

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/29/2015**

Amendment to: SB 2097

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>		\$29,970		\$90,000		\$50,000
<b>Expenditures</b>						
<b>Appropriations</b>						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Senate Bill No. 2097 amends sections to the Cosmetology chapter of the North Dakota Century Code. Section 10 of the Bill's Amendments increase the penalty fee for the late renewal of a license from fifteen dollars (\$15) to one hundred dollars (\$100).

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section ten of the bill increases the penalty for late renewal of a license from fifteen dollars to one hundred dollars. The North Dakota State Board of Cosmetology is hoping the increase in fee will act as a deterrent for the future years and will hope to see a decrease in the number of late renewals.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Records indicate that in 2012, approximately 726 licensees were late in their renewals, resulting in approximately \$10,890 revenue generated from late renewals. In 2013, this number jumped to 854 late renewal of license, resulting in approximately \$12,810. In 2014, the number again jumped to 948 licenses with a late charge, resulting in approximately \$14,220 in late fees.

The licenses terms are for one year, beginning January 1 and ending December 31, each year. We recognize fiscal years do not run on the same calendar. However, because most renewals happen during the beginning four months each year, we include the year renewals with the end terms of the fiscal year. So for example, 2015-2017 includes renewals for 2016 and 2017. The 2015 amounts are included in the 2013-2015, along with 2014. The 2017-2019 includes renewals for 2018 and 2019.

We estimate that the number of late renewals will again increase in 2015 as based on the previous three years, at least until licensees become aware of the change in penalty fee. Thereafter, we are hoping to see a decrease in the amount of late renewals. The above figures are estimates on what we hope to see as a decline in the number of late

renewals, but also taking into account the increase in renewal fee.

For 2015, in recognize a trend in the past three years of approximately 100 more licenses each year paying a late renewal fee, we estimate approximately 1,050 late license renewal applications. We kept the \$15 late fee for 2015, to account for the change in law going into effect after most renewals have been made. With a \$15 penalty fee per license, we estimate \$15,750 in revenue generated from late renewals in 2015. We are hoping the number of late renewals will drop to 500 by 2016, resulting in \$50,000 in revenue generated from late renewals. 2017 - hoping late renewals drop to 400, resulting in \$40,000. 2018 - hoping late renewals drop to 300, resulting in \$30,000. 2019 - late renewals drop to 200, resulting in \$20,000.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The State Board of Cosmetology does not anticipate any effect on expenditures.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The increase in late renewal fees will not affect appropriations.

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