

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 817 (Second Edition)

SHORT TITLE: Building Code Revisions

SPONSOR(S): Senator Rand

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
REVENUES:	\$7,000	\$0	\$0	\$0	\$0
EXPENDITURES:					
Department of Insurance					No Estimate Available
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Insurance					
EFFECTIVE DATE: This act is effective when it becomes law.					

BILL SUMMARY: This legislation exempts any business that is federally licensed to sell automatic weapons from the door lock requirements of the NC State Building Code if the entity has been issued a permit from the Department of Insurance. The Department of Insurance will be required to issue a permit if all of the following conditions are met:

- 1) The occupancy space is contained on one floor and is no larger than 15,000 feet of retail space.
- 2) The facility is equipped with approved smoke, fire, and security alarm systems installed in accordance with rules adopted by Department of Insurance.
- 3) Employees are provided with a written facility locking plan for the close of each day within 10 days of the issuance of the permit.
- 4) Each entrance of the building is posted with a sign warning that the building is exempt from door lock requirements, and that doors will remain locked inside even in case of fire.
- 5) The business pays a \$500 fee to the Department of Insurance.

BACKGROUND INFORMATION: Chapter 10 of North Carolina State Building Code Volume 1 (hereinafter called the Code) establishes the door lock and exit requirements for

businesses that display and sell merchandise. Current inspection is administered by local Fire Inspectors in accordance with the regulations and requirements established by the Code. All construction and use permits are currently issued by these local Fire Marshals. The expenses of permitting and inspection are funded by local tax revenues and use fees that are determined by local governments. The only inspections administered by the State Fire Marshal are for property owned and insured by the state.

ASSUMPTIONS AND METHODOLOGY: There are a range of licenses issued by the Bureau of Alcohol, Tobacco, and Firearms (hereinafter called the ATF) that authorize firearms and ammunitions dealers to sell particular types of weapons. The Class 08 license authorizes a dealer to import firearms and ammunition other than automatic weapons. There are 14 of these Class 08 licensees in North Carolina. If this importer receives a Class 03 Special Tax Stamp Addendum, he or she is authorized to import and sell automatic weapons. Due to tax privacy issues, the number of dealers in NC with the Class 03 Addendum is not available. However, since there are 14 Class 08 dealers in the state, it can be assumed that there will be a maximum of 14 Class 03 Addendum licensees in NC.

This legislation authorizes the Department of Insurance to collect a \$500 permit fee from automatic firearms dealers seeking exemption from door lock requirements. Since there is a maximum of 14 dealers authorized by the ATF to sell automatic weapons in NC, the fiscal impact of the legislation is 14 times the \$500 fee. Therefore, the maximum revenue from permit fees is **\$7,000**. For the purposes of this fiscal note, it is assumed that qualified dealers will receive the permit in FY 2001-02.

The State Fire Marshal of the NC Department of Insurance only carries out field inspections of property owned and insured by the state. The State Fire Marshal has no current mechanism for issuing permits or collecting fees. The one time \$500 fee may not be sufficient to cover the costs of field inspections and permit issuance in the first year and is insufficient to cover the costs of annual permitting and inspection for an undetermined amount of time. Due to the State Fire Marshal's inexperience in issuing permits or conducting field inspections of private property, there is no estimate of the departmental expenditures that will result from this legislation.

TECHNICAL CONSIDERATIONS:

1) The legislation does not specify the account or fund to which the permit fees are to be deposited.

FISCAL RESEARCH DIVISION 733-4910

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