

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

LSA Document #08-606

**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	90
NAICS 812112	Beauty Salons	7,452
NAICS 812113	Nail Salons	780
NAICS 812199	Other Personal Services (tanning salons)	1,016

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. While the Board does not gather and maintain information on the number of employees and amount of earnings for these businesses, it is reasonable to assume that, because of the nature of the industry, the majority of the licensees are small businesses.

**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****ISSUANCE FEES**

License Type	Fee	#Applications <sup>1</sup>	Annual Revenue
Cosmetology School	\$400	6	\$2,400
Cosmetology Salon	\$40	689	\$27,560
Electrology Salon	\$40	<1	\$20
Esthetic Salon	\$40	26	\$1,040
Manicurist Salon	\$40	141	\$5,640
Tanning Facility	\$200	228	\$45,600
<b>TOTAL</b>	--	<b>1,090</b>	<b>\$82,260</b>

**RENEWAL FEES**

License Type	Fee <sup>2</sup>	#Applications over 4 years	Revenue over 4 years	Average Annual Revenue
Cosmetology School	\$400	74	\$29,600	\$7,400
Cosmetology Salon	\$40	5,146	\$205,840	\$51,460
Electrology Salon	\$40	6	\$240	\$60
Esthetic Salon	\$40	31	\$1,240	\$310
Manicurist Salon	\$40	361	\$14,440	\$3,610
Tanning Facility	\$200	1,871	\$374,200	\$93,550
<b>TOTAL</b>	--	<b>7,489</b>	<b>\$625,560</b>	<b>\$156,390</b>

TOTAL ESTIMATED ANNUAL REVENUE: \$238,650

<sup>1</sup> Estimate per year based upon an annual average over a four year period: 1/1/2004 – 12/31/2007

<sup>2</sup> Renewal fees are for a four year period. 1/4 of licensees renew each year.

**Justification of Requirements or Costs**

Under [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.

The fee for licensure by reciprocity is being reduced from \$100 to \$40. In 2007, the Board issued 488 licenses by reciprocity. If a similar amount of licenses are issued by reciprocity in the future, the state will see a small decrease in revenue amounting to \$29,280 annually. However, the benefit to applicants by lowering the fee will outweigh this small loss in revenue. The Board desires to promote mobility of licensure.

#### **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 data supplied by the Indiana Professional Licensing Agency in determining the fiscal impact of the rule.

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