S SENATE BILL 735* Judiciary Committee Substitute Adopted 6/7/18

Short Title: Various OLB and Administrative Law Changes. (Public)

Sponsors:

Referred to:

May 24, 2018

A BILL TO BE ENTITLED
AN ACT TO REFORM FINANCIAL REPORTING OF OCCUPATIONAL LICENSING

BOARDS, COMBINE THE FUNCTIONS OF THE NORTH CAROLINA BOARD OF BARBER EXAMINERS AND THE NORTH CAROLINA BOARD OF ELECTROLYSIS EXAMINERS, AUTHORIZE AGENCIES TO MAKE RULE TECHNICAL CORRECTIONS WITHOUT REVIEW BY THE RULES REVIEW COMMISSION, AUTHORIZE THE CODIFIER OF RULES TO MAKE RULE TECHNICAL CORRECTIONS, CLARIFY THAT A PARTY MAY COMMENCE A CONTESTED CASE IN A DISPUTE WITH AN AGENCY WITHOUT PETITIONING THE AGENCY FOR RULE MAKING OR OBTAINING A DECLARATORY RULING, REVISE THE PROCESS FOR THE REVIEW AND READOPTION OF EXISTING RULES, AND EXPAND THE MASSAGE AND BODYWORK THERAPY BOARD.

The General Assembly of North Carolina enacts:

PART I. REFORM OLB FINANCIAL REPORTING

SECTION 1.1. The Joint Legislative Administrative Procedure Oversight Committee shall study whether the definition of "occupational licensing board" under G.S. 93B-1 and the definition of "occupational licensing agency" under G.S. 150B-2 should include specific lists of occupational licensing boards in order to clarify which State agencies should be considered occupational licensing boards for purposes of Chapter 93B and Chapter 150B of the General Statutes. If the Committee determines that the definitions should include such lists, the Committee shall recommend which State agencies should be included under each definition. The Committee shall report the results of its study to the 2019 General Assembly.

SECTION 1.2. G.S. 143B-426.39 reads as rewritten:

"§ 143B-426.39. Powers and duties of the State Controller.

The State Controller shall:

(1) Prescribe, develop, operate, and maintain in accordance with generally accepted principles of governmental accounting, a uniform state accounting system for all state agencies. The system shall be designed to assure compliance with all legal and constitutional requirements including those associated with the receipt and expenditure of, and the accountability for public funds. The State Controller may elect to review a State agency's compliance with prescribed uniform State accounting system standards, as well as applicable legal and constitutional requirements related to compliance with such standards.



	General Assemb	General Assembly Of North Carolina Session 2017		
1	(2)	On the recommendation of the State Auditor, prescribe and supervise the		
2		installation of any changes in the accounting systems of an agency that, in the		
3		judgment of the State Controller, are necessary to secure and maintain interna		
4		control and facilitate the recording of accounting data for the purpose o		
5		preparing reliable and meaningful statements and reports. The State Controlle		
6		shall be responsible for seeing that a new system is designed to accumulate		
7		information required for the preparation of budget reports and other financia		
8		reports.		
9				
10	<u>(19)</u>	Develop and prescribe a uniform format for the financial statements of the		
11		annual financial audits required by G.S. 93B-2(b). The State Controller shall		
12		prescribe the form of the financial statements, the categories and line items to		
13		be reported, the accounting method to be used by the occupational licensing		

SECTION 1.3. In developing the financial statement audit reporting format for occupational licensing boards required by Section 1.2 of this act, the State Controller shall consult with the State Auditor and solicit feedback from occupational licensing boards. The State Controller shall make the financial statement audit reporting format effective for reports submitted for the 2019-2020 fiscal year at the latest.

boards, and any other criteria the State Controller deems necessary."

SECTION 1.4. Chapter 93B of the General Statutes is amended by adding a new section to read:

"§ 93B-2.1. Fiscal year.

Each occupational licensing board shall operate based on a fiscal year beginning on July 1 and ending on June 30."

SECTION 1.5. The State Controller shall consider whether to integrate occupational licensing board data reports into any new standard accounting system or accounting software acquired and utilized by the State.

SECTION 1.6. G.S. 93B-2 reads as rewritten:

"§ 93B-2. Annual reports <u>and audits</u> required; contents; open to inspection; sanction for failure to report.

- (a) No later than October 31 of each year, each occupational licensing board shall file electronically with the Secretary of State, the Attorney General, and the Joint Legislative Administrative Procedure Oversight Committee an annual report containing all of the following information:
 - (1) The address of the board, and the names of its members and officers.
 - (1a) The total number of licensees supervised by the board.
 - (2) The number of persons who applied to the board for examination.
 - (3) The number who were refused examination.
 - (4) The number who took the examination.
 - (5) The number to whom initial licenses were issued.
 - (5a) The number who failed the examination.
 - (6) The number who applied for license by reciprocity or comity.
 - (7) The number who were granted licenses by reciprocity or comity.
 - (7a) The number of official complaints received involving licensed and unlicensed activities.
 - (7b) The number of disciplinary actions taken against licensees, or other actions taken against nonlicensees, including injunctive relief.
 - (8) The number of licenses suspended or revoked.
 - (9) The number of licenses terminated for any reason other than failure to pay the required renewal fee.

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- (10)The substance of any anticipated request by the occupational licensing board to the General Assembly to amend statutes related to the occupational licensing board.
- (11)
 - The substance of any anticipated change in rules adopted by the occupational licensing board or the substance of any anticipated adoption of new rules by the occupational licensing board.
- 7 8
- The number of applicants who applied for licensure pursuant to (12)G.S. 93B-15.1(k).
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- The number of licenses granted pursuant to G.S. 93B-15.1(k). (13)
- 10 No later than October 31 of each year, each occupational licensing board shall file (b) 11 electronically with the Secretary of State, the Attorney General, conduct an annual financial audit of its operations and provide an electronic copy of the audit to the State Auditor, the State 12 13 Controller, the Office of State Budget and Management, and the Joint Legislative Administrative 14 Procedure Oversight Committee a financial report that includes the source and amount of all funds credited to the occupational licensing board and the purpose and amount of all funds 15 16 disbursed by the occupational licensing board during the previous fiscal year. Committee. The 17 audit shall be conducted in compliance with the Generally Accepted Government Auditing Standards developed by the United States Government Accountability Office and provided in a 18 19 form as prescribed by the State Controller pursuant to G.S. 143B-426.39.
 - (c) The reports required by this section shall be open to public inspection.
 - The Joint Legislative Administrative Procedure Oversight Committee shall notify any (d) board that fails to file the reports required by this section. Failure of a board to comply with the reporting requirements of this section by October 31 of each year shall result in a suspension of the board's authority to expend any funds until such time as the board files the required reports. Suspension of a board's authority to expend funds under this subsection shall not affect the board's duty to issue and renew licenses or the validity of any application or license for which fees have been tendered in accordance with law. Each board shall adopt rules establishing a procedure for implementing this subsection and shall maintain an escrow account into which any fees tendered during a board's period of suspension under this subsection shall be deposited."

SECTION 1.7. G.S. 93B-4 reads as rewritten:

"§ 93B-4. Audit of Occupational Licensing Boards; Boards by the State Auditor; payment

- (a)
- The State Auditor shall audit occupational licensing boards from time to time to ensure their proper operation. The books, records, and operations of each occupational licensing board shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes. In accordance with G.S. 147-64.7(b), the State Auditor may contract with independent professionals to meet the requirements of this section. The State Auditor may perform an audit pursuant to this section upon the recommendation of the Joint Legislative Administrative Procedure Oversight Committee.
- Each occupational licensing board with a budget of at least fifty thousand dollars (\$50,000) shall conduct an annual financial audit of its operations and provide a copy to the State Auditor."
- **SECTION 1.8.** Section 1.4 of this part becomes effective July 1, 2019, and applies to the fiscal year beginning on that date. Sections 1.1, 1.2, 1.3, 1.5, 1.6, and 1.7 of this part are effective when this act becomes law. The remainder of this part becomes effective January 1, 2019.

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PART II. MERGER OF BARBER AND ELECTROLYSIS BOARDS

SECTION 2.1.(a) Chapter 86A of the General Statutes is repealed.

SECTION 2.1.(b) Chapter 88A of the General Statutes is repealed.

SECTION 2.2. The General Statutes are amended by adding a new Chapter to read:

1	" <u>Chapter 86B.</u>		
2	"Barbers and Electrolysis Practice Act.		
3	" <u>§ 86B-1. Short title.</u>		
4	This Chapter	shall be known and may be cited as the "North Carolina Barbers and Electrolysis	
5	Practice Act."		
6	" <u>§ 86B-2. Defin</u>	<u>iitions.</u>	
7	The followin	g definitions apply in this Chapter:	
8	<u>(1)</u>	Barber. – A person engaged in any of the following practices:	
9		a. Shaving or trimming the beard, or cutting the hair.	
10		b. Dyeing the hair or applying hair tonics, permanent waving or	
11		marcelling the hair.	
12		c. Giving facial or scalp massages or treatments with oils, creams,	
13		lotions, or other preparations either by hand or with mechanical	
14		appliances.	
15	<u>(2)</u>	Barber apprentice. – A person who is engaged in learning the practice of	
16	<u>(2)</u>	barbering under the direction and supervision of a registered barber.	
17	(2)	Board. – The North Carolina Board of Barber and Electrolysis Examiners.	
	<u>(3)</u>	•	
18	<u>(4)</u>	Electrolysis. – The permanent removal of hair by the application of an	
19		electrical current to the dermal papilla by a filament to cause decomposition.	
20		coagulation, or dehydration within the hair follicle as approved by the Food	
21	<i>,</i> _,	and Drug Administration of the United States Government.	
22	<u>(5)</u>	Electrologist or electrologist. – A person who engages in the practice of	
23		electrolysis for permanent hair removal.	
24	<u>(6)</u>	<u>Electrology</u> . – The art and practice relating to the removal of hair from the	
25		normal skin of the human body by application of an electric current to the hair	
26		papilla by means of a needle or needles so as to cause growth inactivity of the	
27		hair papilla and thus permanently remove the hair.	
28	<u>(7)</u>	Laser hair practitioner A person who engages in laser, light source, or	
29		pulsed-light treatments for the removal of hair.	
30	<u>(8)</u>	Laser, light source, or pulsed-light devices. – A device used exclusively in the	
31	<u>~~</u>	nonablative procedure for the removal of hair.	
32	<u>(9)</u>	Laser, light source, or pulsed-light treatments. – The use of laser or	
33	<u>127</u>	pulsed-light devices for nonablative procedures for the removal of hair.	
34	"8 86R-3 Creat	tion and membership of the Board; term of office; removal.	
35		North Carolina Board of Barber and Electrolysis Examiners is established. The	
36		ppointed by the Governor for three-year terms, consisting of seven members as	
37	follows:	ppointed by the Governor for three-year terms, consisting or seven members as	
38		Four ragistared harbors	
	$\frac{(1)}{(2)}$	Four registered barbers.	
39	<u>(2)</u>	One electrologist who has engaged in the practice of electrolysis for at least	
40	(2)	five years.	
41	<u>(3)</u>	One physician licensed under Chapter 90 of the General Statutes who shall be	
42		nominated by the North Carolina Medical Board.	
43	<u>(4)</u>	One public member not licensed under this chapter or under Chapter 90 of the	
44		General Statutes.	
45		Governor may remove any member of the Board for good cause. Vacancies for	
46	Board positions	shall be filled by the Governor and appointees shall serve the remainder of the	
47	unexpired term.	No Board member may serve more than three consecutive terms, except that	
48	each member sha	all serve until a successor is appointed and qualified.	
49		Board shall elect a chair, a vice-chair, and other officers as deemed necessary by	
50		ry out the purposes of this Chapter. All officers shall be elected annually by the	
51		ear terms and shall serve until their successors are elected and qualified.	

1 (d) The Board shall not issue a license to teach barbering, pursuant to G.S. 86B-10, to
2 any Board member during that member's term on the Board. No Board member may be employed
3 by the Board for at least one year after that member's term expires.
4 "§ 86B-4. Powers and duties of the Board.

- (a) The Board shall have all powers and duties necessary to carry out the provisions of this Chapter. The Board may, in accordance with Chapter 150B of the General Statutes, adopt rules necessary to carry out the provisions of this Chapter.
- (b) Whenever the Board has reasonable cause to believe that a violation of any of the provisions of this Chapter may have occurred, the Board may, upon its own motion or upon complaint of any person, investigate any operator to determine whether a violation has occurred. "§ 86B-5. Meetings and compensation of the Board; officers and executive director.
- (a) The Board shall maintain its office in Raleigh, North Carolina, and shall adopt and use a common seal for the authentication of its orders and records. Each member of the Board shall receive compensation for services and expenses as provided in G.S. 93B-5 in furtherance of official business of the Board. The Board shall hold four regular meetings a year in the months of January, April, July, and October. The chair may call additional meetings of the Board when necessary. The Board shall keep minutes of all its proceedings.
- (b) The Board shall employ an executive director who shall not be a member of the Board. The executive director shall keep all records of the Board, issue all necessary notices, and perform any other duties required by the Board. The executive director shall serve at the pleasure of the Board.
- (c) With the approval of the Director of the Budget and the Office of State Human Resources, the Board may employ as many inspectors, investigators, and other staff as necessary to perform inspections and other duties prescribed by the Board. Inspectors and investigators shall have authority to examine shops, offices, and schools during business hours to determine compliance with this Chapter. The salaries of all employees of the Board, excluding the executive director, shall be subject to the North Carolina Human Resources Act.
- (d) The executive director may collect in the Board's name and on its behalf the fees prescribed in this Chapter and shall turn these and any other monies paid to the Board over to the State Treasurer. These funds shall be credited to the Board and shall be held and expended under the supervision of the Director of the Budget only for the administration and enforcement of this Chapter. Nothing in this Chapter shall authorize any expenditure in excess of the amount credited to the Board and held by the State Treasurer as provided in this subsection. The State Budget Act shall apply to the administration of this Chapter.

"§ 86B-6. Qualifications for certificate as a registered barber.

The Board shall issue a license to practice as a barber to any person who meets all of the following qualifications:

- (1) Has attended an approved barber school for at least 1,528 hours.
- (2) <u>Has completed a 12-month apprenticeship under the supervision of a registered barber, as provided in G.S. 86B-7.</u>
- (3) Has passed a clinical examination conducted by the Board.
- (4) Has submitted to the Board the affidavit required by G.S. 86B-7(c) certifying that the applicant has served the apprenticeship required by this section.

"§ 86B-7. Qualifications for licensing barber apprentices.

- (a) Before being issued an apprentice license, an applicant must pass an examination conducted by the Board to determine competence, including knowledge of barbering, sanitary rules and regulations, and knowledge of diseases of the face, skin, and scalp.
- (b) An apprentice license expires on May 31 of each year. Every holder of an apprentice license shall annually renew the apprentice license by the expiration date and pay the required renewal fee. An apprentice license issued under this Chapter is automatically suspended by operation of law after failure to renew the apprentice license by the expiration date. An apprentice

whose apprentice license has expired may have the certificate restored immediately upon paying all lapsed renewal fees and the required late fee. The certificate of registration of an apprentice is valid only so long as the apprentice works under the supervision of a registered barber. The registered barber shall remain present on the premises of the barbershop at all times while the apprentice is working. No apprentice shall operate a barbershop.

- (c) On completion of at least one year's apprenticeship, evidenced by affidavit of the supervising registered barber or barbers, and upon meeting the other requirements of this Chapter, the apprentice shall be issued a license as a barber, pursuant to G.S. 86B-6. No licensed apprentice may practice for a period exceeding three years without retaking and passing the required examination to qualify as a registered barber.
- examination with a score of eighty-five percent (85%) or higher shall be exempt from the apprenticeship requirement and shall be allowed to apply for a temporary permit pursuant to G.S. 86B-13(g). Applicants who pass the initial written examination and pass the initial practical examination with a score of less than eighty-five percent (85%) shall be permitted to retake the initial practical examination no more than two additional times upon payment of the fee authorized under G.S. 86B-30. Individuals holding a current and valid apprentice license that have passed the initial written examination and have passed the initial practical examination with a score of eighty-five percent (85%) or higher shall be entitled to obtain a temporary permit pursuant to this subsection upon payment of the fee authorized under G.S. 86B-30.

"§ 86B-8. Qualifications for licensure as an electrologist.

- (a) Any person who desires to be licensed as an "electrologist" pursuant to this Chapter shall:
 - (1) Submit an application on a form approved by the Board.
 - (2) Be 21 years of age or older.
 - (3) Meet the requirements of subsection (b) of this section.
 - (4) Pass an examination given by the Board.
 - (5) Submit the application and examination fees required in G.S. 86B-31.
- (b) An applicant for licensure under this section shall provide proof of graduation from a school certified by the Board pursuant to G.S. 86B-19.
- (c) At least twice each year, the Board shall give an examination to applicants for licensure to determine the applicants' knowledge of the basic and clinical sciences relating to the theory and practice of electrology. The Board shall give applicants notice of the date, time, and place of the examination at least 60 days in advance.
- (d) When the Board determines that an applicant has met all the requirements for licensure and has submitted the initial license fee required in G.S. 86B-31, the Board shall issue a license to the applicant.

"§ 86B-9. Requirements for licensure as a laser hair practitioner; limitations on licensed laser hair practitioners.

- (a) Any person seeking licensure by the Board as a laser hair practitioner shall have met the following requirements at the time the license is requested:
 - (1) Be an electrologist licensed under this Chapter.
 - (2) Completed a minimum 30-hour laser, light source, or pulsed-light treatment certification course approved by the Board and in accordance with rules adopted by the Board.
 - (3) Be currently using or anticipate using laser, light source, or pulsed-light devices that the person has been certified by a Board-approved school to operate.
- (b) When the Board determines that an applicant has met all the requirements for licensure and has submitted the initial license fee required in G.S. 86B-31, the Board shall issue a license to the applicant.

- (c) Each laser hair practitioner shall practice laser, light source, or pulsed-light treatments under the supervision of a physician licensed under Article 1 of Chapter 90 of the General Statutes. The physician shall be readily available but not required to be on site when the laser, light source, or pulsed-light treatments are being performed. However, the authority to regulate laser clinicians shall remain with the Board.
- (d) A laser hair practitioner shall not dispense or administer medication or provide advice regarding the use of medication, whether prescription or over-the-counter, in connection with laser, light source, or pulsed-light treatments.
- (e) All laser hair practitioners shall use laser, light source, or pulsed-light devices approved by the federal Food and Drug Administration and comply with all applicable federal and State regulations, rules, and laws. Any licensed laser hair practitioner violating this subsection shall have his or her license revoked by the Board.
- (f) Only a licensed physician may use laser, light source, or pulsed-light devices for ablative procedures.

"§ 86B-10. Qualifications for licensing barbering instructors.

- (a) Applicants for any barbering instructor's license issued by the Board shall meet all of the following requirements:
 - (1) Possession of a high school diploma or a high school graduation equivalency certificate.
 - (2) Payment of the fees required by G.S. 86B-30.
- (b) The Board shall issue a barbering instructor's license to any individual who meets all of the following:
 - (1) <u>Is a currently registered barber who has passed an instructor's examination given by the Board that covers subject matter determined by the Board as well as the subjects in the Textbook of Barber-Styling approved by the Board.</u>
 - (2) Submits an application, on a form to be furnished by the Board, and pays the fee required by G.S. 86B-30.

"§ 86B-11. Requirements for certification as an electrology instructor.

- (a) Any person who desires to be certified as an "electrology instructor" pursuant to this Chapter shall:
 - (1) Submit an application on a form approved by the Board;
 - (2) Be a licensed electrologist;
 - (3) Have practiced electrology actively for at least five years immediately before the application; and
 - (4) Pass a written examination given by the Board.
- (b) At least twice each year, the Board shall give an examination to applicants for certification as an electrology instructor. The examination shall consist of written and verbal sections testing the applicants' knowledge of the basic and clinical sciences relating to the theory and practice of electrology. The Board shall give applicants notice of the date, time, and place of the examination at least 60 days in advance.
- (c) When the Board determines that an applicant has met all the qualifications for certification as an electrology instructor and has submitted the required fee, the Board shall issue an instructor's certificate to the applicant.

"§ 86B-12. Requirements for licensure as a laser hair practitioner instructor.

- (a) Any person who desires licensure as a laser practitioner instructor pursuant to this Chapter shall meet the following requirements:
 - (1) Submit an application on a form approved by the Board.
 - (2) Be an electrologist licensed under this Chapter or a physician licensed under Article 1 of Chapter 90 of the General Statutes.
 - (3) Have practiced laser and light-based treatments actively for at least five years immediately before applying for licensure.

- (4) Have at least 100 hours of training in laser and light-based treatments.
- (b) When the Board determines that an applicant has met all qualifications for licensure as a laser hair practitioner instructor and has submitted the required fee, the Board shall issue an instructor's license to the applicant.

"§ 86B-13. Temporary employment permit; extensions; limits on practice.

- (a) The Board shall issue a temporary employment permit to an applicant seeking licensure pursuant to this Chapter who meets all of the following:
 - (1) Has completed the required hours of a barber school, electrolysis school, or laser hair practitioner school curriculum in the area in which the applicant wishes to be licensed.
 - (2) Has applied to take the examination within three months of completing the required hours for the area in which the applicant wishes to be licensed.
 - (3) <u>Is qualified to take the examination and has paid the examination fee.</u>
- (b) A temporary employment permit shall expire six months from the date of graduation from a barber school, electrolysis school, or laser hair practitioner school unless it is revoked or suspended by the Board. The Board may renew a temporary employment permit no more than once, except in cases of undue hardship as the Board may determine. A renewed temporary employment permit shall remain valid only until the date of the next succeeding Board examination of applicants for the area in which the applicant wishes to be licensed.
- (c) The holder of a temporary employment permit may practice only under the supervision of a registered barber or the supervision of an electrologist or laser hair practioner, as appropriate, and may not operate a barbershop or an electrologist or laser hair practitioner office.
- (d) The Board may grant a temporary employment permit to one whose license has been expired for more than five years in this State, provided application for examination to restore has been filed and fee paid. The permit is valid only until the date of the next succeeding Board examination of applicants for the area in which the applicant wishes to be licensed, except in cases of undue hardship as the Board may determine, unless it is revoked or suspended earlier by the Board.
- (e) The Board may grant a temporary employment permit to persons licensed in another state who come to this State for the purpose of teaching or demonstrating their skills. The Board shall also inspect and approve the area where the demonstration is to be given if it is not an already approved shop, office, or school. This permit shall be limited to the specific days of demonstration and shall be of no validity before or after.
- (f) The Board may grant a temporary employment permit to persons licensed in another state and seeking permanent licensure in North Carolina under G.S. 86B-14.
- Motwithstanding the apprenticeship requirements in this Chapter, for graduates of a barber school that pass the initial written examination and pass the initial practical examination with a score of eighty-five percent (85%) or higher, the Board shall grant a temporary permit upon payment of the fee authorized under G.S. 86B-30. One year after receiving a temporary permit pursuant to this subsection, the permittee may apply for examination and certification to become registered pursuant to this Chapter. A temporary permit issued pursuant to this subsection shall remain valid until the first Board examination of applicants for certification is held that is more than one year after issuance of the temporary permit.

"§ 86B-14. Applicants licensed in other states.

- (a) The Board shall issue a license to an applicant licensed in another state if the applicant demonstrates all of the following:
 - (1) The applicant is a licensed practitioner in good standing.
 - (2) The applicant has practiced at least one of the three years immediately preceding the application for a license.

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- (3) There is no disciplinary proceeding or unresolved complaint pending against the applicant at the time a license is to be issued by this State.
- (4) The licensure requirements in the state in which the applicant is licensed are substantially equivalent to those required by this State.
- (b) Instead of meeting the requirements in subsection (a) of this section, any applicant who is licensed as a barber, electrologist, or laser hair practitioner in another state shall be admitted to practice in this State under the same reciprocity or comity provisions that the state in which the applicant is licensed grants to persons licensed in this State.
- (c) The Board may establish standards for issuing a license to an applicant who is licensed as an instructor in another state. These standards shall include a requirement that the licensure requirements in the state in which the instructor is licensed shall be substantially equivalent to those required in this State and that the applicant shall be licensed by the Board to practice in the area in which the applicant is licensed to teach.

"§ 86B-15. Licensing of barbershops.

- (a) The Board shall issue a license to operate a barbershop to any applicant who submits a properly completed application on a form approved by the Board, pays the required fee, and is determined, after inspection, to be in compliance with the provisions of this Chapter and the Board's rules. The Board may renew licenses that have lapsed after the barbershop has been inspected and all renewal and late fees have been paid.
- (b) A license to operate a barbershop shall not be transferable from one location to another or from one owner to another.
- (c) A barbershop shall be allowed to operate for a period of 30 days while the Board inspects and determines the shop's compliance with this Chapter and the Board's rules. If the Board is unable to complete the inspection within 30 days, the shop will be authorized to operate until such an inspection can be completed.
- (d) A registered barbershop shall not be permitted to operate in a location licensed as a barber school.

"§ 86B-16. Practice outside barbershops.

Notwithstanding any provision in this Chapter to the contrary, an individual licensed under this Chapter may visit the residences of individuals who are sick or disabled and confined to their places of residence in order to attend to their barbering needs. A licensed individual may also visit hospitals, nursing homes, rest homes, retirement homes, mental institutions, correctional facilities, funeral homes, and similar institutions to attend to the barbering needs of those in these institutions.

"§ 86B-17. Licensing and regulation of barber schools.

- (a) The Board shall issue a license to any barber school that submits a properly completed application on a form approved by the Board, pays the required license fee, and is determined by the Board, after inspection, to be in compliance with the provisions of this Chapter and the Board's rules. The Board may renew licenses that have lapsed after the barber school has been inspected and all renewal and late fees have been paid.
- (b) No person may open, reopen, or operate a barber school before the Board has approved a license for the school. The Board shall not issue a license before a barber school has been inspected and determined to be in compliance with the provisions of this Chapter and the Board's rules.
- (c) Barber schools located in this State shall be licensed by the Board before any credit may be given for curriculum hours taken in the school. The Board may establish standards for approving hours from schools in other states that are licensed.
- (d) A registered barber school shall not be permitted to operate in a location licensed as a barbershop.

"§ 86B-18. Bond required for private barber schools.

- (a) Each private barber school shall provide a guaranty bond unless the school has already provided a bond or an alternative to a bond under G.S. 115D-95. The Board may restrict, suspend, revoke, or refuse to renew or reinstate the license of a school that fails to maintain a bond or an alternative to a bond pursuant to this section or G.S. 115D-95. A school shall provide a copy of the bond letter or other guarantee authorized by this section to the Board.
- (b) A guaranty bond obtained pursuant to this section shall meet all of the following criteria:
 - (1) The applicant shall file the guaranty bond with the clerk of superior court in the county in which the school is located. The bond shall be in favor of the students. The bond shall be executed by the applicant as principal and by a bonding company authorized to do business in this State. The bond shall be conditioned to provide indemnification to any student or the student's parent or guardian who has suffered loss of tuition or any fees by reason of the failure of the school to offer or complete student instruction, academic services, or other goods and services as related to course enrollment for any reason, including suspension, revocation, or nonrenewal of a school's approval, bankruptcy, foreclosure, or the school's ceasing to operate.
 - The bond amount shall be at least equal to the maximum amount of prepaid tuition held at any time by the school during the last fiscal year, but in no case shall be less than ten thousand dollars (\$10,000). Each application for license or license renewal shall include a letter signed by an authorized representative of the school showing the calculations made and the method of computing the amount of the bond in accordance with rules prescribed by the Board. If the Board finds that the calculations made and the method of computing the amount of the bond are inaccurate or that the amount of the bond is otherwise inadequate to provide indemnification under the terms of the bond, the Board may require the applicant to provide an additional bond.
 - (3) The bond shall remain in force and effect until canceled by the guarantor. The guarantor may cancel the bond upon 30 days' notice to the Board. Cancellation of the bond shall not affect any liability incurred or accrued prior to the termination of the notice period.
- (c) An applicant who is unable to secure a bond may seek from the Board a waiver of the guaranty bond requirement and approval of one of the guaranty bond alternatives set forth in this subsection. With the approval of the Board, an applicant may file one of the following instead of a bond with the clerk of court in the county in which the school is located:
 - (1) An assignment of a savings account in an amount equal to the bond required that is in a form acceptable to the Board and is executed by the applicant and a state or federal savings and loan association, state bank, or national bank that is doing business in this State and whose accounts are insured by a federal depositor's corporation, and access to the account is subject to the same conditions as those for a bond in subsection (b) of this section.
 - (2) A certificate of deposit that is executed by a state or federal savings and loan association, state bank, or national bank that is doing business in this State and whose accounts are insured by a federal depositor's corporation, and access to the certificate of deposit is subject to the same conditions as those for a bond in subsection (b) of this section.

"§ 86B-19. Requirements for certification as a Board-approved school of electrology.

- (a) Any school in this State or another state that desires to be certified as a Board-approved school of electrology shall:
 - (1) Submit an application on a form approved by the Board;

- (4) Submit a copy of the planned laser, light source, or pulsed-light curriculum consisting of the number of hours and subject matter determined by the Board, provided that the number of hours required shall not be less than 30 hours pursuant to rules adopted by the Board;
- (5) Submit a certified copy of the school manual of instruction;
- (6) Submit the names and qualifications of the instructors certified; and
- (7) Submit any additional information the Board may require.
- (b) When the Board determines that an applicant has met all the qualifications for certification as a Board-approved school of laser, light source, or pulsed-light treatments and has submitted the required fee, the Board shall issue a certificate to the applicant.
- (c) A school's certification is only valid for the location named in the application. When a school desires to change locations, an application shall be submitted to the Board on a form furnished by the Board, and the fee shall be paid for certificate renewal.
- (d) A school's certification is not transferable. Schools shall immediately notify the Board in writing of any sale, transfer, or change in ownership or management.
 - (e) Every school shall display its certification in a manner prescribed by the Board.
- (f) All laser, light source, or pulsed-light devices used in the school shall be approved by the federal Food and Drug Administration.

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"§ 86B-21. Barber Examinations.

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- The Board shall conduct examinations of applicants for certificates of registration to practice as registered barbers and registered apprentices, not less than four times each year, at such times and places as will prove most convenient and as the Board may determine. The Board may adopt rules establishing procedures for the administration of examinations.
- An applicant shall make application and submit the examination fee to the Board for examination on forms prepared by the Board. Applications for examination must be filed no later than 30 days before the examination is held. An applicant for a licensure who fails to pass the examination three times may not reapply to take the examination again until after the applicant has successfully completed any additional requirements prescribed by the Board. The Board may establish additional guidelines related to the examination of persons who completed coursework greater than five years prior to submitting an application for examination.

"§ 86B-22. Sanitary rules and regulations: inspections.

- The Board shall adopt rules establishing sanitary rules applicable to licensees under this Chapter for the following categories:
 - The provision of proper facilities, to include the following conditions: (1)
 - The location and construction of buildings and structures where a. barbering, electrolysis, or laser, light source, or pulsed-light treatment service is rendered.
 - <u>b.</u> The layout of areas where barbering, electrolysis, or laser, light source, or pulsed-light treatment service is rendered or where a combination of barbering, electrolysis, and laser, light source, and pulsed-light treatment service is rendered to ensure proper separation of functions.
 - The minimum sanitary conditions for walls, floors, and fixtures, <u>c.</u> including tanks and lavatories.
 - The provision and location of sinks and running water, hot and cold, <u>d.</u> to enable proper handwashing, and the provision of proper drainage for the facility.
 - The compliance with applicable building and fire codes and <u>e.</u> regulations.
 - (2) The use of equipment, material, and instruments, to include the following conditions:
 - The standards for use, storage, cleaning, and sterilization of combs, <u>a.</u> hairbrushes, lather brushes, mugs, razors, tweezers, combs, and contact cups or pads.
 - The standards for construction, sanitary preparation, and cleanup of b. chairs, receptacles, workstations, and other surfaces.
 - The standards for storing, providing, handling, and laundering clean <u>c.</u> towels or linens for each patron.
 - The standards for proper use and cleaning of hair cloths and other <u>d.</u> protective material to prevent the hair cloth from touching the skin of the patron.
 - The standards for proper hygiene and handwashing prior to contact <u>e.</u> with each patron.
 - The standards for serving patrons with an infectious or communicable <u>f.</u> disease.
 - The standards for obtaining appropriate health certification for g. shampooing.
- The Board shall adopt rules (i) prohibiting the use of commercial chemicals of unknown content by persons licensed under this Chapter and (ii) instructing persons registered under this Chapter in the proper use and application of commercial chemicals where no

Page 12

manufacturer's instructions are included. For purposes of this subsection, "commercial chemicals" are those products sold only through beauty and barber supply houses and not available to the general public.

- (c) Electrolysis shall be practiced by a licensed person only in a permanent establishment, referred to in this Chapter as an office. The Board shall adopt reasonable rules and regulations concerning the sanitation standards, equipment, and supplies to be used and observed in offices.
- (d) All schools and facilities where barbering, electrolysis, or laser, light source, or pulsed-light treatment service is rendered shall be open for inspection at all times during business hours to any members of the Board or its agents or assistants to determine compliance with the provisions of this Chapter. Initial inspections conducted by the Board pursuant to this Chapter shall not be delayed if the sole reason for delay is the lack of a certificate of occupancy by a unit of local government. A copy of the sanitary rules set out in this section shall be furnished by the Board to the owner or manager of each school, facility, or any other place where barbering, electrolysis, or laser, light source, or pulsed-light treatment service is rendered in the State and shall be posted in a conspicuous place.

"§ 86B-23. Renewal requirements; expired licenses; inactive status.

- (a) Each license issued pursuant to this Chapter shall be renewed as follows:
 - (1) Barbers. Any license not renewed by May 31 of each year shall expire and a late fee shall be charged for renewal.
 - (2) Electrologists and laser hair practitioners. – Every electrologist license or laser hair practitioner license issued pursuant to this Chapter must be renewed annually. On or before the date the current license expires, a person who desires to continue to practice electrology or as a laser hair practitioner shall apply for license renewal to the Board on forms approved by the Board, provide evidence of the successful completion of a continuing educational program approved by the Board, meet the criteria for renewal established by the Board, and pay the required fee. The Board may provide for the late renewal of licensure upon payment of a late fee as set by the Board, but late renewal may not be granted more than 90 days after expiration of the license. Any person who has failed to renew his or her license for more than 90 days after expiration may have it reinstated by applying to the Board for reinstatement on a form approved by the Board, furnishing a statement of the reason for failure to apply for renewal prior to the deadline, and paying the required fee. The Board may require evidence of competency to resume practice before reinstating the applicant's license.
 - (3) Schools of electrology and schools of laser, light source, and pulsed-light treatments. Every certificate for a school of electrology or a school of laser, light source, and pulsed-light treatment shall be renewed annually. On or before the date the current certificate expires, the applicant must submit an application for renewal of certification on a form approved by the Board, meet criteria for renewal established by the Board, and pay the required fee. Failure to renew the certificate within 90 days after the expiration date shall result in automatic forfeiture of any certification issued pursuant to this Chapter.
 - Electrology or laser hair practitioner instructors. An electrology or laser hair practitioner instructor's license shall be renewed annually. On or before the date the current license expires, the applicant must submit an application for renewal of licensure on a form approved by the Board, meet criteria for renewal established by the Board, and pay the required fee. Any person whose instructor's license has expired for a period of three years or more shall be required to take and pass the instructor's examination before the license can be renewed.

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- (b) The Board may charge renewal and late fees pursuant to G.S. 86B-30 and G.S. 86B-31 and may establish rules for continuing education requirements for licensees under this Chapter seeking renewal; provided, however, that no member of the Board may offer continuing education courses. The Board may also establish rules requiring the submission of a health certificate on a form to be provided by the Board.
- (c) If a licensee under this Chapter fails to renew their license within five years following the expiration date, the licensee shall be required to pass an examination as prescribed by the Board before the license will be reinstated; provided, however, that no apprenticeship requirement shall be required.
- (d) Upon request by a licensee for inactive status, the Board may place the licensee's name on the inactive list so long as the licensee is in good standing with the Board. An inactive licensee is not required to complete continuing education requirements. An inactive licensee shall not practice within their licensed trade for consideration. However, the inactive licensee may continue to purchase supplies as accorded an active licensee. When the inactive licensee desires to be removed from the inactive list and return to active practice, the inactive licensee shall notify the Board of the desire to return to active status and pay the required fee as determined by the Board. As a condition of returning to active status, the Board may require the licensee to complete continuing education pursuant to subsection (b) of this section.
- (e) All persons serving in the Armed Forces of the United States and persons whose licenses as a barber, electrologist, or laser hair practitioner were in force one year prior to entering service may, without taking the required examination, renew their licensure within 90 days after receiving a discharge under honorable conditions by paying the current annual license fee and furnishing the Board with any necessary additional information or documentation.

"§ 86B-24. Revocation of licenses and other disciplinary measures.

- (a) The Board may restrict, suspend, revoke, or refuse to issue, renew, or reinstate any license for any of the following:
 - (1) Gross malpractice or gross incompetency as determined by the Board.
 - (2) Advertising by means of knowingly false or deceptive statements.
 - (3) Practicing or permitting any individual under one's employ to practice barbering, electrolysis, or laser, light source, or pulsed-light treatment without a license or temporary employment permit, with an expired license or temporary employment permit, or with an invalid license or temporary employment permit.
 - (4) Obtaining or attempting to obtain a license for money or other thing of value other than the required fee or by fraudulent misrepresentation.
 - (5) Practicing or attempting to practice by fraudulent misrepresentation.
 - (6) Willful failure to display a certificate of license as required by this Chapter.
 - (7) Continued practice by a person knowingly having an infectious or contagious disease after being warned in writing by the Board to cease practice.
 - (8) Continued violation of any one or more of the sanitary rules and regulations established by the Board or by statute.
 - (9) Willful violation of the rules adopted by the Board.
- (b) The Board may also restrict, suspend, revoke, or refuse to issue, renew, or reinstate any license upon conviction of a felony shown by certified copy of the record of the court of conviction. Prior to taking action against a licensee for a felony conviction, the Board shall consider all of the following factors regarding the conviction:
 - (1) The level of seriousness of the crime.
 - (2) The date of the crime.
 - (3) The age of the person at the time of conviction.
- (4) The circumstances surrounding the commission of the crime, if known.

- (5) The nexus between the criminal conduct of the person and the duties of the licensee.
- (6) The person's prison, jail, probation, parole, rehabilitation, and employment records since the date the crime was committed.
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- (c) The Board may not restrict, suspend, revoke, or refuse to issue, renew, or reinstate a license except in accordance with its rules and the provisions of Chapter 150B of the General Statutes.

(d) The Board shall keep a record of its proceedings relating to the issuance, renewal, denial, restriction, suspension, and revocation of licenses. This record shall also contain each licensee's name, address, license number, and the date the license was issued.

"<u>§ 86B-25. Misdemeanors.</u>

Each of the following acts constitutes a Class 3 misdemeanor:

- (1) Violation of any of the provisions of G.S. 86B-26.
- (2) Violation of any of the provisions described in subdivisions (3) through (6) of G.S. 86B-24(a).

"§ 86B-26. Licenses required.

- (a) Except as provided in this Chapter, no person may practice or attempt to practice barbering, electrolysis, or laser, light source, or pulsed-light treatments for pay or reward in any form, either directly or indirectly, without being licensed by the Board pursuant to this Chapter. An individual licensed by the Board for a particular specialty may practice only that part of barbering, electrolysis, or laser, light source, or pulsed-light treatments for which the individual is licensed.
- (b) Except as provided in this Chapter, no person may open or operate a barbershop, or electrologist or laser hair practitioner office, or practice barbering, electrolysis, or laser, light source, or pulsed-light treatments in any form, for pay or reward in any form, either directly or indirectly, outside of a facility licensed by the Board pursuant to this Chapter.
- (c) No person may teach barbering, electrolysis, or laser, light source, or pulsed-light treatments in a Board-approved school unless the person is an instructor licensed pursuant to this Chapter. A guest lecturer may be exempt from the requirements of this subsection upon approval by the Board.
- (d) An apprentice licensed under the provisions of this Chapter shall apprentice under the supervision of a registered barber or the supervision of an electrologist or laser hair practioner, as appropriate. An apprentice shall not operate a barbershop or an electrologist or laser hair practitioner office.
- (e) Nothing in this Chapter shall be construed to prohibit a member of a family from practicing barbering, electrolysis, or laser, light source, or pulsed-light treatments on a family member. For purposes of this subsection, a "family member" means a spouse, brother, sister, parent, grandparent, child, grandchild, mother-in-law, father-in-law, daughter-in-law, son-in-law, stepparent, or stepchild.
- (f) Every person licensed under this Chapter shall display the license issued by the Board in the location in which the person works. Every license to operate a barbershop, electrologist or laser hair practitioner office, barber school, or electrologist or laser hair practitioner school shall be conspicuously posted in the location for which it is issued.

"§ 86B-27. Enjoining illegal practices.

The Board, the Department of Health and Human Services, or any county or district health director may apply to the superior court for an injunction to restrain any person from violating the provisions of this Chapter or the Board's rules. Actions under this section shall be brought in the county where the defendant resides or maintains the defendant's principal place of business or where the alleged acts occurred.

"§ 86B-28. Civil penalties; disciplinary costs.

- The Board may assess a civil penalty not in excess of five hundred dollars (\$500.00) 1 (a) 2 per offense for the violation of any section of this Chapter or the violation of any rules adopted 3 by the Board. The clear proceeds of any civil penalty assessed under this section shall be remitted 4 to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2. 5 Before imposing and assessing a civil penalty, the Board shall consider the following (b) 6 factors: 7 The nature, gravity, and persistence of the particular violation. (1) 8 **(2)** The appropriateness of the imposition of a civil penalty when considered alone 9 or in combination with other punishment. Whether the violation was willful and malicious. 10 <u>(3)</u> 11 (4) Any other factors that would tend to mitigate or aggravate the violations found 12 to exist. 13 The Board shall establish a schedule of civil penalties for violations of this Chapter (c) 14 and rules adopted by the Board. 15 The Board may in a disciplinary proceeding charge costs, including reasonable 16 attorneys' fees, to the licensee against whom the proceedings were brought. 17 "§ 86B-29. Persons exempt from the provisions of this Chapter. 18 (a) The following persons and those working under their supervision or direct supervision 19 are exempt from the barbering provisions of this Chapter while engaged in the proper discharge 20 of their duties: 21 <u>(1)</u> Persons licensed to practice funeral service pursuant to Article 13A of Chapter 22 90 of the General Statutes. 23 Persons authorized to practice medicine or surgery under Chapter 90 of the **(2)** 24 General Statutes. 25 Nurses licensed under Chapter 90 of the General Statutes. (3) 26 <u>(4)</u> Commissioned medical or surgical officers of the United States Army, Air 27 Force, Navy, Marine, or Coast Guard. 28 (b) The following persons shall be permitted to practice electrology without a license: 29 Any physician licensed in accordance with Article 1 and Article 11 of Chapter (1) 30 90 of the General Statutes. 31 A student at an approved school of electrology when electrolysis is performed <u>(2)</u> 32 in the course of study. 33 A person demonstrating on behalf of a manufacturer or distributor any (3) 34 electrolysis equipment or supplies, if such demonstration is performed without 35 36 An employee of a hospital licensed under Chapter 131E of the General (4) 37 Statutes and working under the supervision of a physician licensed under 38 Article 1 of Chapter 90 of the General Statutes who is certified by the 39 American Board of Dermatology. 40 The electrology and laser, light source, and pulsed-light treatment requirements of this Chapter shall not apply to any person licensed or approved by the North Carolina Medical 41 42 Board to practice medicine or perform medical acts, tasks, or functions pursuant to Article 1 of 43 Chapter 90 of the General Statutes or any person employed and working under the direct 44 supervision of a physician licensed to practice medicine pursuant to Article 1 of Chapter 90 of 45 the General Statutes. 46 "§ 86B-30. Fees required for barbering. 47 The Board may charge the applicant the actual cost of preparation, administration, 48
 - and grading of examinations in addition to its other fees.
 - (1)
 - Examination to become a registered apprentice barber \$85.00 (2)
 - The Board may charge application fees not to exceed the following: (b)

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	General Asso	embly Of North Carolina	Session 2017
1	(1) Inspection of a newly established barbershop	\$120.00
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4		he Board may charge license fees not to exceed the following:	<u> </u>
5	(1		\$50.00 per year
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9	(5		
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12	(8	• • • •	
13		he Board may require payment of late fees and reinstatement fees	
14	following:	the Board may require payment of face fees and remstatement fees	not to exceed the
15	10110wing. (1) Barber and barber apprentice late renewal within one year	
16	<u>(1</u>	barber and barber apprentice fate renewar within one year	\$35.00
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18	<u>(3</u>		· · · · · · · · · · · · · · · · · · ·
19		three years	\$45.00
20	(4		\$45.00
21	<u>(5</u>	Barber school late renewal	\$85.00
22	(6	Barber school instructor late renewal within one year	\$45.00
23	(7	Barber school instructor late renewal after one year but	
24		within three years	\$85.00
25	<u>(e)</u> Tl	he Board may prorate fees as appropriate and may assess reaso	nable charges for
26	certified copi	es of public documents and for duplication of other material.	
27	<u>(f)</u> <u>Tl</u>	he Board may by rule waive or reduce license and renewal fees	for licensees aged
28	70 or older.		
29	" <u>§ 86B-31. F</u>	<u>'ees required for electrolysis and laser, light source, and pulsec</u>	l-light treatment.
30		may be calculated by the Board in amounts sufficient to	
31	administratio	n of this act related to electrolysis and laser, light source, and pulse	ed-light treatment,
32	but in no ever	nt may they exceed the following:	
33	<u>(1)</u>	Application for licensure as an electrologist	\$150.00
34	<u>(2)</u>	Initial license	\$125.00
35	<u>(3)</u>	Examination or reexamination	\$150.00
36	<u>(4)</u>	Licensure of electrology renewal	\$150.00
37	<u>(5)</u>	Application for licensure as an electrology	
38		instructor	
39	<u>(6)</u>	Licensure of electrology instructor renewal	\$150.00
40	<u>(7)</u>	Application for certification as a	
41		Board-approved school of electrology	\$500.00
42	<u>(8)</u>	Application for licensure as laser hair practitioner	
43	<u>(9)</u>	Licensure of laser hair practitioner renewal	\$150.00
44	<u>(10)</u>	Application for licensure as laser hair practitioner instructor	\$150.00
45	<u>(11)</u>	Licensure of laser hair practitioner instructor renewal	\$150.00
46	<u>(12)</u>	Application for certification as a Board-approved school of	
47		laser, light source, or pulsed-light treatments	\$500.00
48	<u>(13)</u>	Certificate of Board-approved school of laser, light source,	_
49		or pulsed-light renewal	\$400.00
50	<u>(14)</u>	Certificate of Board-approved school of	
51		electrology renewal	\$250.00

1	(15)	Certification of out-of-state schools
2	(16)	Certification of out-of-state schools renewal \$100.00
3	<u> </u>	Office inspection or reinspection \$100.00
<i>3</i>	$\frac{(17)}{(18)}$	License by reciprocity \$150.00
5	(10)	Late renewal charge \$125.00
6	$\frac{(19)}{(20)}$	Reinstatement of expired license or certification \$250.00
7	$\frac{(20)}{(21)}$	Reactivation of license
8	\ /	<u> </u>
ð	<u>(22)</u>	Duplicate license or certification \$25.00."

SECTION 2.3. Notwithstanding G.S. 86B-3, as enacted by Section 2.2 of this act, the initial appointments to the North Carolina Board of Barber and Electrolysis Examiners are as follows:

- (1) Four barbers serving on the Board of Barber Examiners as of December 31, 2018, until their current terms expire.
- One electrologist serving on the Board of Electrolysis Examiners as of December 31, 2018, as determined by the Governor, for a three-year term.
- (3) One physician, appointed by the Governor, for a two-year term.
- (4) One public member, appointed by the Governor, for a one-year term.

The initial appointments required by G.S. 86B-3, as enacted by Section 2.2 of this act, shall be made on or before October 1, 2018, and the initial terms of the appointees shall begin on January 1, 2019. Once these initial terms expire, all vacancies will be filled according to the provision of G.S. 86B-3, as enacted by Section 2.2 of this act.

SECTION 2.4.(a) The North Carolina Board of Barber and Electrolysis Examiners, established by Section 2.2 of this act, shall review the licensing fee limitations, established by Section 2.2 of this act, and the fees adopted by rule by the State Board of Barber Examiners and the North Carolina Board of Electrolysis Examiners and determine whether the fee limitations and fees should be reduced to reflect savings and efficiencies generated by the consolidation of the Boards. No later than March 1, 2019, the North Carolina Board of Barber and Electrolysis Examiners shall report its findings and recommendations to the Joint Legislative Administrative Procedure Oversight Committee.

SECTION 2.4.(b) The North Carolina Board of Barber and Electrolysis Examiners, established by Section 2.2 of this act, shall review the licenses established by Section 2.2 of this act and determine whether certain licenses could be consolidated or eliminated as a result of the consolidation of the State Board of Barber Examiners and the North Carolina Board of Electrolysis Examiners. No later than March 1, 2019, the North Carolina Board of Barber and Electrolysis Examiners shall report its findings and recommendations to the Joint Legislative Administrative Procedure Oversight Committee.

SECTION 2.5.(a) Licenses and registrations issued by the State Board of Barber Examiners and the North Carolina Board of Electrolysis Examiners, prior to the effective date of this act, shall remain in full force and confer the same authority as when they were issued until those licenses and registrations expire, are revoked, or are renewed by the North Carolina Board of Barber and Electrolysis Examiners.

SECTION 2.5.(b) All property and assets owned by the State Board of Barber Examiners and the North Carolina Board of Electrolysis Examiners shall be vested in and transferred to the North Carolina Board of Barber and Electrolysis Examiners.

SECTION 2.5.(c) Any litigation, disciplinary action, or other proceeding pending as of the effective date of this act, in the name of or against the State Board of Barber Examiners or the North Carolina Board of Electrolysis Examiners, shall continue in the name of the North Carolina Board of Barber and Electrolysis Examiners.

SECTION 2.5.(d) The Department of State Treasurer shall hold funds received in the name of the North Carolina Board of Barber and Electrolysis Examiners separate from the

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funds received in the name of the State Board of Barber Examiners or the North Carolina Board of Electrolysis Examiners prior to the effective date of this act.

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SECTION 2.5.(e) Rules adopted by the State Board of Barber Examiners and the North Carolina Board of Electrolysis Examiners shall remain in effect as provided in G.S. 150B-21.7.

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SECTION 2.6. Section 2.3 of this part is effective when it becomes law. The remainder of this part becomes effective January 1, 2019, and applies to applications for licensure, examination, and renewal submitted on or after that date.

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PART III. VARIOUS ADMINISTRATIVE LAW CHANGES

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AUTHORIZE RULE TECHNICAL CORRECTIONS

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(a)

SECTION 3.1.(a) G.S. 150B-21.5 reads as rewritten:

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"§ 150B-21.5. Circumstances when notice and rule-making hearing not required.required; circumstances when submission to the Commission not required. Amendment. – An agency is not required to publish a notice of text in the North

Carolina Register or Register, hold a public hearing hearing, or submit the amended rule to the

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Commission for review when it proposes to amend a rule to do one of the following: Reletter or renumber the rule or subparts of the rule. (1)

20 21 (2) Substitute one name for another when an organization or position is renamed.

22 23 (3) Correct a citation in the rule to another rule or law when the citation has become inaccurate since the rule was adopted because of the repeal or renumbering of the cited rule or law.

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(4) Change information that is readily available to the public, such as an address oraddress, a telephone number number, or a Web site.

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Correct a typographical error in the North Carolina Administrative (5) Code.typographical error. Change a rule in response to a request or an objection by the Commission, (6)

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unless the Commission determines that the change is substantial. Response to Commission. – An agency is not required to publish a notice of text in (a1) the North Carolina Register or hold a public hearing when it proposes to change the rule in response to a request or an objection by the Commission unless the Commission determines that

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the change is substantial. Repeal. – An agency is not required to publish a notice of text in the North Carolina Register or hold a public hearing when it proposes to repeal a rule as a result of any of the following:

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(1) The law under which the rule was adopted is repealed.

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The law under which the rule was adopted or the rule itself is declared (2) unconstitutional.

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The rule is declared to be in excess of the agency's statutory authority.

OSHA Standard. – The Occupational Safety and Health Division of the Department of Labor is not required to publish a notice of text in the North Carolina Register or hold a public hearing when it proposes to adopt a rule that concerns an occupational safety and health standard and is identical to a federal regulation promulgated by the Secretary of the United States Department of Labor. The Occupational Safety and Health Division is not required to submit to the Commission for review a rule for which notice and hearing is not required under this subsection.

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(d) State Building Code. – The Building Code Council is not required to publish a notice of text in the North Carolina Register when it proposes to adopt a rule that concerns the North Carolina State Building Code. The Building Code Council is required to publish a notice in the

North Carolina Register when it proposes to adopt a rule that concerns the North Carolina State Building Code. The notice must include all of the following:

- (1) A statement of the subject matter of the proposed rule making.
- (2) A short explanation of the reason for the proposed action.
- (3) A citation to the law that gives the agency the authority to adopt a rule on the subject matter of the proposed rule making.
- (4) The person to whom questions or written comments may be submitted on the subject matter of the proposed rule making.

The Building Code Council is required to submit to the Commission for review a rule for which notice of text is not required under this subsection. In adopting a rule, the Council shall comply with the procedural requirements of G.S. 150B-21.3.

(e) An agency that adopts or amends a rule pursuant to subsection (a) or (c) of this section shall notify the Codifier of Rules of its actions. When notified of an agency action taken pursuant to subsection (a) or (c) of this section, the Codifier of Rules shall make the appropriate change to the North Carolina Administrative Code."

SECTION 3.1.(b) G.S. 150B-21.20 reads as rewritten:

"§ 150B-21.20. Codifier's authority to revise form of rules.

- (a) Authority. After consulting with the agency that adopted the rule, the Codifier of Rules may revise the form of a rule submitted for inclusion in the North Carolina Administrative Code a rule to do one or more of the following:
 - (1) Rearrange the order of the rule in the Code or the order of the subsections, subdivisions, or other subparts of the rule.
 - (2) Provide a catch line or heading for the rule or revise the catch line or heading of the rule.
 - (3) Reletter or renumber the rule or the subparts of the rule in accordance with a uniform system.
 - (4) Rearrange definitions and lists.
 - (5) Make other changes in arrangement or in form that do not change the substance of the rule and are necessary or desirable for a clear and orderly arrangement of the rule.
 - (6) Omit from the published rule a map, a diagram, an illustration, a chart, or other graphic material, if the Codifier of Rules determines that the Office of Administrative Hearings does not have the capability to publish the material or that publication of the material is not practicable. When the Codifier of Rules omits graphic material from the published rule, the Codifier must insert a reference to the omitted material and information on how to obtain a copy of the omitted material.
 - (7) Substitute one name for another when an organization or position is renamed.
 - (8) Correct a citation in the rule to another rule or law when the citation has become inaccurate since the rule was adopted because of the repeal or renumbering of the cited rule or law.
 - (9) Change information that is readily available to the public, such as an address, a telephone number, or a Web site.
 - (10) Correct a typographical error.
- (b) Effect. Revision of a rule by the Codifier of Rules under this section does not affect the effective date of the rule or require the agency to readopt or resubmit the rule. When the Codifier of Rules revises the form of a rule, the Codifier of Rules must send the agency that adopted the rule a copy of the revised rule. The revised rule is the official rule, unless the rule was revised under subdivision (a)(6) of this section to omit graphic material. When a rule is revised under that subdivision, the official rule is the published text of the rule plus the graphic material that was not published."

CLARIFY CONTESTED CASE POLICY

SECTION 3.2.(a) G.S. 150B-22 reads as rewritten:

"§ 150B-22. Settlement; contested case.

- (a) It is the policy of this State that any dispute between an agency and another person that involves the person's rights, duties, or privileges, including licensing or the levy of a monetary penalty, should be settled through informal procedures. In trying to reach a settlement through informal procedures, the agency may not conduct a proceeding at which sworn testimony is taken and witnesses may be cross-examined.
- (b) If the agency and the other person do not agree to a resolution of the dispute through informal procedures, either the agency or the person may commence an administrative proceeding to determine the person's rights, duties, or privileges, at which time the dispute becomes a "contested case." A party or person aggrieved shall not be required to petition an agency for rule making or to seek or obtain a declaratory ruling before commencing a contested case pursuant to G.S. 150B-23."

SECTION 3.2.(b) G.S. 150B-43 reads as rewritten:

"§ 150B-43. Right to judicial review.

Any party or person aggrieved by the final decision in a contested case, and who has exhausted all administrative remedies made available to the party or person aggrieved by statute or agency rule, is entitled to judicial review of the decision under this Article, unless adequate procedure for judicial review is provided by another statute, in which case the review shall be under such other statute. Nothing in this Chapter shall prevent any party or person aggrieved from invoking any judicial remedy available to the party or person aggrieved under the law to test the validity of any administrative action not made reviewable under this Article. Absent a specific statutory requirement, nothing in this Chapter shall require aA party or person aggrieved shall not be required to petition an agency for rule making or to seek or obtain a declaratory ruling before obtaining judicial review of a final decision or order made pursuant to G.S. 150B-34."

AMEND PERIODIC REVIEW OF RULES PROCESS

SECTION 3.3. G.S. 150B-21.3A reads as rewritten:

"§ 150B-21.3A. Periodic review and expiration of existing rules.

- (a) Definitions. For purposes of this section, the following definitions apply:
 - (1) Commission. Means the Rules Review Commission.
 - (2) Committee. Means the Joint Legislative Administrative Procedure Oversight Committee.
 - (2a) Necessary rule. Means any rule other than an unnecessary rule.
 - (3) Necessary with substantive public interest. Means any rule for which the agency has received public comments within the past two years. A rule is also "necessary with substantive public interest" if the rule affects the property interest of the regulated public and the agency knows or suspects that any person may object to the rule.
 - (4) Necessary without substantive public interest. Means a rule for which the agency has not received a public comment concerning the rule within the past two years. A "necessary without substantive public interest" rule includes a rule that merely identifies information that is readily available to the public, such as an address or a telephone number.
 - (5) Public comment. Means written comments objecting to the rule, in whole or in part, or objecting to an agency's determination of the rule as necessary or unnecessary, received by an agency from any member of the public, including

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- an association or other organization representing the regulated community or other members of the public.
- (6) Unnecessary rule. Means a rule that the agency determines to be obsolete, redundant, or otherwise not needed.
- (b) Automatic Expiration. Except as provided in subsection (e) of this section, any rule for which the agency that adopted the rule has not conducted a review in accordance with this section shall expire on the date set in the schedule established by the Commission pursuant to subsection (d) of this section.
- (c) Review Process. Each agency subject to this Article shall conduct a review of the agency's existing rules at least once every 10 years in accordance with the following process:
 - (1) Step 1: The agency shall conduct an analysis of each existing rule and make an initial determination as to whether the rule is (i) necessary with substantive public interest, (ii) necessary without substantive public interest, or (iii)necessary or unnecessary. The agency shall then post the results of the initial determination on its Web site and invite the public to comment on the rules and the agency's initial determination. The agency shall also submit the results of the initial determination to the Office of Administrative Hearings for posting on its Web site. The agency shall accept public comment for no less than 60 days following the posting. The agency shall review the public comments and prepare a brief response addressing the merits of each comment. After completing this process, the agency shall submit a report to the Commission. The report shall include the following items:
 - a. The agency's initial determination.
 - b. All public comments received in response to the agency's initial determination.
 - c. The agency's response to the public comments.
 - (2) Step 2: The Commission shall review the reports received from the agencies pursuant to subdivision (1) of this subsection. If a public comment relates to a rule that the agency determined to be necessary and without substantive public interest or unnecessary, the Commission shall determine whether the public comment has merit and, if so, designate the rule as necessary with substantive public interest.necessary. For purposes of this subsection, a public comment has merit if it addresses the specific substance of the rule and relates to any of the standards for review by the Commission set forth in G.S. 150B-21.9(a).rule. The Commission shall prepare a final determination report and submit the report to the Committee for consultation in accordance with subdivision (3) of this subsection. The report shall include the following items:
 - a. The agency's initial determination.
 - b. All public comments received in response to the agency's initial determination.
 - c. The agency's response to the public comments.
 - d. A summary of the Commission's determinations regarding public comments.
 - e. A determination that all rules that the agency determined to be necessary and without substantive public interest and for which no public comment was received or for which the Commission determined that the public comment was without merit be allowed to remain in effect without further action.
 - f. A determination that all rules that the agency determined to be unnecessary and for which no public comment was received or for

- which the Commission determined that the public comment was without merit shall expire on the first day of the month following the date the report becomes effective in accordance with this section.
- g. A determination that all rules that the agency determined to be necessary with substantive public interest or that the Commission designated as necessary with public interest as provided in this subdivision shall be readopted as though the rules were new rules in accordance with this Article.
- (3) Step 3: The final determination report shall not become effective until the agency has consulted with the Committee. The determinations contained in the report pursuant to sub-subdivisions e., f., f. and g. of subdivision (2) of this subsection shall become effective on the date the report is reviewed by the Committee. If the Committee does not hold a meeting to hear the consultation required by this subdivision within 60 days of receipt of the final determination report, the consultation requirement is deemed satisfied, and the determinations contained in the report become effective on the 61st day following the date the Committee received the report. If the Committee disagrees with a determination regarding a specific rule contained in the report, the Committee may recommend that the General Assembly direct the agency to conduct a review of the specific rule in accordance with this section in the next year following the consultation.
- (d) Timetable. The Commission shall establish a schedule for the review and readoption of existing rules in accordance with this section on a decennial basis as follows:
 - (1) With regard to the review process, the Commission shall assign each Title of the Administrative Code a date by which the review required by this section must be completed. In establishing the schedule, the Commission shall consider the scope and complexity of rules subject to this section and the resources required to conduct the review required by this section. The Commission shall have broad authority to modify the schedule and extend the time for review in appropriate circumstances. Except as provided in subsections (e) and (f) of this section, if the agency fails to conduct the review by the date set by the Commission, the rules contained in that Title which have not been reviewed will expire. The Commission shall report to the Committee any agency that fails to conduct the review. The Commission may exempt rules that have been adopted or amended within the previous 10 years from the review required by this section. However, any rule exempted on this basis must be reviewed in accordance with this section no more than 10 years following the last time the rule was amended.
 - (2) With regard to the readoption of rules as required by sub-subdivision (c)(2)g. of this section, once the final determination report becomes effective, the Commission shall establish a date by which the agency must readopt the rules. The Commission shall consult with the agency and shall consider the agency's rule-making priorities in establishing the readoption date. The agency may amend a rule as part of the readoption process. If a rule is readopted without substantive change or if the rule is amended to impose a less stringent burden on regulated persons, the agency is not required to prepare a fiscal note as provided by G.S. 150B-21.4.
- (e) Rules to Conform to or Implement Federal Law. Rules adopted to conform to or implement federal law shall not expire as provided by this section. The Commission shall report annually to the Committee on any rules that do not expire pursuant to this subsection.

- (e1) Rules to Protect Inchoate or Accrued Rights of Retirement Systems Members. Rules deemed by the Boards of Trustees established under G.S. 128–28 and G.S. 135–6 to protect inchoate or accrued rights of members of the Retirement Systems administered by the State Treasurer shall not expire as provided by this section. The Commission shall report annually to the Committee on any rules that do not expire pursuant to this subsection. The following rules shall not expire as provided in this section:
 - (1) Rules adopted to conform to or implement federal law.
 - (2) Rules deemed by the Boards of Trustees established under G.S. 128-28 and G.S. 135-6 to protect inchoate or accrued rights of members of the Retirement Systems administered by the State Treasurer.
- (f) Other Reviews. Notwithstanding any provision of this section, an agency may subject a rule that it determines to be unnecessary to review under this section at any time by notifying the Commission that it wishes to be placed on the schedule for the current year. The Commission may also subject a rule to review under this section at any time by notifying the agency that the rule has been placed on the schedule for the current year."

SECTION 3.4. This part is effective when it becomes law. Section 3.3 of this part applies to agency rule reports submitted to the Office of Administrative Hearings pursuant to G.S. 150B-21.3A(c)(1) on or after January 1, 2019.

PART IV. EXPANSION OF MASSAGE AND BODYWORK THERAPY BOARD SECTION 4.1. G.S. 90-625 reads as rewritten:

"§ 90-625. North Carolina Board of Massage and Bodywork Therapy.

- (a) The North Carolina Board of Massage and Bodywork Therapy is created. The Board shall consist of seven-nine members who are residents of this State and are as follows:
 - (1) Five members shall be massage and bodywork therapists who have been licensed under this Article and have been in the practice of massage and bodywork therapy for at least five of the last seven years prior to their serving on the Board. Consideration shall be given to geographical distribution, practice setting, clinical specialty, involvement in massage and bodywork therapy education, and other factors that will promote diversity of the profession on the Board. Two of the five members shall be appointed by the General Assembly, upon the recommendation of the Speaker of the House of Representatives, two shall be appointed by the General Assembly, upon the recommendation of the President Pro Tempore of the Senate, and one shall be appointed by the Governor.
 - (1a) Two members shall be persons holding a license to operate a massage and bodywork therapy establishment under this Article. One of the two members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives and one shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
 - (2) One member shall be a physician licensed pursuant to Article 1 of Chapter 90 of the General Statutes or a person once licensed as a physician whose license lapsed while the person was in good standing with the profession and eligible for licensure. The appointment shall be made by the Governor and may be made from a list provided by the North Carolina Medical Society.
 - One member shall be a member of the general public who shall not be licensed under Chapter 90 of the General Statutes or the spouse of a person who is so licensed, or have any financial interest, directly or indirectly, in the profession regulated under this Article. The appointment shall be made by the Governor.

- (b) Legislative appointments shall be made in accordance with G.S. 120-121. A vacancy in a legislative appointment shall be filled in accordance with G.S. 120-122.
- (c) Each member of the Board shall serve for a term of three years, ending on June 30 of the last year of the term. A member shall not be appointed to serve more than two consecutive terms.

...."

SECTION 4.2. The initial appointments required by G.S. 90-625(1a), as enacted by Section 4.1 of this act, shall be made on or before October 1, 2018, and the initial terms of the appointees shall begin on that date. The initial term of the member appointed by the General Assembly on the recommendation of the Speaker of the House of Representatives shall end on June 30, 2019, and a replacement appointed in accordance with G.S. 90-625(1a). The initial term of the member appointed by the General Assembly on the recommendation of the President Pro Tempore shall end on June 30, 2020, and a replacement appointed in accordance with G.S. 90-625(1a).

SECTION 4.3. This part becomes effective July 1, 2018.

PART V. EFFECTIVE DATE

SECTION 5. Except as otherwise provided, this act is effective when it becomes law.