

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3634H.02C
 Bill No.: HCS for HB Nos. 1434 & 1491
 Subject: Professional Registration and Licensing; Cosmetology
 Type: Original
 Date: March 25, 2024

Bill Summary: This proposal modifies provisions relating to cosmetologists.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Cosmetology and Barber Exam Fund (0785)	Unknown, Less than \$100,000	Unknown, Less than \$100,000	Unknown, Less than \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown, Less than \$100,000	Unknown, Less than \$100,000	Unknown, Less than \$100,000

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Commerce and Insurance** assume Section 329.010 allows the Board of Cosmetology and Barber Examiners to issue a Class EA – esthetics and manicuring license to applicants who meet the qualifications for licensure.

The Board of Cosmetology believes it will be able to issue the licenses without an additional FTE.

Temporary License Revenue

100 Class EA licenses (Annually)

\$100 Class EA license fee

\$60 Class EA renewal fee

- Projected revenue reflects fees collected for all categories of licensure.
- A 3% growth rate has been estimated.
- It is estimated that the collection of initial license fees will begin in FY 2026.
- If the number of licensees largely vary from the number estimated above, the licensure fees will be adjusted accordingly.

DCI assumes this proposal would require adding additional profession types to the departments existing licensure system. This would not require a new system but would require 18 hours (at \$105 an hour) of ITSD work in FY 2025 only. It will also require annual printing and postage cost.

In summary, DCI assumes a cost of \$1,937 (ITSD and Printing/Postage) in FY 2025 and a revenue of \$8,800 (100 Licenses - \$1,200 Printing and Postage cost) in FY 2026 and \$244 (3 Licenses - \$56 Printing and Postage cost) in FY 2027 as a result of the changes in this proposal.

Oversight does not have any information to the contrary. Therefore, Oversight will the fiscal impact as reflected by DCI in the fiscal note.

DCI also states that there are currently more than 500 licensees who hold both an esthetics license and a manicurist license. HB 1491 does not address how and when those should be combined into the proposed Class EA license. Those licensees are not factored into this fiscal note.

Oversight assumes licensees that hold both an esthetics and manicurist license will choose to obtain the newly created license instead 1 license for each. According to DCI officials, licensure fees vary depending on how they apply but the current estheticians and manicurist license renewal fee is \$50 biennially. Oversight assumes the difference between licensees converting to

the newly created license not result in a material loss and therefore Oversight will not reflect a loss to the Board of Cosmetology and Barber Examiners Fund as a result of this proposal.

Oversight assumes Section 329.280 allows any cosmetologist holding a current and active license to register with the board for a “personal service registration”, along with submitting an application and a fee (set by the board). Section 329.280 does not specify the fee amount, however, Oversight assumes the revenue generated by this legislation will be minimal. For fiscal note purposes, Oversight will reflect an “Unknown, less than \$100,000” amount of revenue into the Cosmetology and Barber Exam Fund (0785).

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Health and Senior Services**, the **Department of Corrections**, the **Department of Public Safety - Missouri Highway Patrol** and the **Office of the State Public Defender** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their organization.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
COSMETOLOGY AND BARBER EXAM FUND (0785)			
<u>Revenue - DCI</u>			
Personal Service Registration Fee §329.280	Unknown, Less than \$100,000	Unknown, Less than \$100,000	Unknown, Less than \$100,000
<u>Revenue - DCI</u>			
Personal Service Registration Fee §329.010	\$0	\$10,000	\$300
<u>Cost – DCI</u>			
ITSD and Postage/Printing §329.010	(\$1,937)	(\$1,200)	(\$56)
ESTIMATED NET EFFECT TO THE COSMETOLOGY AND BARBER EXAM FUND (0785)	<u>Unknown, Less than \$100,000</u>	<u>Unknown, Less than \$100,000</u>	<u>Unknown, Less than \$100,000</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Licensed cosmetologist and/or licensed cosmetology establishments could be impacted by this proposal.

FISCAL DESCRIPTION

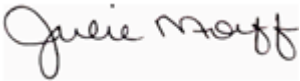
This proposal modifies provisions relating to cosmetology.

SOURCES OF INFORMATION

Department of Commerce and Insurance
 Department of Health and Senior Services
 Department of Corrections

L.R. No. 3634H.02C
Bill No. HCS for HB Nos. 1434 & 1491
Page 6 of 6
March 25, 2024

Department of Public Safety - Missouri Highway Patrol
Office of the State Public Defender
Office of the State Courts Administrator
Office of the Secretary of State
Joint Committee on Administrative Rules



Julie Morff
Director
March 25, 2024



Ross Strobe
Assistant Director
March 25, 2024