



NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Legislative Fiscal Note

Short Title: Comm. Inspect. Efficiency Act.
Bill Number: House Bill 831 (Second Edition)
Sponsor(s): Rep. Brody, Rep. Zenger, Rep. B. Jones, and Rep. Pyrtle

SUMMARY TABLE

FISCAL IMPACT OF PCS TO HB 893, V.1 (\$ in dollars)					
	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>
State Impact					
Special Fund Revenues	-		Unknown Fee Revenue		
Less Expenditures	-	85,807	86,067	89,700	92,380
Special Fund Impact					
NET STATE IMPACT	-	Unknown - Fees Expected to Support Expenditures			
Local Impact					
Local Revenue	-	Unknown Local Loss-See Fiscal Analysis Section			
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	-	Unknown Local Loss-See Fiscal Analysis Section			

FISCAL IMPACT SUMMARY

The bill directs the North Carolina Code Officials Qualification Board (Q-Board) which is staffed by the Office of State Fire Marshal (OSFM) within the Department of Insurance (DOI) to certify and register a new class of building code inspectors, known as private commercial inspectors (PCIs), and to provide online access to the list of PCIs. The bill also authorizes the Board to establish associated fees. Since this class of inspectors does not currently exist, the bill is projected to have a fiscal impact of \$85,807 in FY 2026-27 on the Q-Board and the State budget (see Fiscal Analysis section).

The bill would have a fiscal impact on local governments because it allows permit holders to have private inspectors conduct final commercial building inspections rather than local government inspectors, who are currently the only individuals who can conduct such inspections. To the extent



permit holders use private inspectors rather than ones employed by local governments, the local governments will lose any associated fee revenue.

FISCAL ANALYSIS

North Carolina Code Officials Qualification Board (Q-Board) Required Operating Costs

House Bill 831, the Commercial Inspection Efficiency Act, requires the Q-Board to: establish a fee schedule for PCIs, issue certain PCI certificates to architects licensed under Chapter 83A and engineers licensed under Chapter 89C, and maintain a public record of all currently certified PCIs beginning July 1, 2026. The estimated cost to implement these requirements includes one full-time administrative officer position at a cost of \$85,807 (salary, benefits, and a one-time appropriation of \$2,500 for furniture and equipment) in FY 2026-27. The administrative officer would be responsible for processing the paperwork required in collecting fees, issuing mandated certificates, and maintaining a registry. The cost to post the registry of commercial inspectors' information online will be absorbed within OSFM's operating budget. These expenditures will be supported by the required fees which will be collected in DOI's Special Fund 23901. The Fiscal Impact table on the first page assumes the cost of this position will increase by an average of four percent each year.

Board Fees

The bill directs the Q-Board to establish the following fees, not to exceed the rates below, to certify and register private inspectors to conduct inspections of commercial buildings and structures for compliance with the State Building Code (Code) and to issue certificates of compliance with the Code.

Private Commerical Inspector	Max Fee
Certification Application	\$ 200
Renewal	\$ 50
Registry	\$ 20

Since PCIs currently do not operate in the State, the number of individuals that might apply for certification and registration is indeterminable. However, it is anticipated that there would be sufficient interest in applying and registering with the Q-Board to cover the projected increase in operating costs.

Potential Q-Board Expenses

The bill also allows the Q-Board to offer reciprocity to licensed PCIs from other states, establish a unique examination for PCIs, create professional development requirements for PCIs, and investigate complaints made against PCIs. Each of these actions would incur additional operating costs on the Q-Board should the Q-Board decide to take on these responsibilities. Since the number of PCIs who would be interested in applying and registering with the State is not known, the Q-Board could wait some time before adopting rules to take on these responsibilities. Waiting at least a year would allow the Q-Board to collect fee revenue to support these initiatives.

OSFM estimates that these additional responsibilities would double the workload of the current staff to the Q-Board. Currently, 10 FTE support the work of the Q-Board which, in FY 2022-23, included issuing 2,749 new certificates, maintaining 9,507 active certificates, and maintaining a



registry of 4,549 active code enforcement officials. FRD believes it is unlikely that the Q-Board's work doubles on July 1, 2026, even if the Q-Board chooses to take on the additional responsibilities identified in the bill. Should the Q-Board choose to create a unique PCI exam and offer professional development for PCIs on July 1, 2026, FRD would recommend hiring four additional positions at a cost of \$414,034 (salaries, benefits, and a one-time appropriation of \$2,500 per position for furniture and equipment) to establish the program. Additional positions could be created in future years using receipts collected from the fee to certify and register PCIs. The recommended positions, which include one of each type of non-supervisory positions currently staffing the Q-Board, are listed in the table below:

Potential Q-Board PCI Positions	Salary	Benefits	Equipment	Total
Administrative Specialist II	\$ 57,113	\$ 26,194	\$ 2,500	\$ 85,807
Program Coordinator II	\$ 59,968	\$ 27,099	\$ 2,500	\$ 89,567
Staff Development Specialist II	\$ 76,537	\$ 32,349	\$ 2,500	\$ 111,386
Engineer II	\$ 88,601	\$ 36,173	\$ 2,500	\$ 127,274
Total Position Cost in FY 2026-27				\$ 414,034

Local Government Inspection Fees

Currently, local governments must enforce State and local laws relating to the construction of buildings and other structures, along with the installation of plumbing, electrical, heating, refrigeration, and air-conditioning systems. Once all work under a building permit is concluded, the local government inspector (who must be certified by the Q-Board as a code enforcement official) conducts a final inspection and, if the completed work complies with all applicable State and local laws and with the building permit, issues a certificate of compliance. Under current law, only local governments can conduct such inspections, and thus are the only entities receiving fee revenue from permit holders for performing these inspections.

The bill adds PCIs as eligible individuals to conduct these required final inspections of commercial properties effective July 1, 2026.¹ Permit holders seeking a commercial building inspection by a PCI would post to the local government a payment guarantee of 125% of the local government's inspection costs in the event the PCI ceases inspecting or abandons a project; in these cases, the local government may claim against the payment guarantee for its costs in assuming responsibility for the inspection.

The bill will reduce local governments' revenues because permit holders could pay the inspection fees to PCIs rather than local governments. The fees permit holders pay local government inspection offices are a primary method by which these offices are funded. Under the bill, local government inspection receipts would be reduced to the extent permit holders choose to use a PCI rather than inspectors employed by the local government. FRD cannot confidently estimate the revenues local governments would likely lose for two primary reasons: first, inspection costs vary greatly between local governments, and second, the number or percentage of permit holders that will use this new option of a private inspector rather than one a local government employs for inspections of commercial buildings and structures is unknown.

¹ Local government inspectors will remain an option for those with commercial building permits.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

OFFICE OF STATE FIRE MARSHAL.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

ESTIMATE PREPARED BY

Katherine Tamer, Brent Lucas

ESTIMATE APPROVED BY

Brian Matteson, Director of Fiscal Research
Fiscal Research Division
June 18, 2025



Signed copy located in the NCGA Principal Clerk's Offices

