



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

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|------------------------|--|--------------------------------|
| Bill Number: | H. 3024 | Introduced on January 12, 2021 |
| Author: | Henegan | |
| Subject: | Barber Examiners Board | |
| Requestor: | House Medical, Military, Public, and Municipal Affairs | |
| RFA Analyst(s): | Coomer | |
| Impact Date: | January 27, 2021 | |

Fiscal Impact Summary

This bill will increase Other Funds 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

Introduced on January 12, 2021

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 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. As of January 2020, 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 issued two licenses as of January 2020. The state of Tennessee had 1,621 brick-and-mortar barber shops actively licensed as of January 2020.

South Carolina had licensed 1,665 brick-and-mortar shops as of January 2021. If we experience results similar to Tennessee, we should expect to issue approximately 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 2020-21 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



Frank A. Rainwater, Executive Director