



# 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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<b>Bill Number:</b>	H. 3024	Signed by Governor on May 17, 2021
<b>Author:</b>	Henegan	
<b>Subject:</b>	Barber Examiners Board	
<b>Requestor:</b>	House of Representatives	
<b>RFA Analyst(s):</b>	Coomer	
<b>Impact Date:</b>	December 14, 2021	

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### Fiscal Impact Summary

This bill authorizes the Board of Barber Examiners (board), under the regulation of the Department of Labor, Licensing and Regulation (LLR), to issue mobile barbershop permits and portable barbering operating permits.

This bill may increase Other Funds expenditures for LLR for the permitting, regulating, and inspecting of mobile barbershops, as well as for additional meetings of the board. Since the demand for this new permit is unknown, the amount of increase in expenditures is undetermined. However, LLR anticipates that this bill may increase Other Funds expenditures by up to \$115,620 in FY 2021-22 and up to \$112,620 each year thereafter for the hiring of 2.0 FTEs should demand for this new permit reach high enough levels.

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 the unknown fee structure to be approved in regulation, the revenue impact on the Other Funds of LLR 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

#### Signed by Governor on May 17, 2021

##### State Expenditure

This bill authorizes the Board of Barber Examiners (board) to issue mobile barbershop permits and portable barbering operating permits, establish permit requirements, and provide for the 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. Upon satisfactory inspection, the board must issue the applicant a biennial permit. Further, a licensed barber must be in charge and present during the operation of the mobile barbershop.

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 and the board anticipate that if the demand

for mobile barbershops nears twenty-five applicants, then the board will need to hire an additional inspector to conduct pre-permit and annual inspections. LLR and the board anticipate that if the demand for mobile barbershop permits nears fifty applicants, then the board will need to hire an additional Administrative Assistant to assist with processing applications.

Salary and fringe benefits for an Inspector III will total \$55,432, and salary and fringe benefits for an Administrative Assistant will total \$47,728. Other recurring expenses associated with these positions will total \$9,460, and non-recurring expenses will total \$3,000. Therefore, this bill may increase Other Funds expenditures by up to \$115,620 in FY 2021-22 and up to \$112,620 each year thereafter for the hiring of 2.0 FTEs.

Additionally, the bill authorizes the board to charge fees in regulation for initial and renewal permit applications. LLR anticipates that the board may need to hold additional meetings to promulgate the regulations relating to permit application fees, renewal fees, and other provisions in the bill. The cost breakdown of board meetings includes a \$25 per diem for each board member, a 56 cent per mile mileage reimbursement, and a \$2,156 court reporter fee. The board consists of five members when fully occupied. LLR cannot estimate the number of additional meetings that may be necessary as a result of this bill.

In total, the overall expenditure impact on Other Funds of LLR is undetermined.

### **State Revenue**

This bill creates a new permit for the operation of mobile barbershops and authorizes the board to charge fees in regulation for initial and renewal permit applications. 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. While the board is unable to estimate the amount of the fees that will be approved in regulation, the expenditures associated with this bill may be offset by subsequent fee adjustments made to cover any shortfalls in revenue collections associated with the regulation of mobile barbershops. However, 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 2021-22 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of board expenditures. Because the total amount of increased expenditures of the board is unknown, LLR is unable to determine the exact revenue impact to the General Fund.

### **Local Expenditure**

N/A

### **Local Revenue**

N/A



Frank A. Rainwater, Executive Director