SENATE COMMERCE COMMITTEE

STATEMENT TO

[Second Reprint]

ASSEMBLY, No. 1507

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 4, 2023

The Senate Commerce Committee reports favorably and with committee amendments Assembly Bill No. 1507 (2R).

As amended, this bill establishes a new chair or booth rental license for qualifying individuals, who already are licensed by the New Jersey State Board of Cosmetology and Hairstyling to perform cosmetology and hairstyling services or ancillary services, in cases when these individuals engage in a business arrangement entered into by a written contract whereby they rent or lease a chair or booth from the owner of a shop that is licensed by the board. The bill specifically provides that no licensed shop owner shall enter into a chair or booth rental arrangement unless the practicing licensee holds a chair or booth rental license as provided in this bill. Additionally, the bill authorizes the board to inspect shops when chair and booth rental arrangements exist.

An individual applying for a chair or booth rental license shall: make application to the board on forms as it may require; and pay a fee as required by the board. In addition, the bill stipulates that the board shall promulgate rules and regulations relating to the information to be submitted for a chair or booth rental license, including information regarding an applicant's compliance with State and federal tax laws.

The bill provides that the board shall maintain a record of all individuals holding chair or booth rental licenses, which licenses shall be renewable on a biennial basis.

A license for a chair or booth rental is renewable on a biennial basis. An application for renewal of a chair or booth rental license is to require an indication if the rental license is for a chair or booth in a mobile facility and if so, the name and shop license number of the mobile facility. The bill also clarifies that a shop owner is not to enter into a chair or booth rental arrangement with an individual unless that individual holds a license to provide cosmetology and hairstyling services for which the shop is licensed and holds a chair or booth rental license. The individual with a chair or booth rental license cannot provide services that are outside the scope of the services the shop is licensed to provide.

Moreover, an individual performing cosmetology, hairstyling, or other ancillary services in a licensed shop shall be deemed an employee of the shop, unless the following applies: (1) a written agreement exists between the individual and the shop specifying the following: that the individual is an independent contractor; that the shop has no right to control the methodology used by the individual to produce a given result; and the amount of rent to be paid by the individual to the shop, whether calculated at a fixed percentage of the individual's gross receipts or a flat fee; (2) the individual possesses a booth rental permit issued by the board; and (3) the individual has paid a booth rental permit fee to the board.

The bill also stipulates the steps to be taken by an individual when submitting an application for a chair or booth rental, which includes inspection of the premises where the chair or booth will be located. Mobile facilities' ability to allow for chair or booth rentals are also incorporated into the bill. The bill also prohibits a licensed shop from allowing a person to be an employ, under the shop owner's supervision, or be an independent contractor and practice cosmetology, hairstyling or ancillary services who does not possess an appropriate license issued by the New Jersey State Board of Cosmetology and Hairstyling.

As amended and reported by the committee, Assembly Bill No. 1507 (2R) is identical to Senate Bill No. 1503, as also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) authorize inspections of shops with chair or booth or rentals;

(2) require the practicing licensee seeking a chair or booth rental arrangement to hold both a license in the same cosmetology and hairstyling services for which the shop is licensed to provide and a license for a chair or booth rental;

(3) prohibit a practicing licensee with a chair or booth rental arrangement from offering services beyond the scope of services that a shop or mobile facility is licensed to provide; and

(4) require an inspection of the premises prior to the issuance of a chair or booth rental license.