

<FONT=9>

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 463

SHORT TITLE: Cosmetology Rental Booth

SPONSOR(S): Senators L. Winner, D. Winner, Seymour, and Hyde

FISCAL IMPACT: **Expenditures:** **Increase ()** **Decrease ()**
 Revenues: **Increase ()** **Decrease ()**
 No Impact (x)
 No Estimate Available ()

FUND AFFECTED: **General Fund ()** **Highway Fund ()** **Local Govt. ()**
 Other Funds ()

BILL SUMMARY:

STATE BOARD OF COSMETIC ARTS LICENSING/FEE REQUIREMENTS

The State Board of Cosmetic Arts requires new shops to be inspected and the Board charges new shops a \$25.00 inspection fee. This fee is a one time charge and the establishment must pay this fee and be inspected by the Board before it can open for business. In addition to the inspection fee, the Board charges an annual licensing fee of \$3.00 per chair independent of shop ownership. Example: a shop has 5 chairs, the annual licensing fee is \$15.00. It does not matter if one or all of these chairs are leased to independent contractors the annual licensing fee to be paid to the State Board is \$15.00.

STATE AND LOCAL TAX/LICENSING REQUIREMENTS

The State Privilege Business License tax required of barbers and beauticians was repealed in 1979. At that time cities and towns were given the option of charging an annual license fee of \$2.50 per operator. Some cities levy the license and some do not. If a cosmetic art shop engages in one of the following business activities then they are required to purchase a general business license from the Department of Revenue;

- (1) sell or lease of movies
- (2) sell of bicycles
- (3) sell or lease of office machines, home appliances, etc.
- (4) operates a campground
- (5) operates a billiard parlor
- (6) operates a bowling alley
- (7) sell sandwiches, tobacco products, soft drinks, etc.
- (8) operates a merry-go-round or other amusement devices
- (9) sells and or services pianos, organs, record players, etc.
- (10) manufacture of ice cream for retail sale

If a business sells any tangible products for which sales tax is required to be collected, then the business has to register with and

obtain from the Department of Revenue a sales tax registration number. If a person sells tangible property independent of the shop operator/owner, then that person is required to register with the Department of Revenue and remit sales tax.

There is nothing in this bill that changes the licensing requirements of cosmetologists nor the way in which the sales tax is to be collected and remitted.

The bill does not affect General Fund Revenues.

EFFECTIVE DATE: Upon Ratification

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:

FISCAL IMPACT

<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
93-94	94-95	95-96	96-97	97-98

REVENUES:

GENERAL FUND

No impact on the General Fund in any fiscal year

HIGHWAY FUND

HIGHWAY TRUST FUND

LOCAL

EXPENDITURES

POSITIONS: N/A

ASSUMPTIONS AND METHODOLOGY: None

SOURCES OF DATA: General Statutes G.S. 105-75.1; G.S. 105-102.5; G.S. 88-1

TECHNICAL CONSIDERATIONS: N/A

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: Denese Lavender/Warren Plonk

APPROVED BY: Tom Covington **TomC**

DATE: March 18, 1993



Signed Copy Located in the NCGA Principal Clerk's Offices