

## Department of Planning and Budget 2004 Fiscal Impact Statement

**1. Bill Number:** SB624

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

**2. Patron:** O'Brien

**3. Committee:** General Laws

**4. Title:** Barbers, Cosmetologist or nail technicians; designation of shop or salon prior issuance of license.

**5. Summary/Purpose:** The bill requires applicants for licensure as a barber, cosmetologist or nail technician to submit a designation to the Board for Barbers and Cosmetology of the licensed barbershop, cosmetology salon or nail salon at which the applicant will conduct his business. In addition, the bill requires barbers, cosmetologists and nail technicians to update the designation when the license is renewed. The bill has a delayed effective date of July 1, 2005, and provides for the Board to promulgate regulations pertaining to the designation requirement by January 1, 2005.

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

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04			
2004-05	\$0	0.00	N/A
2005-06	\$100,567	1.00	nongeneral
2006-07	\$47,303	1.00	nongeneral
2007-08	\$47,303	1.00	nongeneral
2008-09	\$47,303	1.00	nongeneral
2009-10	\$47,303	1.00	nongeneral

**6b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04			
2004-05			
2005-06	\$0		nongeneral
2006-07	\$50,000		nongeneral
2007-08	\$50,000		nongeneral
2008-09	\$50,000		nongeneral
2009-10	\$50,000		nongeneral

**7. Budget amendment necessary:** Yes, item 126 of Senate Bill 30, the Budget Bill, should be increased by \$100,567 and one-full time position in FY 2006.

- 8. Fiscal implications:** The Department of Professional and Occupational Regulation projects that the bill will require one additional classified position and an increase in the department's nongeneral fund appropriation, beginning in FY 2006.

To implement the requirements of the bill will involve additional review and processing for all individual barber, cosmetology, and nail technician license and license renewal applications. The bill requires that the applicant designate the salon or shop where the licensee conducts business. This will necessitate additional review of applications and renewals for the appropriate designation, updating the information in the computer record system, and corresponding with licensees to resolve problems or deficiencies with the information. The additional workload will apply to more than 2,000 license renewals and applications per month.

As a result of the additional workload, the Department of Professional and Occupational Regulation will need one additional Administrative Office Specialist III position (pay band 3). The cost of salary and fringe benefits for the position in FY 2006 is estimated at \$42,267 (23 pay periods) and \$44,003 in FY 2007. Other recurring costs associated with the position and the bill's provisions include telephone, employee development, postage and supplies, and they are estimated at \$3,300 each year.

In addition, there are one-time costs associated with implementation of the bill. Changes to the department's computerized licensing system are estimated at \$50,000, and furniture and equipment for the position will cost \$5,000.

The revenue to support the program is generated by licensing and renewal fees paid by regulations. In accordance with § 54.1-113 of the Code of Virginia (Callahan Act), licensing fees are established at rates adequate to cover the program's operating costs and a proportionate share of the agency's support costs. The next fee increase for the Board for Barbers and Cosmetology are anticipated in the 2006 – 2008 biennium, based on the current fiscal condition of the board. The costs associated with implementation of the bill will be included in the new fees at that time. The additional costs to individual licensees as a result of the bill is estimated at \$1.00 per year, generating approximately \$50,000 annually in increased revenue to support the program.

- 9. Specific agency or political subdivisions affected:** Department of Professional and Occupational Regulation, Board for Barbers and Cosmetology.

**10. Technical amendment necessary:** No.

**11. Other comments:** None.

**Date:** 1/29/04 kbs

**Document:** G:\04 Fis\Sb624.Doc

cc: Secretary of Commerce and Trade