

# Department of Planning and Budget

## 2002 Fiscal Impact Statement

1. **Bill Number:** HB337

**House of Origin**    ☐ Introduced    ☒ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

2. **Patron:** Hamilton

3. **Committee :** General Laws

4. **Title:** Wax technicians; licensing

5. **Summary/Purpose:** The bill creates definitions pertaining to the practice of waxing. The bill also creates licensure categories and requirements for a wax technician and related categories of wax technician instructor, waxing salon, and waxing school. Finally, the bill contains a grandfather provision for wax technicians provided they meet certain requirements.

6. **Fiscal Impact Estimates are:** Final

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02	\$0	0.00	NGF
2002-03	\$48,540	1.00	NGF
2003-04	\$46,650	1.00	NGF

**6b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02	\$0	0.00	NGF
2002-03	\$175,000	0.00	NGF
2003-04	\$5,000	0.00	NGF

7. **Budget amendment necessary :** Yes, Department of Professional and Occupational Regulation, Item 126.

8. **Fiscal implications :** This bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by creating a new category of licensure under the Board for Barbers and Cosmetologists. DPOR will require an increase in its non-general fund appropriation and one classified position to implement the provisions of this bill.

Personal Service Costs : This legislation creates a new category of licensure under a board that is currently operating within DPOR. Certain activities for regulation of wax technicians (such as regulatory review and board meetings) can be combined with activities currently being conducted by the Board. For that reason, DPOR will need only one classified position to implement this legislation. An Administrative and Program Specialist position (Band 3) will be required to handle the additional responsibilities and workloads, including application and renewal processes, correspondence with regulants and the public, development and administration of an examination,

and investigation and adjudication activities. The cost of salary and benefits for this position is expected to be \$40,290 in FY 2003 (assuming 23 pay periods) and \$43,400 in FY 2004. These are recurring costs that will continue into future biennia.

Operating Costs : In fiscal year 2003, DPOR will need to purchase furniture and equipment for the new position at an estimated cost of \$5,000. This is a one-time expenditure that will not continue into future years. Other operating costs include telephone, employee development, postage, printing, and supplies, and are estimated at \$3,250 each year. These are recurring costs that will continue into future years.

Revenue : In accordance with the provisions of Section 54.1-113 (Callahan Act) of the Code of Virginia, licensing fees are established at a rate adequate to cover a program's operating costs and a proportionate share of agency support costs. The Board expects approximately 3,500 wax technician registrants, most of whom will apply for licensure upon implementation of the new regulations. Revenue from licensing fees is expected to be approximately \$175,000 in fiscal year 2003 when initial applications and fees are received. In the following year, revenue collections would be much smaller, reflecting the volume of additional individuals who may apply for a license each year, and so are estimated to be approximately \$5,000. Since the license will be valid for two years, renewal revenue is expected to be approximately \$87,500 in the first year and \$2,500 in the second year of each continuing biennium.

Cost to Registrants : DPOR expects 3,000-4,000 additional registrants as a result of this legislation. Fees for wax technicians are expected to be similar to those for nail technicians, with application fees of \$50 and renewal fees of \$25. Licenses will be valid for a two-year period.

**9. Specific agency or political subdivisions affected** : Department of Professional and Occupational Regulation.

**10. Technical amendment necessary** : No

**11. Other comments** : Certain regulatory activities must be conducted and maintained for any regulatory program. For example, regulations must be written and promulgated, applications, licensing processes, and information systems must be developed and managed, examinations must be developed or approved, and correspondence conducted with licensees and the public. Additionally, regulatory programs involve public education and outreach, as well as enforcement and adjudication activities.

**Date:** 1/25/2002/djy

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