

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 1, 2019**

**TO:** Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
 Legislative Budget Board

**IN RE:** **SB1394** by Seliger (Relating to the regulation of companies that prearrange barbering and cosmetology services outside of certain facilities; requiring an occupational license; authorizing fees.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1394, As Introduced: a positive impact of \$1,557,898 through the biennium ending August 31, 2021.

**General Revenue-Related Funds, Five-Year Impact:**

| Fiscal Year | Probable Net Positive/(Negative) Impact<br>to General Revenue Related Funds |
|-------------|-----------------------------------------------------------------------------|
| 2020        | \$1,395,589                                                                 |
| 2021        | \$162,309                                                                   |
| 2022        | \$1,412,309                                                                 |
| 2023        | \$162,309                                                                   |
| 2024        | \$1,412,309                                                                 |

**All Funds, Five-Year Impact:**

| Fiscal Year | Probable Revenue Gain<br>from<br><i>General Revenue Fund</i><br>1 | Probable (Cost) from<br><i>General Revenue Fund</i><br>1 | Change in Number of State<br>Employees from FY 2019 |
|-------------|-------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------|
| 2020        | \$1,500,000                                                       | (\$104,411)                                              | 1.5                                                 |
| 2021        | \$250,000                                                         | (\$87,691)                                               | 1.5                                                 |
| 2022        | \$1,500,000                                                       | (\$87,691)                                               | 1.5                                                 |
| 2023        | \$250,000                                                         | (\$87,691)                                               | 1.5                                                 |
| 2024        | \$1,500,000                                                       | (\$87,691)                                               | 1.5                                                 |

**Fiscal Analysis**

This bill would amend the Occupations Code relating to the regulation of companies that prearrange barbering and cosmetology services outside of certain facilities, requiring an occupational license issued by the Texas Commission of Licensing and Regulation (TCLR). The bill would authorize TCLR to collect permit fees and would require TCLR to set rules for remote

service businesses and for currently licensed barbers and cosmetologists who utilize a remote service business to prearrange their services at a non-licensed facility.

The bill would take effect September 1, 2019.

### **Methodology**

The remote service business license would have the same characteristics as a beauty salon and barber shop licenses. Based on information provided by the Texas Department of Licensing and Regulation (TDLR), this analysis assumes the population of persons which would obtain a remote service business license would be approximately 35,000. According to TDLR, a remote service business license would be able to be submitted online and the license holder would not have to hold an individual cosmetology or barber license, although anyone the license holder sends out to perform services would have to hold the license which is allowed to perform the services requested. The addition of a regulatory program to TDLR would result in an increase in the number of customer service contacts. The new program would require no new education, examination, or inspections components. According to TDLR, rulemaking and legal expertise for the new license can be accomplished with existing resources. The creation of a new license type similar to one which already exists in the system which licenses cosmetology and barbering would not entail a cost.

Based on information provided by TDLR, this analysis assumes the agency would require 1.5 new full-time-equivalent (FTE) positions. This would result in a cost of \$104,411 in the first year for salary, benefits, and other operating expenses, plus one-time costs for furniture and equipment, and \$87,691 each year afterward in salary, benefits, and operating expenses.

It is anticipated that approximately 30,000 persons would apply for the license in the first year. According to TDLR, this would be a two-year license and those license holders would renew in the third and fifth year. About 5,000 people would apply in the second year and renew in the fourth year. The cost for a remote service business license would be approximately \$50, slightly less than a mini-salon or mini-shop license. This would result in a revenue gain of approximately \$1,500,000 in fiscal year 2020, \$250,000 in fiscal year 2021, \$1,500,000 in fiscal year 2022, \$250,000 in fiscal year 2023, and \$1,500,000 in fiscal year 2024.

This analysis assumes that any increased cost to TDLR, which is statutorily required to generate sufficient revenue to cover its costs of operation, would be offset by an increase in fee generated revenue.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 452 Department of Licensing and Regulation

**LBB Staff:** WP, CLo, SGr, DFR