

**FISCAL NOTE**  
**HOUSE BILL NO. 1126**  
**LC# 25.8014.02000**  
**01/30/2025**

**1 - State Fiscal Effect**

*Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2023-2025 Biennium		2025-2027 Biennium		2027-2029 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>				\$793,000		\$793,000
<b>Expenditures</b>				\$762,000		\$762,000
<b>Appropriations</b>						

**2 - County, City, School District, and Township Fiscal Effect**

*Identify the fiscal effect on the appropriate political subdivision.*

	2023-2025 Biennium	2025-2027 Biennium	2027-2029 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

**3 - Bill and Fiscal Impact Summary**

*Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The bill creates the new license type of advanced esthetician, creates an apprenticeship program and increases license fees. The increased revenue will mainly be used to purchase licensing software and staffing.

**4 - Fiscal Impact Sections Detail**

*Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 32 amends N.D.C.C. 43-11-28, changing fee amounts for licenses, adding new license type, apprentice and apprentice trainer registrations, and a fee for reinspection.  
 Cosmetology license fee raises from \$15 to \$50  
 Master Cosmetology license fee raises from \$20 to \$50  
 Esthetician/Master Esthetician license fee raises from \$20 to \$50

Manicure/Master Manicure license fee raises from \$20 to \$50  
Instructor license renewal fee raises from \$20 to \$50  
Instructor license original fee raises from \$35 to \$50  
Establishment/Independent Licensee renewal fee raises from \$30 to \$100  
Establishment/Independent Licensee original fee raises from \$80 to \$150  
New advanced esthetician fee: \$50  
New apprentice registration fee: \$15  
New apprentice trainer registration fee: \$25  
New reinspection fee: \$75

## 5 - Revenues Detail

*For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The Board is self-funded and has not requested a fee increase since 2003. The board estimates the following biennium increase in fee income:

Cosmetology license fee raises from \$15 to \$50: 1,500 licenses= \$105,000  
Master Cosmetology license fee raises from \$20 to \$50: 4900 licenses= \$294,000  
Esthetician/Master Esthetician license fee raises from \$20 to \$50: 700 licenses= \$42,000  
Manicure/Master Manicure license fee raises from \$20 to \$50: 800 licenses= \$48,000  
Instructor license renewal fee raises from \$20 to \$50: 50 licenses= \$3,000  
Instructor license original fee raises from \$35 to \$50: 10 licenses= \$300  
Establishment/Independent Licensee renewal raises from \$30 to \$100: 1800 licenses= \$250,000  
Establishment/Independent Licensee original raises from \$80 to \$150: 300 licenses= \$42,000

This bill creates an advanced esthetician license type. The Board estimates that the financial impact will be minimal as many estheticians will upgrade their license to advance esthetician and drop their basic esthetics license. We estimate that 50 cosmetologists will apply for advanced esthetics: \$50: 50= \$5,000

This bill creates apprenticeships opportunities. The Board estimates 10 apprentice registrations: \$300 and 10 apprentice trainer registrations: \$500

The Board is creating a reinspection fee of \$75 for salons that do not pass routine inspection. Estimated income from this is \$3,000

## 6 - Expenditures Detail

*For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The Board will be investing in new board licensing software which comes with an estimated cost of \$350,000 per biennium for an agency with the number of licensees and establishments we have. The software will allow our licensees and future licensees to fill out forms and pay fees online without the need to print and mail them as they do now. They will also be able to track the status of their applications and see if they are missing any documents or information. Establishment owners will also be able to log in and see current and past inspection reports at any time. Licensees will also be able to pay for renewals for all licenses attached to their name in one transaction. The software also allows licensees to have a digital wallet copy of their license.

The software will also have numerous benefits for the office, such as reduction in tedious data entry tasks, access to data for all types of reports at the click of a few buttons, notifications when applicant uploads documents completing an application, tracking students to get them licensed as soon as requirements are met. The Board will be able to print licensees headshots on individual licenses, The software also has board management features for helping with board meetings and document storage. These are just some of the ways the software will help the Board function more efficiently.

The Board also needs to upgrade its data security systems and services at an estimated cost of \$12,000 biennium.

The Board had been operating with only 1 office employee, our Executive Director, from mid-2021 to February 2024 due to budget concerns before it became overwhelming for Executive Director, and we hired a three-quarter time

administrative assistant to help keep up with day-to-day operations. In 2024 the Board also made the decision to go from 9 very part-time inspectors to 2FT inspectors. This reduced administrative overhead in terms of time spent managing extra staff and processing payroll. While the additional wages only added \$40,000 annually or \$80,000 per biennium, health insurance and retirement benefits added approximately \$85,000 annually or \$170,000 each biennium. The Board anticipates needing to hire 1 more administrative assistant to support the size of the Board and catch up on tasks that have not been able to get done such as retention schedules and digitizing files as well as ensuring our current staff receive pay raises to maintain a competitive, living wage. The total increased wage expenditure is estimated to be \$350,000 per biennium.

Under N.D.C.C 43-11-28 #6. The Board shall sponsor an educational program for license holders to carry out the purposes of protecting public health and safety by utilizing a portion of licensing fees. The Board estimates it will cost \$50,000 biennium to host 4 seminars at various cities in the state each year.

The remaining increased revenue will be utilized toward Board solvency and mitigating current operating expenses.

## 7 - Appropriations Detail

*For information shown under state fiscal effect in 1 or 2, please explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

N/A

## Contact Information

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