



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 5097 Introduced on March 8, 2018
Author: Spires
Subject: SC Board of Cosmetology
Requestor: House Medical, Military, Public, and Municipal Affairs
RFA Analyst(s): A. Martin
Impact Date: April 3, 2018

Estimate of Fiscal Impact

	FY 2018-19	FY 2019-20
State Expenditure		
General Fund	\$0	\$0
Other and Federal	See Below	\$0
Full-Time Equivalent Position(s)	1.00	0.00
State Revenue		
General Fund	Undetermined	\$0
Other and Federal	Undetermined	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

The Department of Labor, Licensing and Regulation (LLR) anticipates that this bill will increase Other Funds expenditures by \$44,063 in FY 2018-19 and \$42,863 each year thereafter for the addition of 1 FTE to assist with additional administrative duties due to the implementation of this bill. In addition, this bill will increase Other Funds expenditures by an undetermined amount for costs associated with additional meetings of the Board of Cosmetology. This bill is expected to increase Other Funds revenue by an undetermined amount due to the issuance of new licenses. This bill will increase General Fund revenue by an amount equal to 10 percent of the increase in expenditures of the Board of Cosmetology.

Explanation of Fiscal Impact

Introduced on March 8, 2018

State Expenditure

This bill creates a new license for hair designers. This license will be regulated by the Board of Cosmetology, LLR’s regulatory body for cosmetologists and beauty salons. This bill also allows the board to grant reciprocity in South Carolina to a hair designer properly licensed in another state. The creation of this new license will require additional panel meetings regarding licensure and regulatory hearings for the promulgation of new regulations. However, the number of additional meetings that will be required is unknown. Each of the seven board members receives a per diem of \$35 and mileage reimbursement of 54.5 cents per mile.

Although LLR cannot predict the demand for this new license type, the agency expects an increase in applications, examinations, and board hearings. These additional duties cannot be

managed by existing staff. Therefore, LLR anticipates that it will need to hire 1 additional FTE. A Program Assistant will be needed to assist with daily activities of the board associated with examinations, endorsements, renewals, and reinstatements of licensees. Salary and fringe benefits for this position will total \$42,863. The non-recurring costs for infrastructure needed to support this new position will be \$1,200. Therefore, the addition of the new FTE will increase Other Funds expenditures by \$44,063 in FY 2018-19 and \$42,863 each year thereafter.

The costs associated with the increase in board meetings have not been determined. Therefore, the total expenditure impact on Other Funds is undetermined. There will be no expenditure impact on the General Fund or Federal Funds.

State Revenue

Revenue will be generated from licensing fees established by LLR. LLR is required, pursuant to Section 40-1-50(D), to adjust fees biennially to ensure that fee revenue is sufficient, but not excessive, to cover expenses of each respective board. However, because this is a new license, its demand is unknown and the necessary fee has not yet been established. Therefore, the revenue impact to Other Funds is undetermined.

In addition, the licensure board for hair designers falls under the Division of Professional and Occupational Licensing. Pursuant to Proviso 81.3 of the FY 2017-18 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of expenditures. Consequently, this bill will increase General Fund revenue. However, because the increase of expenditures is unknown, the revenue increase to the General Fund is undetermined.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director