



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 453 of the 129th G.A.](#)

Date: May 1, 2012

Status: As Introduced

Sponsor: Rep. Grossman

Local Impact Statement Procedure Required: No

Contents: Revises Cosmetology Law

State Fiscal Highlights

- **Existing fees.** The bill codifies several fees already collected by the State Board of Cosmetology pursuant to Controlling Board approval of those adjustments in May 2006. These amounts are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90), a shared operating pool for several other state boards and commissions.
- **Hair braiding and hair threading.** The bill establishes a series of new licenses that apply to the branches of hair braiding and hair threading under the field of cosmetology. Applicants under these various license types would be charged the initial license and renewal fees under the Board's existing fee structure. The Board estimates there are 2,000 hair braiders and 200 hair threaders in Ohio. It is unclear how many of these individuals will apply for licensure under the various new categories in the bill.
- **License amnesty restoration fee.** The bill specifies that the \$45 license restoration fee under the State Board of Cosmetology's license amnesty program be deposited into Fund 4K90. Currently, these proceeds are deposited into the GRF. The Board collected \$65,000 in license restoration fees under the program during the previous two fiscal years.
- **Expanded investigatory and disciplinary authority.** The bill expands the authority of the Board with respect to investigations and issuing subpoenas. These provisions could result in an increase in investigations, with possible increases in disciplinary actions and administrative hearings. Presumably, some of the costs the State Board of Cosmetology will incur for carrying out these expanded responsibilities could be offset by additional fees and fines collected as a result of the additional investigations and disciplinary actions.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Overview

The State Board of Cosmetology is responsible for the regulation of cosmetology-related occupations and facilities. Overall, the Board issues 23 different license types. During the FY 2010-FY 2011 biennial renewal cycle, the Board oversaw between 115,000 to 120,000 active individuals and facility licenses in each fiscal year. Over this period, the Board collected approximately \$8.0 million in revenues and had expenditures totaling \$6.4 million. The Board currently maintains a staff of 38 employees. Overall, the bill makes numerous revisions to the Cosmetology Laws. These changes cover several areas, including new licenses, codification of existing fees, education requirements, testing requirements, and other various powers of the State Board of Cosmetology. The provisions of the bill that have fiscal effects are described in more detail below.

License fees

Codification of existing fees the Board is authorized to charge

The bill makes several changes to the statutory license fees in the field of cosmetology. Several of the fee changes simply codify fee amounts that the State Board of Cosmetology is allowed to charge pursuant to Controlling Board approval of those adjustments in May of 2006.

New hair braiding and hair threading licenses

The bill establishes new fees in the areas of hair braiding and hair threading. In regard to braiding, the bill establishes licensing requirements for braiders, braiding instructors, salon managers, and salons. In regard to threading, the bill establishes licensing requirements for threaders, threading instructors, managers, and salons. The initial license and renewal fees for these license types fall under the fee structure already applicable to other branches of cosmetology. The Board estimates that there are approximately 2,000 individuals illegally working as hair braiders in the state and approximately 200 individuals working as hair threaders. The amount of license revenue generated by these new licenses will ultimately depend on how many of these individuals opt to acquire the required licenses and what specific licenses they carry.

Duplicate licenses and mailing records

In addition to these new license types, the bill makes adjustments to fees in two other areas. First, the bill increases the fee that applies to the issuance of a duplicate license from \$20 to \$45. Next, the bill expands the application of an existing fee for mailing licensing records to other states for reciprocal licensing purposes to cover individuals that do not have a current Ohio license. According to the Board, there are very few such requests made annually.

License amnesty fee

The bill also redirects the proceeds collected under the State Board of Cosmetology's license amnesty program. Under the program, an individual that has allowed his or her license to lapse for more than one license period may restore the license by paying back fees, fulfilling continuing education requirements, and taking an online exam, in addition to paying a \$45 fee. Unlike other fees collected by the Board, this \$45 restoration fee is deposited into the GRF. The bill redirects the fees to Fund 4K90. According to the Board, receipts collected under the amnesty program over the previous two fiscal years were \$65,000.

Powers and duties of the Board

Additional powers

The bill expands the powers and duties of the Board. The bill permits the Board, on its own motion or on receipt of a written complaint, to investigate or inspect the activities or premises of any person who is alleged to have violated the statutes or rules governing the practice of cosmetology, regardless of whether that person is licensed by the Board. The bill also gives the Board the authority to compel, by order or subpoena, the attendance of witnesses to testify in relation to any matter over which the Board has jurisdiction that is subject to an inquiry or investigation by the Board. As a result of this expanded authority, the Board estimates that it may conduct as many as 1,000 additional inspections throughout the course of a calendar year. Currently, the Board has 10 inspectors on staff. Depending on the additional inspection and enforcement actions undertaken by the Board, there will be some additional costs related to travel for conducting these inspections.

The power to subpoena could also result in additional costs for the Board. Under the bill, an individual that is subpoenaed to testify must be compensated in the same manner that exists in current law for all witnesses required to attend an adjudication hearing (\$12 for each full day's attendance, \$6 for each half day's attendance, and 50 cents per mile). If a person fails to appear in compliance with the subpoena, a court of common pleas is permitted to issue a subpoena, at request from the Board, to have that individual appear before the court and testify.

Disciplinary actions

The bill establishes two new reasons for which the Board may take disciplinary action: (1) failure to cooperate with an inspection or investigation, and (2) failure to respond to a subpoena. The Board is permitted to take one or more disciplinary actions based on these offenses, such as denying, revoking, or suspending a license or permit, and imposing a fine. With the new licenses, increased powers established in the bill, and probable increase in investigations that will be conducted, it is likely that the Board will be taking more disciplinary actions as a result of the bill. There will be additional costs associated with conducting more administrative hearings, however, these costs will likely be offset to some degree by fees and fines collected.