



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.

Bill Number:	H. 4082	Introduced on March 17, 2021
Author:	Felder	
Subject:	Regulation of Hair Designers	
Requestor:	House Medical, Military, Public, and Municipal Affairs	
RFA Analyst(s):	Coomer	
Impact Date:	December 14, 2021	Updated for Additional Agency Response

Fiscal Impact Summary

This bill creates a new license for hair designers, which will be regulated by the Board of Cosmetology under the regulation of the Department of Labor, Licensing and Regulation (LLR). This bill will increase Other Funds expenditures by an undetermined amount for costs associated with additional meetings of the Board of Cosmetology. Additionally, this bill will have an undetermined impact on Other Funds expenditures due to the number of individuals applying for a hair design license, the number licensed, and the number eligible for renewal. If an additional administrative assistant is necessary to assist with these duties, this bill may increase Other Funds expenditures of LLR by \$51,228 in FY 2021-22 and by \$50,228 for each subsequent year.

This bill will increase the Other Funds revenue of LLR by an undetermined amount due to the issuance of new licenses for hair designers. This bill may also increase General Fund revenue by approximately \$5,000 at minimum in FY 2021-22 and each year thereafter because LLR is required to remit an amount equal to 10 percent of board expenditures to the General Fund.

This fiscal impact statement has been updated for an additional response from LLR.

Explanation of Fiscal Impact

Updated for Additional Agency Response on December 14, 2021

Introduced on March 17, 2021

State Expenditure

This bill creates a new license for hair designers, which will be regulated by the Board of Cosmetology (board), LLR's regulatory body for cosmetologists and beauty salons. The board is responsible for conducting examinations for applicants for licensure as hair designers, renewing hair design licensees, and taking disciplinary action against hair design licensees. This bill also allows the board to grant reciprocity in South Carolina to a hair designer properly licensed in another state.

LLR indicates that the creation of this new license will require additional panel meetings regarding licensure and regulatory hearings for the promulgation of new regulations. However, the number of additional meetings that will be required is unknown. Therefore, the expenditure impact to additional board meetings is undetermined.

Additionally, the board is unable to determine how many applicants will seek licensure as a hair designer as a result of this bill. LLR indicates that existing staff cannot absorb any additional duties created by this bill. Depending on the number of individuals applying for a hair design license, the number licensed, and the number eligible for renewal, the board may require an additional administrative assistant to assist with the duties of this bill. Salary, fringe benefits, and annual operating expenses for this position would total \$50,228, and non-recurring infrastructure costs would total \$1,000. Therefore, this bill may increase Other Funds expenditures of LLR by \$51,228 in FY 2021-22 and by \$50,228 each year thereafter. *This portion of the fiscal impact statement has been updated for an additional response from LLR.*

State Revenue

Revenue will be generated from hair design 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 2021-22 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of expenditures. Consequently, this bill may increase General Fund revenue by approximately \$5,000 at minimum in FY 2021-22 and each year thereafter due to the hiring of an additional FTE. *This portion of the fiscal impact statement has been updated for an additional response from LLR.*

Local Expenditure

N/A

Local Revenue

N/A

Introduced on March 17, 2021

State Expenditure

This bill provides for the licensure of hair designers under the regulation of the Board of Cosmetology (board), 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.

The expenditure impact of this bill on LLR is pending, contingent upon a response from the agency.

State Revenue

Revenue will be generated from hair designer 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.

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 2019-20 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of expenditures.

The revenue impact of this bill on the Other Funds of LLR and the General Fund is pending, contingent upon a response from LLR.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director