

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 567

(Delegate Kipke)

Economic Matters

Education, Health, and Environmental Affairs

Barbers and Cosmetologists - Mobile Barbershops and Beauty Salons - Permit Requirement

This bill enables a beauty salon owner or barbershop owner to obtain a secondary permit for one or more or mobile beauty salons or barbershops, respectively. To qualify for a mobile salon/barbershop permit, an applicant must (1) hold a permit to operate a traditional salon or barbershop and (2) own or lease the motor vehicle or trailer in which the mobile salon/barbershop is to be located. All other current law applicable to the practice of cosmetology or barbering applies for mobile salons/barbershops.

Fiscal Summary

State Effect: General fund revenues increase minimally beginning in FY 2017, as discussed below. The Department of Labor, Licensing, and Regulation (DLLR) can likely handle the bill's requirements with existing resources, at least initially, as discussed below.

Local Effect: Minimal.

Small Business Effect: Meaningful. Salons and barbershops benefit from an additional method through which they can provide their services to the public.

Analysis

Current Law: Generally, a person may not practice, attempt to practice, or offer to practice cosmetology or barbering in the State unless licensed by the State Board of Cosmetologists or the State Board of Barbers, respectively. A person may not operate a beauty salon or barbershop in the State unless the person holds a permit issued by the applicable board.

DLLR regulations require that an application for a salon/barbershop permit be submitted to the board together with certification of approval with respect to zoning, health, fire prevention, and all other laws, ordinances, and requirements applicable to the establishment. In addition, a salon/barbershop must:

- be completely separate and distinct from all living quarters;
- be in compliance with all applicable laws, regulations, and ordinances;
- have a separate outside entrance for use of its patrons; and
- have a restroom facility maintained for exclusive use by its clients.

Before a permit is issued, the premises must be inspected by a board member or inspector. If the premises are not in compliance with applicable regulations and laws, the board may refuse to issue the permit. The board may initiate a criminal prosecution of a person operating a salon/barbershop without a valid permit.

The holder of the salon/barbershop permit is responsible for the condition and operation of the salon/barbershop in compliance with applicable laws and regulations, including sanitation requirements. The annual initial and renewal fee for a salon/barbershop permit is \$50. The pre-opening inspection fee is \$150.

Under the barbering law, a licensed professional may practice barbering outside of a barbershop or beauty salon if a permitted facility sponsors the individual and other specified conditions are met. Under the cosmetology law, a licensed professional may only provide services within the designated scope of practice in a barbershop, beauty salon, or other specified health facility, like a nursing home.

Background: The State Board of Cosmetologists regulates and licenses cosmetologists, and the State Board of Barbers regulates and licenses barbers. Each board must ensure that its fees are reasonable and cover the actual documented direct and indirect costs of operating the respective board; fee revenues are deposited in the general fund. The two boards share staff.

Approximately 4,100 full-service salons, 675 limited-service salons, and 1,000 barbershops hold permits issued by the appropriate board within DLLR.

State Fiscal Effect: DLLR advises that, because this is a new type of business, it is difficult for the agency to estimate how many mobile salons/barbershops will ultimately exist and how quickly the concept will be embraced by permanent salon/barbershop owners. Mobile salons/barbershops will likely cost tens of thousands of dollars to purchase or lease and equip, so DLLR does not expect to issue many permits initially. Therefore, general fund revenues increase minimally beginning in fiscal 2017 from permit and

inspection fees for mobile salons and barbershops – by \$200 for each initial permit and \$50 biennially thereafter. As the bill requires the holder of a permit to operate a mobile salon/barbershop to also hold a permit that is not for a mobile salon/barbershop, there is no substitution effect on general fund revenues. Assuming there are fewer than 100 permitted mobile salons/barbershops, DLLR can implement the bill with existing resources. If the number increases to more than 100, DLLR requires an additional inspector to ensure compliance with State law. The cost for an investigator (salary and fringe benefits) is likely in the range of \$65,000 annually.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

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