

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 1384 (First Edition)

SHORT TITLE: Amend Barbering Laws/Increase Fees.

SPONSOR(S): Senator Albertson, et al.

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>
REVENUES					
Civil Penalty and Forfeiture Fund			No Estimate Available		
Board Account*	\$213,630	\$227,187	\$240,873	\$254,689	\$268,638
EXPENDITURES					
Board Account			No Estimate Available		
POSITIONS: (cumulative)			No Estimate Available		
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: North Carolina State Board of Barber Examiners					
EFFECTIVE DATE: This act is effective when it becomes law.					
* Based on Board proposed fees that are less than maximum.					

BILL SUMMARY: The bill authorizes the State Board of Barber Examiners to assess civil penalties, changes the number of instructors per enrolled students in barber colleges and schools, and increases the maximum fee amounts.

ASSUMPTIONS AND METHODOLOGY:

Fees

Section 8 of the bill increases the maximum fees that the State Board of Barber Examiners can charge. The maximum fees have not been changed since the 1989 Session (Chapter 1029), however several late fees were added in the 1995 Session (Chapter 605). It is the practice of most

occupational licensing boards to set their maximum fees at a rate high enough that they will not have to return to the General Assembly for several sessions. The chart below shows the proposed fee recommended by the Executive Director of the Board of Barber Examiners if the bill is passed. Based on the current number of licensees, the Board would gain \$213,630 each year in additional income under the staff proposed rates. If the maximum rates were approved, the Board would gain \$444,450 annually.

Fees Collectible By The Board	Current Fee	Proposed Maximum Fee	Initial Increase to Barbers	Number of Licensees	Revenue Generated from Increase	Current Revenue	Difference
Certificate of registration or renewal as a barber	\$30	\$60	\$40	6,434	\$257,360	\$193,020	\$64,340
Certificate of registration or renewal as an apprentice barber	\$30	\$60	\$40	643	\$25,720	\$19,290	\$6,430
Barbershop permit or renewal	\$30	\$60	\$40	2,118	\$84,720	\$63,540	\$21,180
Examination to become a registered barber	\$50	\$100	\$100	360	\$36,000	\$18,000	\$18,000
Examination to become a registered apprentice barber	\$50	\$100	\$100	480	\$48,000	\$24,000	\$24,000
Late fee for restoration of an expired barber certificate within first year after expiration	\$20	\$40	\$40	1,044	\$41,760	\$20,880	\$20,880
Late fee for restoration of an expired barber certificate within first year after expiration but within five years after expiration	\$40	\$80	\$80	261	\$20,880	\$10,440	\$10,440
Late fee for restoration of an expired apprentice barber certificate within first year after expiration	\$20	\$40	\$40	105	\$4,200	\$2,100	\$2,100
Late fee for restoration of an expired apprentice barber certificate after first year after expiration but within three years of first issuance of the certificate	\$25	\$50	\$50	28	\$1,400	\$700	\$700
Late fee for restoration of an expired barbershop certificate	\$25	\$50	\$50	348	\$17,400	\$8,700	\$8,700
Examination to become a barber school instructor	\$95	\$190	\$150	30	\$4,500	\$2,850	\$1,650
Student permit	\$15	\$30	\$20	3,873	\$77,460	\$58,095	\$19,365
Issuance of any duplicate copy of a license	\$8	\$15	\$10	38	\$380	\$285	\$95
Barber school permit or renewal	\$75	\$150	\$85	18	\$1,530	\$1,350	\$180
Late fee for restoration of an expired barber school certificate	\$50	\$100	\$100	4	\$400	\$200	\$200
Barber school instructor certificate or renewal	\$50	\$100	\$60	52	\$3,120	\$2,600	\$520
Late fee for restoration of an expired barber school instructor certificate within first year after expiration but within three years after expiration	\$25	\$50	\$50	0			
Inspection of newly established barbershop	\$70	\$140	\$140	200	\$28,000	\$14,000	\$14,000
Inspection of newly established school	\$125	\$250	\$250	2	\$500	\$250	\$250
Issuance of a registered barber or apprentice certificate by certification	\$70	\$140	\$80	60	\$4,800	\$4,200	\$600
Barbers 70 years and older certificate or renewal	\$0	\$0	\$0	350			
Total					\$658,130	\$444,500	\$213,630

Since the Board has no projection of future year growth, it is assumed that the number of barbers will grow at the same rate as the state population. The State Demographics section of the Office of State Budget and Management projects a 1.7% annual growth in population between 2003 and

2009. This growth rate was applied to the number of barbers, barber apprentices, exams, and student permits. The number of barbershops was increased by 150 each year based on the Board's experience of 200 shops opening and 50 shops closing annually.

As for the Board's operating expenses, their FY 2002-03 financial report showed the Board spent \$13,617 more than they collected in fees and investments (Expenses = \$439,677; Revenue = \$426,060). The Board's cash reserve at the end of June 30, 2003 was \$271,101.

Penalties

Section 10 of the bill allows the Board to assess a \$1,500 civil penalty. The proceeds of this penalty go to the Civil Penalty and Forfeiture Fund, not to the Board. Since this power is discretionary, no estimate can be made at this time.

SOURCES OF DATA: State Demographics - Office of State Budget and Management; North Carolina State Board of Barber Examiners

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Signed Copy Located in the NCGA Principal Clerk's Offices