



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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<b>Bill Number:</b>	H. 4205	Introduced on March 7, 2019
<b>Author:</b>	Spires	
<b>Subject:</b>	Hair Designers	
<b>Requestor:</b>	House Medical, Military, Public, and Municipal Affairs	
<b>RFA Analyst(s):</b>	A. Martin	
<b>Impact Date:</b>	March 18, 2019	

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### **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 2019-20 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 7, 2019**

#### **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.

LLR provided a fiscal impact for a similar bill in March 2018. Based on last year's response, the creation of this new license will require additional panel meetings regarding licensure and regulatory hearings for the promulgation of new regulations. Each of the seven board members receives a per diem of \$35 and mileage reimbursement of 58 cents per mile. The number of additional meetings that will be required is unknown. Therefore, the expenditure impact due to additional board meetings is undetermined.

In addition, this bill will increase the number of applications, examinations, and board hearings handled by the Board of Cosmetology. 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 2019-20 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. LLR has not responded to the most recent request for information concerning the current bill. Should the agency respond with new information, this fiscal impact statement will be updated.

**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 2018-19 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. Therefore, this bill will increase General Fund revenue by at least \$4,400 in FY 2019-20 and \$4,200 each year thereafter. However, because the total increase in expenditures is unknown, the total increase in General Fund revenue is undetermined.

**Local Expenditure**

N/A

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director