Fiscal Note for 21 NCAC 29 .0802

Agency: North Carolina Locksmith Licensing Board

Rule Citation(s): 21 NCAC 29 .0802 Requirements

Agency Contact: Barden Culbreth
Administrative Director
NC Locksmith Licensing Board
director@nclocksmithboard.org
Telephone: (919) 838-8782

Rulemaking Authority: G.S. 74F-6(2)

Impact Summary:

State Government:	Yes
Local Government:	Yes
Private Sector:	Yes
Substantial Impact:	No

1. Introduction and Purpose

The North Carolina Locksmith Licensing Board (the "Board") regulates the practice of locksmithing in North Carolina to protect public health, safety, and welfare. The General Assembly has found that regulation is necessary to protect the public from incompetent or unprofessional practitioners and to help ensure the availability of high-quality locksmith services across the state.

The Board establishes licensing and practice standards, administers examinations, enforces ethical rules, investigates complaints, and disciplines individuals who violate Board rules or state law. The General Assembly has authorized the Board to adopt rules related to license applications, credentialing, and supervision to support these functions.

The purpose of the proposed amendments to 21 NCAC 29 .0802 is to eliminate several exemptions from the Continuing Education requirements for license renewal. The need for the proposed amendments arise primarily from the increasing complexity of modern lock and security technologies, the growing proficiency requirements on licensees, the surge in bad actors within the marketplace, and the accessibility of online training providers, which has expanded significantly since these exemptions were first adopted in 2012. Without regular continuing

education, exempt licensees may rely on outdated practices, increasing the risk of property damage, security vulnerabilities, and other consumer harms that the Board now views as unacceptable in today's rapidly evolving industry.

2. Description of Proposed Rule Changes

21 NCAC 29 .0802 governs the amount of Continuing Education ("CE") a licensed locksmith must obtain prior to submitting a renewal application to the Board. Under current rules, licensees are required to obtain 16 contact hours of CE during each 3-year renewal cycle. The current rules allow for licensees to apply for a CE exemption with the Board at the time of renewing their license.

Currently, the rule allows for licensees to be exempt from the CE requirements based on fulfillment of criteria described in 21 NCAC 29 .0805, and those that satisfy the following conditions: (A) are at least 62 years of age; (B) have at least 15 years of experience as locksmiths; (C) have been North Carolina licensed locksmiths for at least 9 years; and (D) are not subject to an investigation by the Board.[1] Through a change in rule, the Board wishes to eliminate the continuing education exemption for individuals who meet the conditions set forth in 21 NCAC 29 .0802(a)(2)(A)-(D).

Though not subject to the proposed amendments, 21 NCAC 29 .0805 allows for licensees to be exempt from 8 hours of the CE requirement if the licensee is: (1) serving on temporary active duty in the armed forces of the United States for a period exceeding 120 consecutive days within the year; (2) experiencing physical disability or illness; or (3) training a licensed apprentice that passes the North Carolina Locksmith Licensing Exam and receives a North Carolina Locksmith License.[2]

The change in rule would require all individuals that hold a locksmith license to complete 16 contact hours of CE per 3-year renewal cycle, unless otherwise exempt by 21 NCAC 29 .0805.

3. Affected Population and Baseline Assumptions

Each year the Board reviews the number of locksmiths that hold a license issued by the Board. As of October 29 of each of the following years, the population of Board-licensed locksmiths were as follows:

Year	Number of Licensees
2025	1,396
2024	1,402
2023	1,321
2022	1,245
2021	1,343

The analysis uses the current supervised population of 1,360 locksmiths as its primary baseline for

[1] 21 NCAC 29 .0802
[2] 21 NCAC 29 .0805

estimating impacts. However, the Board is aware that all future locksmiths also will be subject to the removal of the CE exemption. As seen in the table above, the Board's licensee population has remained steady, with some limited growth of approximately 50 licensees between 2021 and 2025. The average population from 2021-2025 was 1,341 licensed locksmiths.

Based on the current requirements of 21 NCAC 29 .0802, a licensee eligible for the exemption must have both 9 years of experience as a North Carolina Licensed Locksmith and 15 years total experience as a locksmith. As a baseline conservative assumption, the Board will evaluate the exemption requirements based on the minimum of 9 years of licensure in North Carolina. Of the current population, there are 579 licensees with greater than 9 years of North Carolina locksmith experience. Of the licensees that meet the minimum experience requirement, 307 are over the age of 62. That said, not all licensed locksmiths that currently qualify for an exemption under 21 NCAC 29 .0802 elect to claim the exemption, and instead voluntarily take continuing education each year.

The CE cost for a contact hour provided by third-party providers varies, depending on vendor. Online CE vendors are widely available, and a list of in-person CE options is published on the Board's website.[3] The Board provides a baseline assumption of $30/hour as an average cost of CE contact hour.[4]

In addition, the proposed rule would require a previously exempt licensee to attend CE, rather than billing for locksmith services. The Board uses a baseline assumption of a billable hour of locksmith services of $30/hr. This assumption considers both actual service time in applying locksmith skills in service of a customer, as well as travel and administrative time.

While the actual billable fee of a locksmith for services rendered to a client may be higher or lower than $30/hr, the Board considers the overhead cost of time in business administration, research, staff training, part selection, travel, advertising, and networking into the hourly rate. As of May 2023, the United States Bureau of Labor Statistics ("USBLS") reported the mean annual wage for locksmiths in North Carolina was $46,370 or $22.29/hr and the national mean annual wage for locksmith was $52,130 or $25.06/hr.[5] In May 2025, USBLS reported the national mean annual wage for locksmiths was $55,470 or $26.67/hr.[6] In selecting an hourly wage assumption for opportunity-cost calculations, the Board also considered recent wage trends in the locksmith profession. Between 2023 and 2025, national mean annual wage data from USBLS show average wage growth of approximately 3% per year for locksmiths. If this rate is applied to North Carolina's 2023 mean hourly wage of $22.29, wages would reach roughly $30 per hour around the year 2033. This forward-looking estimate provides additional support for using $30 per hour as a reasonable and conservative assumption for valuing lost billable time associated with CE attendance.

[3] https://nclocksmithboard.org/wp-content/uploads/2026/05/Continuing-Education-Providers-2026-May.pdf
[4] https://eliteceu.com/shop/continuing-education/locksmith-access-control/fundamentals-access-control/
[5] https://www.bls.gov/oes/2023/may/oes499094.htm#nat; https://www.bls.gov/oes/2023/may/499094sw.htm
[6] https://data.bls.gov/oesprofile/?major_group=490000&occupation=499094&measure=01&areas=INDUSTRY,STATE,MSA

4. Economic Impact

Based on the current rule, 21 NCAC 29 .0802 requires a licensee to obtain 16 hours of Continuing Education per 3-year renewal cycle. Using the Board's baseline assumption of $30/hour of CE, the total cost of CE per 3-year renewal is $480 per renewal or $160 per year.

- $30/CE cost × 16 hours of CE = $480/3-year renewal cycle or $160 per year.

Under the proposed rule, 307 licensees would no longer be exempt from the CE requirement. Therefore, the annual cost of CE contact hours for those previously exempt is $49,120/year.

- 307 licensees × $160/year CE cost = $49,120/year

Under the proposed rule, a locksmith attending a CE cannot, at the same time, provide locksmith services to a customer. For this analysis, the Board assumes an average hourly rate of $30/hour for locksmith services. Therefore, the annual cost of lost revenue by those previously exempt from the CE requirement is $49,120/year.

- $30/billable hour × 16 hours of lost wages = $480/3-year renewal cycle or $160 per year.
- 307 licensees × $160/year lost wages = $49,120/year

Based on the two assumptions, the total cost of the proposed rule on licensees previously exempt would be $98,240 per year ($320 per licensee). If the population of those previously exempt from the CE requirements remained the same, the total cost over a five-year period would be $491,200.

5. State Government Impact

The Board is a state agency, and the rule will affect its operations by potentially reducing complaint volume, investigative costs, and enforcement workload related to licensee competency over time. Currently, Board staff must review consumer complaints to determine if allegations of a lack of competency may be substantiated through further investigation. If Board staff believe additional information is required, Board staff will dispatch a private investigator to gather additional information from the complainant and licensees, and the investigator will draft a report. The investigator's report is then reviewed by Board staff and legal counsel to determine if the information gathered would substantiate disciplinary action.

Upon Board staff's determination of a substantiated complaint, Board staff and legal counsel issue a Notice of Hearing to the licensee. Prior to hearing, legal counsel will engage in informal settlement negotiations with the licensee or prepare evidence for hearing. Following a hearing, the Board will issue a Final Agency Decision outlining the Board's findings. The licensee may seek appellate review by the general courts through a Petition for Judicial Review.

While the proposed changes may lead to reductions in complaint volume, investigative costs, and enforcement workload over time, the timing and magnitude of these potential savings are uncertain. Given that a consumer complaint investigation and hearing is estimated to cost between $3,000 and $5,000 per complaint, and five disciplinary hearings were held in 2025, any resulting savings to the state are expected to be relatively modest.

Some state agencies and institutions employ licensed locksmiths as staff members providing locksmith and other services to state facilities. The removal of the CE exemption would create a licensing cost that would be the responsibility of the licensee. The Board licenses individual locksmiths and does not retain ongoing data updates on the employment statuses of each individual licensee, but has historical data from the time of renewal. Therefore, the Board believes the elimination of the CE exemption would affect 29 locksmiths employed by 15 state agencies but is uncertain as to the total result in new costs for each state agency.

However, if each of the state agencies that employ licensed locksmiths that currently receives the CE exemption provided reimbursement to the locksmith for the purchase of CE classes to maintain their license, the cost to the state would be for both the CE classes and the lost wages in time of an employee. Based on the prior assumptions of a CE class costing $30/CE and the lost wage of $30/hour, the total cost to the state would be $320/year across 29 licensed locksmiths or $9,280/year. The cost average for the 15 state agencies that employ locksmiths which are currently exempt from CE requirements is $619/year.

6. Local Government Impact

Some local governments may employ licensed locksmiths as staff members providing locksmith and other services to local government-owned facilities. The removal of the CE exemption would create a licensing cost that would be the responsibility of the licensee. The Board licenses individual locksmiths and does not retain ongoing data updates on the employment statuses of each individual licensee, but has historical data from the time of renewal. Therefore, the Board believes the elimination of the CE exemption would affect 43 locksmiths employed by 29 different local governments but is uncertain as to the total impact on local government.

However, if each of the local governments that employ licensed locksmiths that currently receives the CE exemption provided reimbursement to the locksmith for the purchase of CE classes to maintain their license, the cost to local government would be for both the CE classes and the lost wages in time of an employee. Based on the prior assumptions of a CE class costing $30/CE and the lost wage of $30/hour, the total cost to all local governments would be $320/year across 43 licensed locksmiths or $13,760/year. The cost average for the 29 local governments that employ locksmiths which are currently exempt from CE requirements is $474/year.

7. Private Sector Impact

The rule primarily affects private sector locksmiths in small to medium size businesses. It

will:

- Require all licensed locksmiths, not otherwise exempt, to obtain CE prior to renewing a license.
- Benefit licensees that hire locksmith apprentices and assist with their licensure.
- Encourage further proficiency in a rapidly evolving and technologically sophisticated industry.

8. Benefits

The primary intended benefits of the proposed rule are to ensure that all licensees participate in continuing education, thereby maintaining current technical knowledge and competency across the profession. By eliminating the exemption, the rule is designed to promote consistent baseline standards, support ongoing professional development, and encourage engagement with newer entrants to the field, which may help foster mentorship and knowledge transfer within the industry. The rule also seeks to reduce the risk that licensed locksmiths rely on outdated practices or technologies. Other benefits are likely to include improved customer outcomes and reduced incidence of harm, as suggested by complaint and enforcement data indicating that gaps in continued competency can contribute to property damage, rule violations, unauthorized access, disputes between consumers, and risks to licensee safety. The rule may also reduce Board enforcement costs over time by addressing competency issues proactively rather than through disciplinary action.

9. Alternatives Considered

Potential alternatives include:

- **No rule change (status quo):** Under this option, the Board would continue to allow an age and experience-based exemption system to enable some licensees to opt out of CE.
- **Increasing the age or experience requirements**: The Board considered requiring a higher age or experience requirement. This would allow fewer licensees to be exempt and would require more experience in the trade. However, exempt licensees would no longer be required to gain additional skills and knowledge of evolving technologies of the industry. A lack of contemporary knowledge may have a negative effect on the consumer.

After weighing these options, the Board selected the proposed approach to provide a clear standard of CE requirements for a greater population of licensees.

10. Substantial Economic Impact and Net Present Value Analysis

Under N.C. Gen. Stat. § 150B-21.4(b1), "substantial economic impact" means an aggregate financial impact *(costs plus benefits)* of at least $1,000,000 in a five-year period on all persons affected by the rule. The analysis therefore considers both estimated costs and potential benefits, recognizing that some impacts are inherently qualitative or uncertain.

The rule may generate two types of costs for licensees who were previously exempt from CE requirements.

- Direct costs: the actual cost of enrollment in the CE courses.
- Opportunity costs: the value of lost income while attending CE instead of performing billable locksmith work.

Based on the two costs, the total cost of the proposed rule on all licensees previously exempt would be $98,240 per year. If the population of those previously exempt from the CE requirements remained the same, the total nominal incremental costs are approximately $491,200 over a five-year period. Under these assumptions, this yields a 5-year present value (PV) of roughly $402,803 at a 7% discount rate.[7]

The rule would generate qualitative benefits of continued competency and training of a greater number of licensees. This increased base of common instruction will benefit the public by having a more competent pool of licensees. In addition, the rule will encourage licensees to mentor licensed apprentices and provide a clearer standard of required training for licensees.

Even when applying reasonable order-of-magnitude assumptions to the unquantified benefits – such as avoided property damage, reduced security failures, and fewer investigations – the scale of these improvements makes it highly unlikely that the aggregate impacts will approach the statutory $1 million threshold in any five-year period. Moreover, the estimated present-value cost of roughly $400,000 over five years is itself likely a high-end estimate, as a portion of the currently exempt licensees already voluntarily participate in continuing education and would therefore face much lower incremental costs under the proposed rule.

11. Summary

The proposed amendments to 21 NCAC 29 .0802 standardize the CE requirements for licensees. The changes encourage licensees to benefit from the remaining exemption by mentoring the next generation of locksmiths, while continuing technical growth. This change is designed to encourage licensees competency to further protect clients and the North Carolina consumer. Although the annualized cost of $320 per licensee ($160 in direct CE expenses plus $160 in estimated opportunity costs) represents a meaningful investment for those who were previously exempt, this figure likely reflects the high end of potential costs. A portion of the affected licensees are already known to voluntarily participate in continuing education, meaning their incremental cost under the proposed rule would be lower than the full estimated amount. Even so, the remaining costs are justified by the rule's potential to reduce consumer harm, strengthen public safety, and enhance overall industry competency. Even modest reductions in security-related failures can help avoid costly property damage,

[7] Currently, the North Carolina General Assembly is considering a bill, S451, that would implement a universal CE exemption for all state occupation licensing boards. If enacted, the law would exempt all persons holding an occupational license, which are over the age 65 years old, and have 25 years' experience from occupational CE requirements. This law would significantly decrease the economic impact of proposed the rule change, as only those currently 62 to 64 years of age and with 9 to 25 years of experience would be affected by the amended rule.

prevent unauthorized access, and improve outcomes for both consumers and businesses. By ensuring that all licensees remain current with evolving technologies and industry standards, the rule aims to generate long-term public benefits that outweigh the regulatory costs identified in this analysis.

21 NCAC 29 .0802 REQUIREMENTS

(a) Every licensee shall obtain 16 contact hours of continuing education during each 3-year renewal cycle, ~~except:~~ except persons exempted from eight contact hours in Rule .0805 of this Section.

~~(1) Persons exempted from eight contact hours in Rule .0805 of this Section; and~~

~~(2) Persons who:~~

~~(A) are at least 62 years of age;~~

~~(B) have at least 15 years of experience as locksmiths;~~

~~(C) have been North Carolina licensed locksmiths for at least nine years; and~~

~~(D) are not subject to an investigation by the Board.~~

(b) The contact hours of continuing education shall be in technical and professional subjects related to the practice of ~~locksmithing.~~ locksmithing, which may include the ethical practice of operating a locksmith business.

(c) Licensees shall not carry forward any contact hours of continuing education into the subsequent renewal period.

(d) Licensees shall verify completion of the contact hours of continuing education for the previous license period on their application for license renewal.

History Note: *Authority G.S. 74F-6;*
Eff. February 1, 2005;
Amended Eff. April 1, 2012;
Readopted Eff. June 1, 2017;
Amended Eff. _____