

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0504-05
Bill No.: SCS for SB 227
Subject: Professional Registration and Licensing; Cosmetology
Type: Original
Date: February 20, 2017

Bill Summary: This proposal provides that the practice of cosmetology and the practice of the occupation of a barber does not include hair braiding.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Cosmetology & Barber Examiners Fund	(\$10,582)	\$10,000	\$300
Total Estimated Net Effect on <u>Other</u> State Funds	(\$10,582)	\$10,000	\$300

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume this proposal states no person shall engage in hair braiding for compensation in the state of Missouri without first registering with the board. Applicants for a certificate of registration to engage in hair braiding shall submit to the board an application and a required fee, as set by the board. Such fee shall not exceed twenty dollars. Prior to receiving a certificate, each applicant shall also watch an instructional video prepared by the board in accordance with subsection 4 of this section. The board must also provide an instructional, two hour, video to each person who registers. The board shall develop and prepare an instructional video, no more than two hours in length, that contains information as determined by the board. The instructional video shall be made available to applicants through the board's website.

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Based on information received from a representative of the group seeking legislation, the DIFP estimates that 500 individuals in the state of Missouri will be required to be licensed. In addition, a 3% growth has been estimated.

Staffing

DIFP assumes an additional Inspector needed to conduct inspections of facilities or premises. In order to be consistent with other duties of the board, it is anticipated the board will inspect each of the facilities or premises of the hair-braiding registrants once a year to ensure they are complying with the provisions of this statute, should this bill pass.

Inspection Travel Expenses

It is assumed 500 inspections will be conducted annually. Based on an average of 60 miles traveled per inspection and fuel costs of \$0.37 per mile, total inspection costs are estimated to be \$11,100 (500 inspections X 60 miles X \$0.37 per mile).

ASSUMPTION (continued)

Development and Preparation of Instructional Video

The board shall develop and prepare an instructional video, no more than two hours in length, that contains information as determined by the board. The instructional video shall be made available to applicants through the board's website. Based on a board who similarly created an instructional video, via the Missouri Department of Education and Secondary Education, we estimate the cost, per the requirements of the board and statute, up-to \$5,291.17 per hour.

Revenue

Provisions of the proposal provide a maximum registration fee of \$20. Total revenue of \$10,000 is estimated for FY 19, with a 3% growth rate for subsequent years. It is estimated that the collection of registration fees will begin in FY19. Fees will be deposited into the Cosmetology and Barber Examiners Fund.

Oversight notes the provisions of the proposal only require hair braiders to register with the DIFP. Representatives of the Board of Cosmetology and Barber Examiners **may** visit any facility in which hair braiding is performed to determine if the brochure and completed self-test are available, but it is not required. Due to the limited number of individuals who may be required to register as hair braiders, **Oversight** assumes the DIFP can perform the requirements of this proposal with existing staff.

As of January 31, 2017 the Cosmetology and Barber Examiners Fund as a current balance of \$5,265,545. **Oversight** assumes registration fees and existing resources will be sufficient to cover preparation, printing and mailing costs of the brochure.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
COSMETOLOGY AND BARBER EXAMINERS FUND			
<u>Revenue - DIFP</u> Registration Fees	\$0	\$10,000	\$300
<u>Cost - DIFP</u> Instructional Video	<u>(\$10,582)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE COSMETOLOGY AND BARBER EXAMINERS FUND	<u>(\$10,582)</u>	<u>\$10,000</u>	<u>\$300</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

This proposal will directly impact small business hair braiders and cosmetology businesses that hire hair braiders as they will not be required to have cosmetology training.

FISCAL DESCRIPTION

This act provides that the practice of cosmetology and the practice of the occupation of a barber do not include hair braiding, as defined in the act. In order to practice hair braiding for compensation, a person shall register with the Board of Cosmetology and Barber Examiners and pay a fee of not more than \$20. Registration is valid for 2 years, and the renewal fee shall be no more than \$20.

The Board shall provide persons registering as hair braiders with a mandatory instructional video no more than two hours in length.

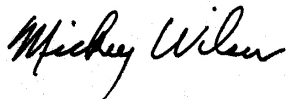
A person who registers as a hair braider shall post a copy of his or her certificate of registration in a conspicuous place at his or her place of business. If the registrant is operating outside of his or her place of business he or she shall provide the client or customer with a copy of his or her certificate of registration.

The Board may inspect the registrant's place of business to ensure that he or she is not operating outside the scope of practice of hair braiding. If a registrant is found to be operating outside the scope of practice of hair braiding the board may suspend or revoke the registrant's certificate of registration.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration



Mickey Wilson, CPA
Director
February 20, 2017

Ross Strobe
Assistant Director
February 20, 2017