

LEGISLATIVE FISCAL ESTIMATE TO
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1617

STATE OF NEW JERSEY

DATED: JANUARY 2, 1998

Senate Committee Substitute for Senate No. 1617 of 1996 provides for the licensing and regulation of locksmiths and burglar alarm, fire alarm and electronic security businesses by establishing a 15-member Fire Alarm, Burglar Alarm and Locksmith Advisory Committee under the Board of Examiners of Electrical Contractors in the Division of Consumer Affairs in the Department of Law and Public Safety. Members of the committee would be compensated for expenses and provided with office and meeting facilities and any personnel required to carry out the committee's responsibilities.

The bill authorizes the committee, with the approval of the board, to set standards for and regulate fire alarm, burglar alarm or locksmith licensees, to adopt a code of ethics for licensees and to maintain and annually publish a record of licensees. The committee is further required to set continuing education standards for, review advertising by and take disciplinary action against licensees. Under the bill, the committee would establish fees for licenses, renewals, applications, identification cards, examinations and other services sufficient to fund administration of the licensing program.

The bill requires licensees and their employees to pass a criminal history background check, the cost of which would be borne by the licensee. Licenses would be valid for three years, and licensees would be required to carry liability insurance and post a \$10,000 surety bond. In addition, every employee of a licensee would be required to maintain a three-year identification card. Electrical contractors and telephone and cable television companies are exempt from licensure.

An estimate provided by the Department of Community Affairs (DCA) on S-1617, an earlier version of this bill, places the cost of implementation at \$336,048, \$326,430, and \$344,028 in the first three years, respectively. However, in drafting this committee substitute, the Assembly Consumer Affairs and Regulated Professions Committee shifted the locus of regulatory authority from the DCA to the Division of Consumer Affairs. It also removed investigative powers that the committee would have exercised over licensees, including the ability to inspect premises, examine documents and accounts and conduct investigative hearings.

After accounting for these changes, and reducing the DCA's estimated fringe benefit rate, the Office of Legislative Services (OLS) estimates this bill will cost \$246,000, in the first year after enactment.

This figure includes \$161,000 for the salary and fringe benefits of an executive director, one clerk and two program development specialists; \$15,000 for materials and supplies; \$15,000 for services other than personal and \$55,000 for data processing and equipment. After adjusting for inflation at four percent and certain one-time costs, OLS estimates the cost of this bill at \$223,000, and \$230,000, in the second and third years after enactment, respectively.

Approximately 300 burglar alarm, fire alarm and electronic security businesses and 800 locksmiths would be subject to licensure under the bill, according to information provided by the New Jersey Burglar and Fire Alarm Association and the New Jersey chapter of the Association of Locksmiths of America. In addition, an estimated 2,200 burglar alarm, fire alarm and electronic security personnel and 1,000 locksmiths would require identification cards. OLS estimates there will be no significant change annually in the number of licensees in either field, based on information provided by the respective associations.

Therefore, OLS estimates the cost of administering the provisions of this bill over the first three years could be defrayed by a \$425 examination and license fee for three-year licensees and a \$75 examination and identification card fee for employees requiring three-year identification cards.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.