

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 916 (House Finance Committee Substitute)

SHORT TITLE: Cosmetology and Massage Therapy

SPONSOR(S):

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
REVENUES					
NC Board of Cosmetic Art Examiners					
Special Revenue Fund	\$26,250	\$23,875	\$26,375	\$27,375	\$29,375
NC Board of Massage and Bodywork Therapy					
Special Revenue Fund	\$225,000	\$154,000	\$304,000	\$198,000	\$348,000
EXPENDITURES	To be Determined by the Boards				
POSITIONS:	To be Determined by the Boards				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Board of Massage and Bodywork Therapy; NC Board of Cosmetic Art Examiners					
EFFECTIVE DATE: Sections 1 through 8 (Cosmetic Art Examiners) are effective October 1, 1998, except for GS 88B-10 in section 2 (manicurists) that is effective January 1, 1999. Section 9 (Body piercing) is effective December 1, 1998. Sections 10 through 14 (Massage and Bodywork Therapy) are effective October 1, 1998. The remainder of the act is effective when it becomes law.					

BILL SUMMARY: Part one of the bill rewrites the General Statutes dealing with Cosmetic Art Act. Of fiscal importance, required fees in 88B-20 were amended to (1) create a new exam and license fee for an Esthetician, (2) establish a charge for a duplicate license, (3) expand late fees to apprentice, esthetician, manicurist, teacher and cosmetic art schools, and (4) expand the reinstatement fee to cosmetic art schools. Part two of the bill creates the NC Massage and

Bodywork Therapy Practice Act. The bill (1) requires mandatory licensure of persons engaged in the practice of massage and bodywork therapy, (2) creates a Board of Massage and Bodywork Therapy to oversee licensing, and (3) sets fees for exams and licenses.

ASSUMPTIONS AND METHODOLOGY:

Part One - Cosmetic Art

The new license created by this act is for Estheticians or skin care specialists. SB 916 sets an exam fee of \$20 and an annual license fee of \$10. The Executive Secretary of the State Board of Cosmetic Art Examiners estimates that 500 persons will apply for the Esthetician exam in FY 1998-99. The Executive Secretary projects that 250 will apply in both 1999-00 and 2000-01, then the number will drop to 200 in each of the next two fiscal years. He sees much demand for this license because it requires fewer hours (600 versus 1200) than a cosmetologist.

Another new fee is \$1 for a duplicate license. The Board produced 518 duplicate licenses in FY 1996-97. This fiscal note assumes that 500 duplicate licenses will be produced each year. Assuming duplicate requests are distributed throughout the year, the October 1 effective date in FY 1998-99 will reduce the first year request to 375.

Cosmetologists pay a \$10 fee for late renewal of licenses. The Board reports that 20% of cosmetologists pay a late fee each year. This bill expands the late fee to apprentices, estheticians, manicurists, and teachers. If you apply the 20% rate to the 5,000 persons in these four groups, then the Board can expect 1,000 persons to pay a late fee each year.

Another group currently paying a late fee is cosmetic art shops. The late fee is \$10 and the reinstatement fee for being 30 days late is \$25. The Board reports that 27% of the shops are always 30 days late in renewing their licenses. This act expands the late and reinstatement fees to cosmetic art schools. The Board projects that 25 of the 115 schools will be late with payments each year and will pay \$35 each.

The projected revenue from these fee changes is as follows:

		<u>98-99</u>	<u>99-00</u>	<u>00-01</u>	<u>01-02</u>	<u>02-03</u>
Esthetician Exam	\$20	\$10,000	\$5,000	\$5,000	\$4,000	\$4,000
Esthetician License	\$10	\$5,000	\$7,500	\$10,000	\$12,000	\$14,000
Duplicate License	\$1	\$375	\$500	\$500	\$500	\$500
Late Fees	\$10/\$25	\$10,875	\$10,875	\$10,875	\$10,875	\$10,875
Total		\$26,250	\$23,875	\$26,375	\$27,375	\$29,375

Part Two - Massage and Bodywork Therapy

Proposed GS 90-628 establishes the maximum fees for the North Carolina Board of Massage and Bodywork Therapy. In order to estimate the potential income generated by SB 916, this fiscal note assumes the maximum fees listed in the bill will be adopted by the Board.

Rick Rosen, co-director of the Body Therapy Institute, estimates there are 2,000 massage professionals in North Carolina currently eligible for licensure under this bill. However, Mr. Rosen estimates that only 1,500 will initially apply for licensure. Of this number, 800 are certified by the National Certification Board for Therapeutic Massage and Bodywork. The remaining 700 massage professionals will be given provisional licenses until they complete 25 hours of continuing education within two years. New entrants into this field will come from the 11 massage therapy schools located across the state from Asheville to Wilmington. Each school graduates an average of 40 students per year. If all graduates stay in North Carolina and apply for licensure, then 440 exams will be given each year by the Board. Assuming all pass the exam, then 440 new professionals will be licensed each year. To give the Board time to develop the exam process, this note assumes FY 99-00 will be the first year of exams for new graduates into the profession. Based on these factors, the chart below calculates the fiscal impact of the bill.

			<u>98-99</u>	<u>99-00</u>	<u>00-01</u>	<u>01-02</u>	<u>02-03</u>
License/Prov. License							
Certified	800	\$150	\$120,000				
Uncertified	700	\$150	\$105,000				
New Grads	440/yr	\$150		\$66,000	\$66,000	\$66,000	\$66,000
Renewal		\$100			\$150,000	\$44,000	\$194,000
Exam	440/yr	\$200		\$88,000	\$88,000	\$88,000	\$88,000
Total			\$225,000	\$154,000	\$304,000	\$198,000	\$348,000

FISCAL RESEARCH DIVISION (733-4910)

PREPARED BY: Richard Bostic

APPROVED BY: Tom Covington

DATE: August 18, 1998



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