

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 250 (Chairman, Economic Matters Committee) (By Request –
 Departmental – Labor, Licensing and Regulation)

Economic Matters Education, Health, and Environmental
 Affairs

**State Board of Barbers and State Board of Cosmetologists - Reinstatement of
 Expired Permits**

This departmental bill authorizes the State Board of Barbers and the State Board of Cosmetologists to reinstate a barbershop or beauty salon permit if the permit holder applies to the respective board within 45 days after the permit expired. The permit holder must meet renewal requirements and pay both a reinstatement fee and a permit renewal fee. Pursuant to this legislation, these permit holders would not have to apply for a new permit, which requires a State inspection and payment of an inspection fee.

Fiscal Summary

State Effect: General fund revenues would decrease by approximately \$5,000 annually beginning in FY 2007. Expenditures would not be affected.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
GF Revenue	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: The Department of Labor, Licensing, and Regulation (DLLR) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: At least one month before a barbershop or beauty salon permit expires, the appropriate board (State Board of Barbers or State Board of Cosmetologists) must send to the last known address of the permit holder a renewal application and a notice stating the date the permit expires, the date the renewal application must be received by, and the amount of the renewal fee (\$50). The permit holder may renew their permit by submitting the renewal application and fee to the applicable board.

Background: If a permit expires without being renewed, a barbershop or beauty salon owner must reapply for a new permit, pay a permit fee of \$50, have the barbershop or beauty salon inspected by the appropriate board, and pay a \$150 fee for the inspection. Even if a barbershop or beauty salon's permit has been expired for only a few days, the owner must apply for a new permit, which, in addition to having to pay the \$150 inspection fee could mean remaining closed while waiting for a State inspection to be performed to legally continue operation. In addition to the burden this places on an owner with a recently expired permit, it also consumes limited State inspection resources.

There are approximately 4,000 beauty salon permits and 1,000 barbershop permits currently in existence in the State. According to the Governor's proposed fiscal 2007 budget, the State Board of Barbers and the State Board of Cosmetologists collectively generated roughly \$1.1 million in revenues in fiscal 2005 and are projected to collectively generate roughly \$1.1 million in both fiscal 2006 and 2007.

State Fiscal Effect: The fiscal impact of this bill would depend on the number of barbershops and beauty salons that take advantage of the reinstatement process. DLLR advises that the reinstatement fee would likely be set at \$100 and that roughly 100 barbershops and beauty salons would seek reinstatement. This would reduce general fund revenues by \$5,000, based on the \$100 reinstatement fee being \$50 less than the inspection fee the owners would otherwise have to pay to obtain a new permit. The owner would also have to pay a \$50 permit issuance/renewal fee.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 27, 2006
ncs/ljm

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