

TITLE 820 STATE BOARD OF COSMETOLOGY EXAMINERS**Economic Impact Statement**

LSA Document #06-151

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses**Estimated Number of Small Businesses Affected by Industry Sector Number:**

NAICS 611511 Cosmetology Schools: 85

NAICS 812112 Beauty Salons: 8,143

NAICS 812113 Nail Salons: 830

NAICS 812199 Other Personal Services (tanning salons): 1,596

The types of small businesses most likely to be affected by the proposed rule are cosmetology schools, cosmetology salons, manicuring salons, esthetics salons, electrology salons, and tanning salons.

Estimated Administrative Costs Imposed on Small Businesses

The proposed rules do not impose any new reporting, record keeping, or other administrative costs on small businesses.

Estimated Total Annual Economic Impact on Small Businesses

The following figures are based upon the number of applications for licensure and renewal applications received in 2005*.

Applications for licensure	# applications	Current application fee	Proposed Application fee	Yearly Revenue	Proposed revenue	Difference
School	6	\$300	\$300	\$1,800	\$1,800	\$0
Salons (all types except tanning salons)	823	\$40	\$40	\$32,920	\$32,920	\$0
Tanning salons	236	\$200	\$200	\$47,200	\$47,200	\$0

Applications for renewal	# applications	Current renewal fee	Proposed renewal fee	Yearly Revenue	Proposed revenue	Difference
School	0	\$400	\$400	\$0	0	\$0
Salons (all types except tanning salons)	1,256	\$40	\$40	\$50,240	\$50,240	\$0
Tanning salons	308	\$200	\$200	\$61,600	\$61,600	\$0

Justification of Requirements or Costs

Pursuant to [IC 25-1-8-2](#), fees shall not be less than are required to pay all of the costs, both direct and indirect, of the operation of the cosmetology board. In 2005, the General Assembly enacted SEA 139 (P.L.194-2005) to give the Indiana Professional Licensing Agency and the boards, commissions, and committees it serves the authority to set fees by rule that had previously been set by statute. The proposed rule changes will not increase or decrease the number of small businesses already affected by the current regulations.

Consideration of Alternative Methods of Achieving the Purpose of the Proposed Rule

Since the rule provides no change in the amount of fees to be assessed to cosmetology schools, cosmetology salons, or tanning salons, the consideration of alternate compliance or reporting requirements or other operational standards was not appropriate. There are no new reporting or record keeping requirements for small businesses as a result of the proposed rule.

Explanation of Determination

The Board sought to set fees at the minimum levels needed in order to comply with [IC 25-1-8-2](#).

Supporting Data, Studies, or Analyses

The agency used the following data (from 2004) in determining the fiscal impact of the rule:

The board conducted a comparison of fees assessed in surrounding states. The following states were surveyed: Idaho, Iowa, Kentucky, Michigan, Minnesota, Ohio, Pennsylvania, and Wisconsin. Not all of these states issue each type of license. For example, only four of the states surveyed require licensure for

electrologists.

The current application fee for Indiana cosmetology schools is \$400. The average application fee in the surveyed states is \$510.50. The current renewal fee for cosmetology schools is \$400 every four years or \$100 per year. The average annual renewal fee in the surveyed states is \$135.80.

The current application fee for Indiana cosmetology salons, manicuring salons, electrology salons, and esthetic salons is \$40. The renewal fee for each of these business entities is \$10 per year. The average application fee in the states surveyed is \$56.44. The average annual renewal fee in the surveyed states is \$30.90.

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