

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** SB 516 (Third Edition)

**SHORT TITLE:** Lead-Based Paint Management /AB

**SPONSOR(S):** Senator Ballance, et al

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<u><b>FY 1997-98</b></u>	<u><b>FY 1998-99</b></u>	<u><b>FY 1999-00</b></u>	<u><b>FY 2000-01</b></u>	<u><b>FY 2001-02</b></u>
<b>REVENUES</b>					
Lead-Based Paint Hazard Management Program					
Accreditation of Courses		\$42,500	\$50,000	\$45,500	\$38,000
Lead Certification fees		\$115,750	\$171,250	\$171,250	\$171,250
Lead Examination fees		\$37,500	\$37,500	\$15,000	\$15,000
Lead Abatement Permits		<u>\$13,000</u>	<u>\$23,400</u>	<u>\$13,000</u>	<u>\$13,000</u>
Total		\$208,750	\$282,150	\$244,750	\$237,250
<b>EXPENDITURES</b>					
Lead-Based Paint Hazard Management Program		\$208,750	\$282,150	\$244,750	\$237,250
<b>POSITIONS:</b>		3	4	4	4
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Environment, Health, and Natural Resources					
<b>EFFECTIVE DATE:</b> Rulemaking authority is effective when the act becomes law. The remainder of the bill is effective May 31, 1998.					

**BILL SUMMARY:** The bill creates a Lead-Based Paint Hazard Management Program in the Department of Environment, Health, and Natural Resources (DEHNR) to certify persons who perform lead abatement in child occupied facilities or target housing (built prior to 1978). The Department will charge a certification fee not to exceed \$150 per person (\$50 per worker) plus an examination fee not to exceed \$75 per exam. Those institutions or firms providing lead abatement training courses will be accredited by the Department at a cost of \$2,000 for the initial

accreditation and \$750 annual renewal. Lead abatement permits are required for each lead abatement project (excluding homeowners) at a price equal to 2% of the contracted price of the project, not to exceed \$500. Violation of this statute carries a \$1,000 a day administrative penalty.

**ASSUMPTIONS AND METHODOLOGY:**

**Revenue**

**I. Accreditation of Training Courses**

The Department estimates that it will accredit 10 lead abatement training courses in each of the first two years of the program, then accredit only 4 each year thereafter. Each program will be charged \$2,000 for accreditation review and \$750 for annual renewal of their accreditation. In the first year, the Department will also verify the courses and instructors of programs accredited in 33 states such as Maryland, Virginia, Georgia, and Kentucky. The Department will charge \$750 for the course verification or the same as a renewal. It is anticipated that some training programs will drop out each year beginning in the year 2001.

FY 1998-99	10 Initial	X \$2,000 = \$20,000
	30 Verification	X \$750 = <u>\$22,500</u>
		\$42,500

FY 1999-00	10 Initial	X \$2,000 = \$20,000
	40 Renewals	X \$750 = <u>\$30,000</u>
		\$50,000

FY 2000-01	4 Initial	X \$2,000 = \$8,000
	50 Renewals	X \$750 = <u>\$37,500</u>
		\$45,500

FY 2001-02	4 Initial	X \$2,000 = \$8,000
	40 Renewals	X \$750 = <u>\$30,000</u>
		\$38,000

**II. Lead abatement certification**

The Department may charge up to \$50 for a worker and \$150 for any other category of personnel to certify a person to perform lead abatement. The Department has set the following rates for each job category:

worker = \$50	firm = \$150
supervisor = \$150	designer = \$150
inspector = \$150	risk assessor = \$150

Department officials expect certifications to level off in the year 2000 as shown in the chart below.

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>
Worker	500	800	800	800
Supervisor	100	150	150	150
Inspector	350	500	500	500
Risk Assessor	80	120	120	120
Designer	15	25	25	25
Firms	60	80	80	80
Annual Fees	\$115,750	\$171,250	\$171,250	\$171,250

### III. Lead certification exams

The Department projects the number of exams it will administer as follows (at \$75 per exam):

	<u>Exams</u>	<u>Revenues</u>
FY 1998-99	500	\$ 37,500
FY 1999-00	500	\$ 37,500
FY 2000-01	200	\$ 15,000
FY 2001-02	200	\$ 15,000

### IV. Lead-based paint removal permits

The fee for lead-based paint removal permits is equal to 2% of the contract price. Half of the permits will be used by homeowners and will be exempt from the charge. The average contract price is anticipated to be \$2600, thus the fee charged will be \$52 per site. The Department believes much of the permit activity in the first two years will be driven by federal HUD housing funds, but the work will decline in 2000 and beyond as the federal dollars end.

	<u>Permits</u>	<u>Revenues</u>
FY 1998-99	500	\$ 13,000
FY 1999-00	900	\$ 23,400
FY 2000-01	500	\$ 13,000
FY 2001-02	500	\$ 13,000

## **Expenditures**

The Lead-Based Paint Hazard Management Program created by this act will be partially supported with revenues generated from the accreditation, certification, examination and permit fees to be established by the Department. A federal lead grant will be used to offset the remaining program costs.

Program responsibilities and activities include:

- ◆ certification of persons performing lead abatement activities to ensure that qualified persons conduct lead hazard reduction activities,
- ◆ accreditation of training courses and persons providing training to individuals seeking certification to assure adequacy of course materials and competency of instructors,
- ◆ regulatory guidance, oversight and compliance, including the establishment of a lead abatement notification system to facilitate monitoring of abatement activities by the state.

According to the Department, a total of six full-time positions will be required to administer the program with an initial startup cost of \$369,192, including \$4,500 for a nonrecurring equipment purchase. Since program revenues are expected to be less the first year because of rule-making and other startup delays, the federal grant will be used to fund three positions for the 1998-99 fiscal year. The remaining three positions will be supported with certification and other program receipts during the 1998-99 fiscal year. As program revenues increase, beginning with the 1999-00 fiscal year, at least one federally funded position will be shifted to certification, accreditation, examination and/or permit receipts. The department expects sufficient federal funds to be available to offset any costs not covered by program fees.

The total estimated budget requirements for the Lead-Based Paint Hazard Management Program are outlined in the following table:

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02
<b>Personnel</b>					
2 Industrial Hygiene Inspectors		102,995	106,379	109,878	113,602
2 Industrial Hygiene Consultants		117,213	121,080	125,079	129,335
1 Technical Trainer		53,867	55,640	57,472	59,423
1 Processing Assistant		26,617	27,463	28,337	29,269
<b>Total Salaries &amp; Benefits *</b>		<b>300,692</b>	<b>310,561</b>	<b>320,766</b>	<b>331,629</b>
Positions		6	6	6	6
<b>Operating Expenses</b>		<b>68,500</b>	<b>64,000</b>	<b>64,000</b>	<b>64,000</b>
<b>Total Requirements</b>		<b>\$369,192</b>	<b>\$374,561</b>	<b>\$384,766</b>	<b>\$395,629</b>

\* Beginning with the 1998-99 fiscal year, salaries are adjusted to reflect the projected growth estimated for average hourly earnings in manufacturing. The inflation rates used are based on forecasts by Data Resources, Inc.

**FISCAL RESEARCH DIVISION**

**733-4910**

**PREPARED BY:** Mona Moon & Richard Bostic

**APPROVED BY:** Tom Covington

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