



**Response to the December 17, 2014 report of the Performance Evaluation Division entitled:
"Occupational Licensing Agencies Should Not be Centralized, but Stronger Oversight is Needed"**

The North Carolina Locksmith Licensing Board and its 1216 licensees appreciate the hard work of the Performance Evaluation Division to examine the structure, organization, and operation of the State's various independent occupational licensure boards. The Board however disagrees with FINDING 5 and FINDING 6 of the report, essentially stating that the NC Locksmith Licensing Board be eliminated or consolidated. Additionally, the NC Locksmith Licensing Board disagrees with the methods used to determine these Findings as well.

The North Carolina Locksmith Licensing Board was established in 2001 by the NC General Assembly to combat the growing threat of scam locksmiths who price gouge consumers and damage property, leaving the consumer with little recourse. Locksmiths are persons who have the knowledge, tools, and skill set to obtain entry onto other people's property. To protect the consumer's health and safety as well as the integrity of their property, Chapter 74F, the North Carolina Locksmith Licensing Act requires that applicants complete a state and federal background check through the State Bureau of Investigation and a competency examination designed to test minimal proficiency in the locksmith profession.

Locksmith scams have been covered in media outlets throughout North Carolina, including WSOC, WRAL and News 14 Carolina; and featured nationally on news programs, including the Today Show. To eliminate the NC Locksmith Licensing Board would be open season for locksmith scam schemes to operate in the state.

The NCLLB considers its mandate to balance safety of the public, maintain technical integrity, and foster a regulatory environment that encourages competition in the locksmith and security industry, a serious matter. It is for these reasons that the NCLLB disagrees that its current structure leads to:

- **"Increased cost to the consumer."** Initial license with the NCLLB requires a \$100 application fee, \$200 examination fee, and a \$38 background check fee. The license is good for three years. This results in a one-time \$338 fee at application (or approx. \$113/year). Renewal of license is \$100. This results in a \$33 per year fee to operate as a locksmith. The Board believes these fees do not place a significant burden on the licensee that would translate to higher costs to the consumer.
- **"Restricts the ability of individuals to work in the occupation."** Neither the NCLLB nor Chapter 74F of the NC General Statute requires formal training before applying to become a licensed locksmith. The NCLLB does offer an apprenticeship license, but it is not required. Many licensees use the apprenticeship license as a way to work in the locksmith profession while preparing for the examination. Again, current state law does not require formal training or an apprenticeship.

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- **“Restricts public access to services.”** The definition of *locksmith services* found in Chapter 74F is inherently broad in scope. Furthermore the NCLLB accepts all continuing education credits with regard to electronic security devices, as well as access control systems.
- **“Limits mobility of licensed professionals.”** – The NCLLB finds a flaw in the logic that requiring a license in North Carolina would limit the licensee’s ability to practice in another state. For example, Virginia will still require locksmith licensure even if the North Carolina Locksmith Licensing Board is eliminated or consolidated.

The Board furthermore asserts that the threats to public health, safety and welfare justify the societal costs for the continued existence of the Board. The Board states that the “scores” used in determining FINDING 5 (Appendix A) of the study, illustrate a methodology that is arbitrary at best and misleading at worst.

- **Public harm.** As stated above, locksmiths are persons with the knowledge, tools, and skill set to obtain entry onto other people’s property.
- **Complaints.** The NCLLB handles complaints against *licensees* for poor workmanship or breeches of ethical conduct when providing locksmith services to the consumer.

Complaints of *unlicensed* locksmith activities are initiated with the NCLLB. If the accused party continues to resist obtaining a license, the NCLLB coordinates with local District Attorneys and law enforcement offices to charge the individual with a Class I Misdemeanor. The regulation and enforcement of this law is the responsibility of those agencies.

- **Disciplinary Actions.** As instructed in G.S. 150-22, the NCLLB seeks resolution of complaints outside of Formal Hearings. This method has saved the Board and the State of NC time and resources. Findings of disciplinary actions are issued in Consent Orders with licensees or applicants; examples of which may include additional CE hours, increased supervision, or weekly or monthly work logs to the Board. At no point in the PED’s evaluation of the NCLLB were the number and documentation of these actions requested.
- **Other States.** The NCLLB disagrees that the number of states with locksmith licensure should reflect the government of North Carolina’s determination to eliminate or consolidate the NCLLB. South Carolina, a state cited by the study, does not have locksmith licensing, whereas the commonwealth of Virginia, does have locksmith licensing. There are over fifteen states requiring licensure, with many more state legislatures with pending legislature.

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Finally, the NCLLB disagrees with the methodology used in FINDING 6; the recommendation of consolidation with another regulatory entity. This methodology used a dual scoring system to evaluate the “Annual Revenue Score” and “Financial Solvency Score” of each OLA.

The NC Locksmith License is valid for a three year period. When the license was established, over 400 of the current 1216 licensees were granted licenses through a grandfathering provision. This has produced a three year “boom” cycle to the Board’s revenue. Due to this, an accurate assessment of the Board’s ability to generate revenue cannot be gained from examining one year. Recent changes to Chapter 74F have grandfathered another 275 licensees.

This 3-year cycle applies to the Financial Solvency score as well. An accurate assessment of the solvency of the Board cannot be determined by looking at the net position to the annual expenses of one year.

Sincerely,

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