

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 2510**  
**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

DATED: JUNE 19, 2018

**SUMMARY**

**Synopsis:** Exempts persons providing hair braiding services from licensure requirement; requires registration of hair braiding establishments.

**Types of Impact:** Annual State Revenue and Expenditure Impacts.  
Annual Local Revenue and Expenditure Decreases.

**Agencies Affected:** Department of Law and Public Safety. Counties and Municipalities.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
<b>Annual State Revenue Impact</b>		Indeterminate	
<b>Annual State Expenditure Impact</b>		Indeterminate	
<b>Annual Local Revenue Decrease</b>		Indeterminate	
<b>Annual Local Expenditure Decrease</b>		Indeterminate	

- The Office of Legislative Services (OLS) estimates that the bill’s revised hair braiding regulations will have an indeterminate net effect on annual State revenue collections and expenditures. Unknown factors include the extent to which the regulatory changes will cause hair braiders to seek and maintain State Board of Cosmetology and Hairstyling licenses and new hair braiding establishment registrations under the bill, the marginal regulatory cost differential to the State between the two regulatory systems, and the operating expenditures of the new Hair Braiding Establishment Advisory Committee.
- In prohibiting counties and municipalities from regulating hair braiding the bill affects counties and municipalities that currently do so or would begin to do so in the future absent the prohibition. These counties and municipalities will incur an indeterminate decrease in annual administrative expenditures related to the discontinued regulation of hair braiding and an indeterminate annual revenue loss from not being able to collect fees, fines, and penalties in the course of regulating hair braiding.
- Concerned counties and municipalities will also experience an indeterminate one-time revenue loss attributable to the bill’s waiving of all fees, fines, or penalties imposed by any county or municipality in the regulation of hair braiding prior to the effective date of the bill.

## **BILL DESCRIPTION**

This bill revises regulations affecting hair braiding. It exempts persons who perform hair braiding services for the general public from the current requirement to hold a valid license issued by the New Jersey State Board of Cosmetology and Hairstyling. Instead, the bill requires the biennial registration and regulation of hair braiding establishments by the new Hair Braiding Establishment Advisory Committee.

The six-member committee will be created under the State Board of Cosmetology and Hairstyling in the Division of Consumer Affairs in the Department of Law and Public Safety. Committee members will receive no compensation for their services but will be reimbursed for expenses incurred in the performance of their duties and will be provided with office and meeting facilities and personnel required for the proper conduct of committee business.

The committee will issue and renew registrations; suspend or revoke any registration or levy unspecified fines if a registrant fails to comply with the requirements established by the committee; determine charges for registration, renewal and other services; maintain a record of registered owners of hair braiding establishments; establish minimum criteria for the physical premises and the operation of hair braiding establishments; and establish standards for initial and periodic inspections of hair braiding establishments.

The bill also prohibits county and municipal governments from regulating hair braiding and waives all fees, fines, or penalties imposed by any county or municipality in regulating hair braiding prior to the effective date of the bill. However, counties and municipalities are not required to refund any such payment received prior to the effective date of the bill.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS projects that the bill's revised hair braiding regulations will have an indeterminate net effect on annual State revenue collections and expenditures. In addition, the OLS anticipates that the bill will decrease annual revenues and administrative expenditures of certain counties and municipalities by indeterminate amounts.

**State Revenue Impacts:** The OLS expects the bill to change professional decisions of three groups of actual and potential hair braiders, all with varying indeterminate recurring State revenue effects.

Professional hair braiders must currently be licensed by the State Board of Cosmetology and Hairstyling. Some licensed hair braiders will continue to be licensed following the enactment of the bill. This group will not alter State revenues.

However, an indeterminate number of hair braiders who are currently licensed by the State Board of Cosmetology and Hairstyling or who would seek licensure absent the bill will, as a result of the enactment of the bill, not maintain or obtain their licenses and will instead register their establishments with the new Hair Braiding Establishment Advisory Committee. The effect on State revenue of any such shift will depend on the number of individuals making the shift and the extent to which the registration fees, fines, and penalties to be imposed by the Hair Braiding

Establishment Advisory Committee will differ from those imposed by the State Board of Cosmetology and Hairstyling under current law.

Another group of hair braiders who are currently licensed or would seek licensure under current law can be expected to cease to maintain their licenses and not to register a hair braiding establishment because they will be employed at a registered hair braiding establishment. The number of individuals in this group is unclear but any such individual will produce a recurring State revenue loss equal to the license fees, fines, and penalties the individual would have paid to the State Board of Cosmetology and Hairstyling under current law.

Another group of hair braiders who are not licensed under current law will newly register their hair braiding establishments under the bill. These may be establishments that are currently operating without a license or whose owners do not perform commercial hair braiding services under current law because of the strictures of current licensure requirements. This group will increase recurring State revenues in amounts equal to their registration fee, fine, and penalty payments to the Hair Braiding Establishment Advisory Committee. The OLS, however, has no information allowing for a quantification of the number of these establishments. In addition, the bill grants the advisory committee substantial discretion in the setting of registration fees, fines, and penalties. In the absence of information on these amounts, the OLS cannot project the magnitude of the associated annual State revenue gain.

**State Expenditure Impacts:** The OLS expects that the bill will change professional decisions of three groups of actual and potential hair braiders, all with varying indeterminate effects on recurring administrative expenditures of the State Board of Cosmetology and Hairstyling.

Professional hair braiders must currently be licensed by the board. Some licensed hair braiders will continue to be licensed following the enactment of the bill. This group will not alter the board's administrative expenditures.

However, an indeterminate number of hair braiders who are currently licensed by the board or who would seek licensure absent the bill will, as a result of the enactment of the bill, not maintain or obtain their licenses and will instead register their establishments with the new Hair Braiding Establishment Advisory Committee. These individuals may change State Board of Cosmetology and Hairstyling operating expenditures to the extent that the regulatory expenditures for registered hair braiding establishments differ from those of State Board of Cosmetology and Hairstyling licensees. The OLS cannot project the marginal cost differential, given that the differential will depend on operating decisions by the State Board of Cosmetology and Hairstyling and the Hair Braiding Establishment Advisory Committee.

Another group of hair braiders who are currently licensed or would seek licensure under current law can be expected to cease to maintain their licenses and not to register a hair braiding establishment because they will be employed at a registered hair braiding establishment. The number of individuals in this group is unclear but any such individual will produce a recurring regulatory cost savings to the State Board of Cosmetology and Hairstyling.

Another group of hair braiders who are not licensed under current law will newly register their hair braiding establishments under the bill. These may be establishments that are currently operating without a license or whose owners do not perform commercial hair braiding services under current law because of the strictures of current licensure requirements. This group will increase recurring Hair Braiding Establishment Advisory Committee expenditures in amounts equal to the cost of regulating the additional establishments. The OLS, however, has no information on the number of these establishments or the marginal regulatory cost per registrant, given that the cost will depend on operating decisions by the committee.

The bill's State expenditures will also include the operating expenses of the new Hair Braiding Establishment Advisory Committee. Its six members will serve without compensation but will be reimbursed for the expenses they incur in the performance of their duties.

**County and Municipal Impacts:** In prohibiting counties and municipalities from regulating the practice of hair braiding for the general public the bill affects counties and municipalities that currently do so or would begin to do so in the future absent the prohibition.

These counties and municipalities will incur an indeterminate decrease in annual administrative expenditures related to the discontinued regulation of hair braiding and an indeterminate annual revenue loss from not being able to collect fees, fines, and penalties in the course of regulating hair braiding professionals and establishments.

Concerned counties and municipalities will also experience an indeterminate one-time revenue loss attributable to the bill's waiving of all fees, fines, or penalties imposed by any county or municipality in the regulation of hair braiding prior to the effective date of the bill. The waiving of the payment obligations may also result in an indeterminate one-time expenditure increase to affected counties and municipalities to dismiss outstanding cases.

*Section: Law and Public Safety*

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This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).