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FISCAL IMPACT REPORT

SPONSOR Youngblood **ORIGINAL DATE** 02/23/17
LAST UPDATED 03/15/17 **HB** 375/aHF1#1/aSPAC

SHORT TITLE Hairstylist Licenses & Board Representation **SB** _____

ANALYST Daly

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|-------|--------|---------------------------|------------------------------|
| FY17 | FY18 | FY19 | | |
| | \$6.0 | \$12.3 | Recurring | Barbers and Cosmetology Fund |

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY17 | FY18 | FY19 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|---------|---------|-------------------|---------------------------|-----------------------------------------------|
| Total | | Minimal | Minimal | Minimal | Recurring | General Fund and Barbers and Cosmetology Fund |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the Attorney General (OAG)
 Regulation & Licensing Department (RLD)

SUMMARY

Synopsis of SPAC Amendments

The Senate Public Affairs Committee amendments to House Bill 375, as amended, eliminate the requirement that an applicant for a hairstylist license who has completed 1200 hours of coursework in hairstyling and has passed the approved exam also complete a registered hairstyling apprenticeship.

Synopsis of HF1#1

The House Floor Amendment #1 to House Bill 375 clarifies that licensure requirements for a hairstylist license call for 1200 hours of coursework in hairstyling, as well as passage of an approved exam and successful completion of an approved apprenticeship program.

Synopsis of Original Bill

House Bill 375 amends the Barbers and Cosmetologists Act to provide an additional license under that act for a hairstylist, as that term is defined in Section 1 of the bill. It also restructures the board, replacing one of the licensed barber positions with a licensed hairstylist.

FISCAL IMPLICATIONS

RLD reports the Board of Barbers and Cosmetologists would incur costs involving adoption of rules to implement the new changes, but that costs may be offset by the new licensing fees. Further, the revenue projections appearing in the revenue table, provided by RLD, are based on the current number of barbers (a similar license type), with each paying a \$50.00 initial licensure fee. All practitioner licensees pay a \$50.00 renewal fee, annually.

OAG states that, as it prosecutes violations of the Act, the creation of a new license may lead to additional prosecutions of potential violations, which could increase its operating budget demands.

SIGNIFICANT ISSUES

The bill sets virtually the same licensure requirements for a licensed hairstylist as for a licensed barber, but substitutes coursework and apprenticeship requirements in hairstyling. The initial license and renewal fees are the same as those for barbers and cosmetologists. It is unclear if the apprenticeship requirement in Subsection 2(B) may be satisfied by the apprenticeship that is an alternative to the completion of 1200 hours of school coursework in Subsection 2(A)(3), and if Subsection 2(B) requires an apprenticeship in addition to completing that coursework.

RLD notes that schools would have to develop a program for hairstylists. However, it suggests creating such a license type may create sufficient demand, and that such a program may cost less than the full cosmetology license, creating economic opportunity for people interested in working in this entrepreneurial field.

PERFORMANCE IMPLICATIONS

Absent additional appropriations or funding, OAG advises its other performance-based budget targets may be adversely impacted.

OTHER SUBSTANTIVE ISSUES

RLD reports that the only surrounding state that currently offers a license in hairstyling is Colorado. Thirteen states offer a license in hairstyling, which all require between 1200 and 1650 hours.

The composition of the seven member board under HB 375 includes one licensed barber, one licensed hairstylist, two licensed cosmetologists, one school owner representative and two public members.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

RLD advises that a person interested in practicing in New Mexico as a hairstylist would be required to obtain a master barber license which requires a 1200 hour course or a cosmetologist license which requires a 1600 hour course.

MD/jle/al/jle