

FISCAL NOTE TO  
**SENATE, No. 1617**  
**STATE OF NEW JERSEY**

DATED: MAY 28, 1997

Senate Bill No. 1617 of 1996 provides for the licensing and regulation of locksmiths, burglar and fire alarm, and electronic security businesses by the Director of the Division of Fire Safety in the Department of Community Affairs. The bill also sets forth training, experience and record keeping requirements for licensees and creates a new class of licensee, the locksmith apprentice. Licensees and their employees are required to submit their fingerprints and photographs to the Director of the Division of Fire Safety. Licensees are required to carry insurance. Electrical contractors, telephone utility and cable television companies are exempt from licensure. The bill also specifies the grounds upon which the director can refuse to issue, suspend, and revoke licenses, as well as measures the director can take to punish violators. Finally, the bill appropriates \$25,000 from the General Fund to the division to implement its provisions.

The Department of Community Affairs (DCA) has advised the Office of Legislative Services (OLS) that the \$25,000 appropriation will be used to pay start-up costs in the initial year of the program. The DCA also states that, since the bill authorizes DCA to establish fees for licensing, ID cards and the warranty program, and authorizes the Division of State Police to assess fees to cover the costs of criminal background checks, the program should be revenue-neutral, after the \$25,000 start-up appropriation. The department states that the fees it sets will pay the costs of the program, and it anticipates that those fees for three-year licenses will be \$375 for a contractor and \$105 for employees requiring ID cards.

The department also advises OLS that the licensing and ID fees it establishes will result in a surplus during the first year of the initial three-year licensing cycle. As the department's costs will be constant, the initial anticipated surplus should be applied to the second and third years, in which a deficit will be anticipated. The department expects that applications for the first year will be heavier than in each succeeding year.

The department anticipates that the following numbers of licenses will be granted under this bill in the first three years:

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Alarm contractors			
(including electrical contractors)	530	260	260
Installation personnel	<u>2,700</u>	<u>1,375</u>	<u>1,375</u>
TOTAL	3,230	1,635	1,635

The department anticipates its costs for the first three years of the program to be as follows:

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Additional personnel - salary & benefits (one program development specialist, one principal clerk typist, two program development specialist II, two fire safety inspectors)	\$251,048	\$270,430	\$288,028
Materials & supplies (including 3 computers)	15,000	15,000	15,000
Services other than personnel	15,000	15,000	15,000
Data processing (OTIS Programming)	25,000	11,000	11,000
Mail & ID cards	<u>30,000</u>	<u>15,000</u>	<u>15,000</u>
Total Gross Operating Expenditures	\$336,048	\$326,430	\$344,028

The OLS does not have any information that would indicate costs and results other than those anticipated by the DCA.

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