



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 3253	Amended by the House of Representatives on February 19, 2019
Author:	Henegan	
Subject:	Barber Examiners Board	
Requestor:	Senate Labor, Commerce, and Industry	
RFA Analyst(s):	Griffith	
Impact Date:	January 17, 2020	

Fiscal Impact Summary

This bill will increase Other Fund expenditures for the Department of Labor, Licensing and Regulation (LLR) for the permitting, regulating, and inspecting of mobile barbershops. Because the demand for this new permit is unknown, the amount of increase in expenditures is undetermined.

LLR is authorized to adjust permit fees biennially to ensure that revenue is sufficient to cover expenses. However, due to the undetermined number of permits issued and unknown fee structure, the revenue impact on Other Funds is undetermined. Additionally, LLR is required to remit an amount equal to 10 percent of expenditures annually to the General Fund. This will increase General Fund revenue by an undetermined amount.

Explanation of Fiscal Impact

Amended by the House of Representatives on February 19, 2019

State Expenditure

This bill authorizes the Board of Barber Examiners (board) to issue mobile barbershop permits, establish permit requirements, and provide for regulation of mobile barbershops. A representative of the board must conduct an inspection of the mobile barbershop and find it satisfactory before the board issues a permit.

LLR is unable to project the demand for mobile barbershop permits and, consequently, the level of activity required to inspect and regulate them. Therefore, the amount of increase in Other Funds expenditures is undetermined. However, LLR is authorized to adjust licensure fees biennially to ensure that revenue is sufficient to cover these expenses. There will be no expenditure impact on the General Fund or Federal Funds.

The amendment to the bill excludes from the definition of portable barber operation a master haircare specialist or registered barber providing services in a nursing home or community residential care facility that is equipped and maintained in compliance with the regulations of barbershops. This does not change the fiscal impact of the bill as those groups are already regulated under the board.

The Revenue and Fiscal Affairs Office contacted other state licensing agencies in the southern region of the United States to gather information concerning their experience in the permitting of

mobile barbershops. The following states replied that they do not currently regulate mobile barbershops: North Carolina, Mississippi, Virginia, and Florida. Tennessee created a license for mobile barbershops in 2017 and has issued two licenses as of January 2020. The state of Tennessee currently has 1,621 brick-and-mortar barber shops actively licensed. South Carolina currently licenses 1,443 brick-and-mortar shops. If we experience results similar to Tennessee, we should expect to issue approximately one or two mobile barbershop permits.

State Revenue

This bill creates a new permit for the operation of mobile barbershops. Pursuant to Section 40-1-50(D), LLR is required to adjust Other Fund fees biennially to ensure that fee revenue is sufficient to cover the expenses of each respective board. Therefore, the expenditures associated with this bill will be offset by subsequent fee adjustments made to cover any shortfalls in revenue collections associated with the regulation of mobile barbershops. Until the board is able to realize the expenditures associated with this bill, the revenue impact will be undetermined.

Additionally, the board falls under the Division of Professional and Occupational Licensing. Pursuant to Proviso 81.3 of the FY 2018-19 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of board expenditures. Consequently, this bill will increase General Fund revenue. However, because the increase in expenditures is unknown, the revenue increase to the General Fund is undetermined.

Local Expenditure

N/A

Local Revenue

N/A

Introduced on January 8, 2019

State Expenditure

This bill authorizes the Board of Barber Examiners (board) to issue mobile barbershop permits, establish permit requirements, and provide for regulation of mobile barbershops. A representative of the board must conduct an inspection of the mobile barbershop and find it satisfactory before the board issues a permit.

LLR is unable to project the demand for mobile barbershop permits and, consequently, the level of activity required to inspect and regulate them. Therefore, the expenditure impact on Other Funds is undetermined. However, LLR is authorized to adjust licensure fees biennially to ensure that revenue is sufficient to cover these expenses. There will be no expenditure impact on the General Fund or Federal Funds.

State Revenue

This bill creates a new permit for the operation of mobile barbershops. Pursuant to Section 40-1-50(D), LLR is required to adjust Other Fund fees biennially to ensure that fee revenue is sufficient, but not excessive, to cover expenses of each respective board. Therefore, the expenditures associated with this bill will be offset by subsequent fee adjustments made to cover any shortfalls in revenue collections associated with the regulation of mobile barbershops. Until

the board is able to realize the expenditures associated with this bill, the revenue impact will be undetermined.

Additionally, the board falls under the Division of Professional and Occupational Licensing. Pursuant to Proviso 81.3 of the FY 2018-19 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of board 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.

The Revenue and Fiscal Affairs Office contacted other state licensing agencies in the southern region of the United States to gather information concerning their experience in the permitting of mobile barbershops. The following states replied that they do not regulate mobile barbershops: Alabama, North Carolina, Kentucky, Virginia, and Florida. Tennessee created a license for mobile barbershops in 2017, but they have issued no licenses as of January 2019. Texas reported having one mobile shop for every 239 brick-and-mortar shops. South Carolina currently licenses 1,551 brick-and-mortar shops. If we experience results similar to Texas, we should expect to issue approximately seven mobile barbershop permits.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director