

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5205-03
Bill No.: Perfected HCS for HB 1500
Subject: Cosmetology; Professional Registration and Licensing
Type: Original
Date: January 16, 2018

Bill Summary: This proposal modifies provisions relating to the practice of cosmetology and barbering.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Cosmetology and Barber Examiners Fund	(\$11,500)	\$37,455	\$1,080
Total Estimated Net Effect on <u>Other</u> State Funds	(\$11,500)	\$37,455	\$1,080

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume this legislation requires hair-braiders in the state of Missouri to register with the Board of Cosmetology and Barber Examiners for a fee of not more than \$25 to cover the board's costs for keeping this registration list. The board must also provide a brochure to each person who registers. The board shall develop and prepare a brochure containing infection control technique information appropriate for hair-braiding. This brochure must contain a self test and it must be kept at the location where the person is engaging in the practice of hair-braiding.

Representatives of the board may visit any facility or premises in which hair-braiding is performed to determine if the brochure and self test are available at the facility or premises. The Board of Cosmetology and Barber Examiners will need to develop and prepare a brochure containing infection control technique information appropriate for hair-braiding. If the board is expected to ensure these brochures are available at all hair-braiding facilities and premises, it will require them to obtain two or more inspectors (\$29,580 each, annually) and an office support assistant (\$23,628 annually) to cover the increased workload.

Brochures can be anywhere from \$0.20 to over \$1.00, depending on color and quantity. State Printing has charged the division \$111.62 for 100 brochures and \$464.61 for 2,020 brochures. For purposes of this fiscal note, we estimate \$1.00 printing charge per brochure. DIFP also estimate we would need to order 1,500 brochures to start, and 45 brochures each year after for a 3% growth.

Production of an instructional video would need to be contracted out at an estimated cost of \$10,000.

Based on information the Board obtained through research and information its inspectors obtained, the DIFP estimates the 1,500 individuals in the state of Missouri will be required to be registered. In addition, a 3% growth rate has been estimated.

It is assumed 1,500 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 \$33,300 (1,500 inspections x 60 miles x \$0.37 per mile).

ASSUMPTION (continued)

Revenue:

Provisions of the proposal provide a maximum registration fee of \$25. The DIFP assumes a one-time registration fee. Total revenue of \$37,500 is estimated for FY 19, with a 3% growth rate for subsequent years. 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. Registration fees will be sufficient to cover preparation, printing and mailing costs of the brochure and the cost of developing the instructional video.

Oversight assumes this proposal does not require any additional licenses or permits for a barber licensed under chapter 328 or cosmetologist licensed under chapter 328 practicing within a licensed barber shop or licensed cosmetology shop. (which includes business licenses and or operating licenses). **Oversight** will reflect a potential unknown loss of income to Local Political Subdivisions.

House Amendment 1

Officials of the **DIFP** report that the amendment will not change their response to the proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
COSMETOLOGY AND BARBER EXAMINERS FUND			
<u>Revenue - DIFP</u> Registration Fees	\$0	\$37,500	\$1,125
<u>Cost - DIFP</u> brochure printing and instructional video development	<u>(\$11,500)</u>	<u>(\$45)</u>	<u>(\$45)</u>
ESTIMATED NET EFFECT ON THE COSMETOLOGY AND BARBER EXAMINERS FUND	<u>(\$11,500)</u>	<u>\$37,455</u>	<u>\$1,080</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss -</u>			
potential loss of business license or operating license fees §328.132	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>

FISCAL IMPACT - Small Business

This proposal will directly impact small business hair braiders and cosmetology businesses that hire hair braiders as they will be required to pay a registration fee.

FISCAL DESCRIPTION

This proposal specifies that the practice of cosmetology cannot include hair braiding. The bill requires that all individual engaging in braiding first register with the State Board of Cosmetology and Barber Examiners. The purpose of the registration is only to maintain a listing of individuals who engage in hair braiding for compensation and does not authorize the board to license or regulate the practice of hair braiding in any way. The board must prepare a brochure and an instructional video containing information regarding infection control techniques for hair braiding that must contain a self-test with questions. An individual engaged in the practice of hair braiding is required to complete the self-test and make it available upon request.


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

L.R. No. 5205-03
Bill No. Perfected HCS for HB 1500
Page 6 of 6
January 16, 2018

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized flourish at the end.

Acting Director
January 16, 2018