

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4983-01
Bill No.: HB 1770
Subject: Cosmetology; Professional Registration and Licensing
Type: Original
Date: January 7, 2016

Bill Summary: This proposal establishes the Hair Braiding Freedom Act.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|-----------------|----------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| Cosmetology and Barber Examiners | \$0 | \$37,500 | \$1,125 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$37,500 | \$1,125 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| | | | |
| | | | |
| 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 2017 | FY 2018 | FY 2019 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state the Board of Cosmetology and Barber Examiners will need to develop and prepare a brochure containing infection control technique information appropriate for hair braiding. Brochures can be anywhere from 20 cents to over \$1 each, depending on color and quantity. State printing has charged the DIFP \$111.62 for 100 brochures and \$464.61 for 2,020 brochures. For purposes of this fiscal note, the DIFP estimates it would need to order 1,500 brochures to start.

If the Board is expected to ensure these brochures are available at all hair braiding facilities and premises, it will require two inspectors (\$29,004 each, annually) to conduct inspections of business facilities licensed by one or more boards of the Division of Professional Registration and one office support assistant (\$23,160 annually) to provide administrative support and assist with complaints and investigations. It is assumed, in order to be consistent with other duties of the Board, the Board will inspect each of the facilities or premises of the registrants once a year to ensure compliance with the provisions of this statute.

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).

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 18, 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.

| <u>FISCAL IMPACT - State Government</u> | FY 2017 (10 Mo.) | FY 2018 | FY 2019 |
|--|---------------------|------------------------|-----------------------|
| COSMETOLOGY AND BARBER EXAMINERS FUND | | | |
| <u>Revenue - DIFP</u> | | | |
| Registration fees | <u>\$0</u> | <u>\$37,500</u> | <u>\$1,125</u> |
| ESTIMATED NET EFFECT ON COSMETOLOGY AND BARBER EXAMINERS FUND | <u>\$0</u> | <u>\$37,500</u> | <u>\$1,125</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2017 (10 Mo.) | FY 2018 | FY 2019 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</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 and prohibits any person from engaging in braiding without being registered with the State Board of Cosmetology and Barber Examiners within the Department of Insurance, Financial Institutions and Professional Registration and paying a fee of up to \$25. 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.

The board must develop and prepare a brochure containing information regarding infection control techniques which are appropriate for hair braiding in or outside of a salon setting and which must contain a self-test with questions on the information in the brochure.

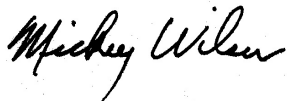
FISCAL DESCRIPTION (continued)

In order for a person engaged in the practice of hair braiding to be exempt from licensure by the board, he or she must complete the self-test and have it available at the location where the person is engaged in the practice of hair braiding. Representatives of the board may visit any facility or premises where hair braiding is performed at any time during business hours to determine if the completed self-test and brochure are available at the facility or premises. The provisions of the proposal cannot apply to any licensed cosmetologist in his or her respective classification.

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
January 7, 2016

Ross Strobe
Assistant Director
January 7, 2016