

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** Senate Bill 29 (First Edition)

**SHORT TITLE:** Cosmetology Fees

**SPONSOR(S):** Senator Kerr

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>
<b>REVENUES</b>					
Special Revenue Fund	\$338,500	\$216,000	\$216,000	\$216,000	\$216,000
<b>EXPENDITURES</b>					
Special Revenue Fund		To be determined by the Board			
<b>POSITIONS:</b>		To be determined by the Board			
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> NC Board of Cosmetic Art Examiners					
<b>EFFECTIVE DATE:</b> The act is effective when it becomes law.					

**BILL SUMMARY:** The act increases the examination fees for cosmetologists, manicurists, estheticians, and teachers.

**ASSUMPTIONS AND METHODOLOGY:** The NC Board of Cosmetic Art Examiners estimates that 6,200 exams are given each year. The chart below shows the number of exams per profession, current exam fees, proposed exam fees, and anticipated revenues.

	<b>Annual</b>	<b>Current</b>	<b>Current</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Annual</b>
	<b><u>Exams</u></b>	<b><u>Exam</u></b>	<b><u>Estimate</u></b>	<b><u>Exam</u></b>	<b><u>Estimated</u></b>	<b><u>Revenue</u></b>
		<b><u>Fee</u></b>	<b><u>Revenue</u></b>	<b><u>Fee</u></b>	<b><u>Revenue</u></b>	<b><u>Gain</u></b>
Cosmetologist	2,280	\$20	\$45,600	\$50	\$114,000	\$68,400

Apprentice		\$5	\$6,600	\$50	\$66,000	\$59,400
	1,320					
Manicurist		\$15	\$33,300	\$50	\$111,000	\$77,700
	2,220					
Esthetician		\$20	\$4,000	\$50	\$10,000	\$6,000
	200					
Teacher		\$25	\$4,500	\$50	\$9,000	\$4,500
	180					
Total			\$94,000		\$310,000	\$216,000
	6,200					0

The Board proposes to increase each exam fee to \$50. Based on the current volume of business, the increased exam fees will yield \$216,000 in additional revenue each year. Also, there will be a revenue windfall in FY 1999-2000, because a statute change in 1998 requires 3,000 to 4,000 existing manicurists to be licensed in 1999. Assuming 3,500 manicurists take the exam this fall, the fee increase from \$15 to \$50 will generate \$122,500 in FY 1999-2000.

Fund Balance

The Board provided the General Assembly’s Fiscal Research Division its 1998 financial statement showing a June 30, 1998 fund balance of \$458,802.70. The Board also provided a “Cash Balance Forecast” that predicts the following fund balances:

June 1999	\$1,281,088
June 2000	\$626,416
June 2001	-\$72,280

The 1999 balance is high due to the renewal of cosmetology licenses in 1998-99. These licenses are \$39 and are renewed every three years. The Board uses these fees, along with annual renewals for other professions, to fund its annual budget. Without the recommended exam fee increases, the Board projects that it will not be able to cover current expenses in 2001.

**FISCAL RESEARCH DIVISION**

**733-4910**

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**DATE:** February 17, 1999



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