

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 595 - SB 862

March 23, 2015

SUMMARY OF BILL: Makes changes to the *Tennessee Cosmetology Act of 1986*. Require any individual who becomes licensed as a cosmetologist, manicurist, aesthetician, or natural hair stylist on or after July 1, 2015 to, within 60 days of the anniversary of the issuance date, provide satisfactory proof that the licensee has attended a board-approved continuing education program for a minimum of 16 hours. Requires any person that held a cosmetologist, manicurist, aesthetician, or natural hair stylist license prior to July 1, 2015, who seeks to have the license reinstated, to first: pay a penalty fee as set by the Board of Cosmetology and Barber Examiners (Board); pass the state law and practical examination, as applicable; or demonstrate compliance with any additional penalties prescribed by the Board. If good cause is shown, the Board may grant a licensee up to one additional year for a licensee to submit proof of compliance with these new requirements. Any license of an individual who fails to provide such proof within the required 60 days or upon any additional time granted by the Board will have such license invalidated until the licensee can provide such proof, pay any assessed penalties and reapply for such license.

Requires the Board to establish and administer a grant program to provide money to publicly funded colleges, universities, and secondary schools for the purpose of administering, funding, establishing, or otherwise operating a program of cosmetology, manicuring, aesthetics, or natural hair styling. Requires the Board to charge an additional \$2 fee for any initial or renewal license of any cosmetology, manicuring, shampoo technician, aesthetics, or natural hair styling license, to fund such grant program. The Board is required to promulgate rules for the application, award, and disbursement of this \$2 fee. The funds received pursuant to this fee will be deposited into a fund to offset any necessary expenditures incurred in administration of this grant program. Any unexpended funds will not revert to the general fund, but will remain in such fund for the purpose of administering the grant program.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue - \$59,300/Board of Cosmetology and Barber Examiners
Grant Program**

**Increase State Expenditures - \$59,300/Board of Cosmetology and Barber Examiners
Grant Program**

Assumptions:

- This bill has an effective date of July 1, 2015

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- As of June 30, 2014, there were 59,339 cosmetology licensees.
- Cosmetology licenses are biennial, having 2-year renewal cycles.
- Charging an additional \$2 will increase Board revenue by \$118,798 (59,339 x \$2), or annualized, \$59,339 (\$118,798 / 2 years).
- This annual increase in revenue will be offset by expenditures incurred in providing grant funds to publicly funded colleges, universities, and secondary schools for the purpose of administering, funding, establishing, or otherwise operating a program of cosmetology, manicuring, aesthetics, or natural hair styling.
- Any funds collected in excess of expenditures incurred by the Board will remain in the fund for the purpose of administering this grant program.
- Currently, cosmetology licensees are not required to attain any continuing education requirements prior to renewal of a license.
- Any fees assessed against licensees as penalty for failing to attain the required number of continuing education hours will be minimal, and is not assumed to impact the self-sufficiency of the Board.
- The Board can promulgate any necessary rules during regularly scheduled Board meetings at no additional cost.
- Public Chapter 964 of 2014 conjoined the Board of Cosmetology and the Board of Barber Examiners into one Board, the Board of Cosmetology and Barber Examiners. This Public Chapter was enacted on July 1, 2014.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two year period.
- The Board of Cosmetology had an annual surplus of \$179,171 in FY12-13, an annual surplus of \$42,158 in FY13-14, and a cumulative reserve balance of \$512,135 on June, 30, 2014. The Board of Barber Examiners had an annual surplus of \$36,293 in FY12-13, an annual deficit of \$97,025 in FY13-14, and a cumulative deficit of \$222,191 on June, 30, 2014.

IMPACT TO COMMERCE:

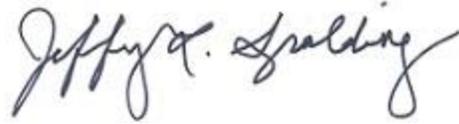
Increase Business Expenses - \$59,300/FY15-16 and Subsequent Years

Assumptions:

- Requiring an additional \$2 be paid in conjunction with each initial and renewal license after July 1, 2015 will result in an increase in tax-deductible business expenses to Board licensees of \$59,339 annually.
- Any fees assessed against licensees as penalty for failing to attain the required number of continuing education hours will be minimal, and is not assumed to significantly impact non-deductible business expenses of such licensees.

CERTIFICATION:

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



Jeffrey L. Spalding, Executive Director

/jdb