

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5205-12
Bill No.: SS #2 for SCS for HCS for HB 1500 with SA 1
Subject: Boards, Commissions, Committees and Councils; Cosmetology; Professional Registration and Licensing
Type: Original
Date: April 30, 2018

Bill Summary: This proposal modifies provisions relating to certain occupations and professions.

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	(\$10,000)	\$30,000	\$900
Various DIFP Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Could exceed \$10,000)	Less than \$30,000 - (Unknown)	Less than \$900 - (Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 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 the following:

Section 324.047

It is unknown what professions may be affected by this legislation in the future.

Section 324.047.7

This section requires a report from the DIFP to the legislature each time a bill is filed proposing a new regulation of a profession or occupation. Each report would require the DIFP to research other states' laws, Missouri industry statistics, and national industry standards for occupations and professions that the DIFP has had no previous involvement with. Section 324.047.6 would require regulatory entities to submit similar and additional information the DIFP upon the filing of a bill proposing additional regulation of a profession or occupation, which the DIFP would then make available to the legislature. Depending upon the number of reports necessary, the DIFP may need to request additional funding and/or FTE through the budget process to complete such reports.

At this time, the impact of the legislation and the reporting requirement is unknown.

Sections 328.025 and 329.033

The DIFP believes it can handle the provisions of this bill under existing appropriations. However, should the number of licensees requesting to receive a duplicate license be larger than anticipated, the DIFP may have to request additional appropriations through the budget process.

Sections 328.080 - 329.032 and 329.040 - 329.275

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 \$20 to cover the board's costs for keeping this registration list. The Board of Cosmetology and Barber Examiners will need to develop and prepare an instructional video for hair-braiding.

An instructional video will be made and posted to the website at a cost of \$10,000.

ASSUMPTION (continued)

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).

Staffing:

1 Office Support Assistant (\$23,628/annually) - Keyboarding needed to provide administrative support and assist with complaints and investigations

2 Inspectors (\$29,580/annually) 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.

Revenue:

Provisions of the proposal provide a maximum registration fee of \$20. The DIFP assumes a one-time registration fee. Total revenue of \$30,000 is estimated for FY 20, 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 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 operating licenses). **Oversight** will reflect a potential unknown loss of income to Local Political Subdivisions.

ASSUMPTION (continued)

Officials from the **Department of Revenue, Department of Health and Senior Services, Department of Natural Resources, Department of Transportation, Department of Public Safety - Missouri Highway Patrol** and the **Department of Agriculture** each assume the proposal will have no fiscal impact on their respective organizations.

<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	\$30,000	\$900
<u>Cost - DIFP</u> brochure printing and instructional video development	<u>(\$10,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE COSMETOLOGY AND BARBER EXAMINERS FUND	<u>(\$10,000)</u>	<u>\$30,000</u>	<u>\$900</u>
VARIOUS DIFP FUNDS			
<u>Cost - DIFP</u> Research required for proposed regulated professions - Section 324.047	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT TO VARIOUS DIFP FUNDS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss -</u>			
loss of business license or operating license fees §328.132	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (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 establishes guidelines for future regulation of occupations and professions in the state of Missouri. It also requires the Department of Insurance, Financial Institutions and Professional Registration to report and submit certain information to the General Assembly within two weeks of any bill being filed that proposes a new or additional regulation of an occupation or profession.

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 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 also modifies provisions relating to certain occupations and professions.

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
Department of Revenue
Department of Health and Senior Services
Department of Natural Resources
Department of Agriculture
Department of Transportation
Department of Public Safety
Missouri Highway Patrol

Ross Strope

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

Acting Director
April 30, 2018