

Colorado Legislative Council Staff Fiscal Note

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-0189
Prime Sponsor(s): Sen. Woods
 Rep. Arndt

Date: February 2, 2015
Bill Status: Senate Business, Labor, and
 Technology
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BILL TOPIC: SUNSET BARBER AND COSMETOLOGIST ACT AND COMMITTEE

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017	
This bill changes and continues a program that would otherwise end July 1, 2015, so the fiscal note shows the new and continuing fiscal impacts.	New	New	Continuation
State Revenue**	\$0	\$1.4 million	
Cash Funds	0	0	1.4 million
State Expenditures	\$8,506	\$1.1 million	
Cash Fund	8,506	0	1.1 million
FTE Position Change			4.1 FTE
Appropriation Required: \$8,506 - Department of Regulatory Agencies (FY 2015-16).			

* This summary shows changes from current law under the bill for each fiscal year.

** Revenue for this program is generated from fees, which are shown as estimates only. DORA has authority under state law to adjust fees as necessary to cover its expenditures.

Summary of Legislation

The bill continues the Barber and Cosmetologist Act (act) and the Cosmetology Advisory Committee (committee) until September 1, 2026. The bill implements the following recommendations from the sunset report:

- reinstate the pre-2005 requirement that the Division of Professions and Occupations (DPO) in the Department of Regulatory Agencies (DORA) register businesses that employ barbers, cosmetologists, hairstylists, estheticians, or nail technicians, and reauthorize the collection of a fee;
- remove natural hair braiding from the act and define the term;
- modify the method for measuring length of training for licensing from a credit hour standard to a clock hour standard;
- establish disciplinary standards for:
 - failing to report a conviction for a felony or another crime that relates to the licensee's profession within 45 days after the conviction;

- ▶ aiding or abetting the unlicensed practice of barbering, hairstyling, or cosmetology or the unlicensed provision of esthetician or nail technician services; and
- ▶ failing to timely respond to a complaint sent to the licensee by the director of the division;
- clarify that a licensee may not treat diseases or physical or mental ailments;
- change the committee's meeting requirement from four times a year to once a year, and clarify that committee members may receive reimbursement for actual and necessary expenses related to duties of the committee;
- require that a licensee who has had a license revoked or has surrendered a license must wait at least two years to reapply for licensure; and change the requirement that the director send a letter of admonition by certified mail to regular mail;
- repeal the separate sunset provision for the act; and
- make technical changes, including changing the term "manicurist" to "nail technician".

Background

As of June 2014, the DORA licensed a total of 53,889 individuals and businesses under the act. In order to qualify for a license, applicants are required to submit proof of graduation from an approved school, pass a written practical examination, and pay a fee. Shops are required to submit an application and pay a fee. The Division of Private Occupational Schools in the Department of Higher Education oversees barber and cosmetology schools. The last sunset review of the act took place in 2005.

Fiscal Impact of Programs Set to Expire

This bill continues a program in the DORA that is set to repeal, effective July 1, 2015. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2016-17, one year after the repeal date. There is no need for an appropriation of the base funding in FY 2015-16, since the program's authorization has not yet expired, and ongoing funding for the program is included in the department's base budget request. New, one-time cash fund expenditures are expected to be \$8,506 in FY 2015-16, and are described in the State Expenditures section on the following page.

The state revenue and state expenditures impact for FY 2016-17 reflects the program's anticipated fee revenue and base budget request beginning that year. Based on base budget request for the program, continuing cash fund expenditures are expected to be \$1,076,397 and 4.1 FTE in FY 2015-16, while fee revenues are expected to be \$1,394,062.

State Expenditures

The DORA is expected to have a one-time state cash fund expenditure of **\$8,506 in FY 2015-16**.

Legal Services – DORA. The DORA will require a total of 90 hours of legal services under the bill at a rate of \$94.51. The review of new policies and rulemaking hearings for the additional requirements and clarified regulatory authority under the bill requires 50 hours of legal services, and the review of new policies related to the disciplinary changes under the bill require 40 hours.

Effective Date

The bill takes effect upon signature of the Governor, and continues a program that would have expired on July 1, 2015.

State Appropriations

In FY 2015-16, the DORA requires an appropriation of \$8,506 from the Division of Professions and Occupations Cash Fund. The Department of Law requires \$8,506 in reappropriated funds.

State and Local Government Contacts

Regulatory Agencies

Higher Education

Law