

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

HB 39 – SB 109

April 15, 2013

SUMMARY OF ORIGINAL BILL: Authorizes the Board of Cosmetology to establish rules and regulations for the creation of a natural hair care school.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$2,300/Board of Cosmetology

Other Fiscal Impact – According to the Department of Commerce and Insurance, the one-time increase in state expenditures of \$2,300 will be covered by the current fee revenue of the Board of Cosmetology. As of June 30, 2012, the Board had a reserve balance of \$631,484.

SUMMARY OF AMENDMENT (005442): Deletes all language after the enacting clause. Requires the Board of Cosmetology to establish rules and regulations for separate schools that specialize solely in natural hair styling, manicuring, and the practice of aesthetics. Requires the Board to establish rules and regulations whereby such specialized schools offer courses of instruction in practice and theory which will satisfy requirements to practice or teach these separate cosmetology disciplines and consist of both, earning 50 percent of the hours needed for the specific license from classroom training and fifty percent of the hours needed for the special license from apprenticing under the supervision of a person licensed who has at least 10 years of experience.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On March 25, 2013, a fiscal memorandum was issued stating a fiscal impact as follows:

Increase State Expenditures - \$6,900/One-Time/Board of Cosmetology

Other Fiscal Impact – The one-time increase in expenditures of \$6,900 will be covered by current fee revenue of the Board of Cosmetology. As of June 30, 2012, the Board had a reserve balance of \$631,484.

Based on additional information provided by the Department of Commerce and Insurance, this impact was in error. The fiscal impact is:

HB 39 – SB 109 (CORRECTED)

(CORRECTED)

Increase State Expenditures - \$3,900/One-Time/Board of Cosmetology

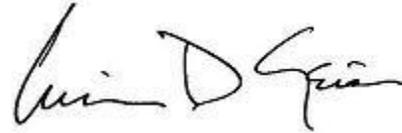
Other Fiscal Impact – The one-time increase in expenditures of \$3,900 will be covered by current fee revenue of the Board of Cosmetology. As of June 30, 2012, the Board had a reserve balance of \$631,484.

Corrected assumptions for the bill as amended:

- The Department of Commerce and Insurance will incur a one-time increase in state expenditures of \$3,900 to establish three specialized schools [rule-making \$1,500 + computer setup (\$500 x 3) + printing (\$300 x 3)].
- It is estimated that any increase in state revenue from fees collected as a result of these new schools will offset the expenditures incurred in regulating such schools.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting over a two-year period. The Board had closing balances of \$152,349 in FY10-11, \$184,436 in FY11-12, and a closing reserve balance of \$631,484 on June 30, 2012.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jdb