODOLOGY:**

House Bill 2353 would allow for the newly created North Carolina Irrigation Contractors’ Licensing Board to impose fees not to exceed the following amounts:

- Application fee \$100.00
- Examination fee 200.00
- License renewal 100.00
- Late renewal fee 50.00
- License by reciprocity 250.00
- Corporate license 100.00
- Duplicate license 25.00

According to the Employment Security Commission of North Carolina, the state had 544 companies and 8,500 employees listed under NAICS Code 237110 (Water and Sewer System Construction) as of the third quarter of 2007. The North Carolina Green Industry Council reports that irrigation companies employed approximately 6,000 full-time workers in North Carolina in 2005.

It is assumed that 75% of the companies in NAICS Code 237110 are irrigation companies. This is similar to the percentage of irrigation company employees as a part the Water and Sewer System Construction NAICS Code. This would be equal to approximately 400 irrigation companies in North Carolina. It is believed that half of all irrigation company employees would fit the definition of an irrigation contractor.

The revenue estimates assume that the Board imposes application and examination fees on all irrigation contractors in the initial year of existence (beginning January 1, 2009), and renewal fees in subsequent years. Duplicate licenses, late renewal fees and licenses by reciprocity are not taken into consideration in the estimate.

After initially generating revenue of \$941,000, the North Carolina Irrigation Contractors’ Licensing Board would average around \$335,000 per fiscal year. This amount would mainly be generated by license renewals.

The bill does allow for the Board to assess civil penalties not in excess of \$2,000 for each violation. However, since this is a discretionary action, no estimate is available.

**SOURCES OF DATA:** The Employment Security Commission of North Carolina, The North Carolina Green Industry Council, Moody’s Economy.com

**TECHNICAL CONSIDERATIONS:** None

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