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Senate Bills 703 and 1081 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Sam Singh
Committee: Regulatory Affairs

Date Completed: 12-27-24

CONTENT

Senate Bill 703 (S-1) would amend the Occupational Code to allow an individual to operate more than one cosmetology school if that individual were licensed to operate a school of cosmetology and the secondary school met certain requirements.

Senate Bill 1081 (S-1) would amend the State License Fee Act to modify existing application and license fees for cosmetologists and similar professions, raise the annual license fee for a cosmetology establishment or school, and prescribe new application and license fees for a secondary cosmetology school.

Senate Bill 1081 is tie-barred to House Bill 5403, which would amend the Occupational Code to provide for the licensure of secondary cosmetology school facilities like Senate Bill 703.

Senate Bill 703 (S-1)

The bill would add Section 1205b to the Occupational Code to require the Department of Licensing and Regulatory Affairs (LARA) to issue a secondary school facility license to a person that held a license to operate a school of cosmetology to operate one or more additional facilities to teach cosmetology services that were separate from the original premises if the following requirements were met:

- An application was submitted to LARA by the owner or manager of the secondary facility school.
- The application included a statement of how the secondary facility school would be used, the address of the premises of the secondary facility school, and a current, detailed floor plan of the proposed premises that included 1) the arrangement of the classroom, 2) the placement of equipment, and 3) the location of the premises' entrances and exits.
- The secondary school facility met all requirements for a cosmetology school; however, the secondary facility school could not offer cosmetology services to the public and could not contain equipment that could be used to perform cosmetology services on the public, including hair-drying chairs, hydraulic styling chairs, or hair-styling stations.
- Provisions had been made for the daily supervision of the secondary facility school by a licensed cosmetology instructor who had at least three years' experience in all services of cosmetology that were taught in the secondary facility school.
- The secondary facility school was approved by LARA.

"Secondary school facility" would mean a school that teaches cosmetology in a classroom setting and meets all the following requirements:

- Is associated with a school of cosmetology.
- Is operated by a person that holds the license to operate the school of cosmetology that the secondary school facility is associated with.

- Is located at a premises that is separate from the premises of the school of cosmetology.

The owner or manager of a school that operated a secondary facility school approved by LARA would have to always display a copy of the school of cosmetology license and the license of each instructor who worked at the secondary facility school in a prominent place in the secondary facility school that was visible to the public. The Department would have to regularly inspect each secondary facility school facility to determine whether the licensee was conforming to the regulations in the Code.

A licensee's secondary school facility license would be considered void if there were a sale or other transfer of the secondary school facility, a sale or other transfer of ownership, or a change in the location of the secondary school facility. If a person whose license was void wished to continue to operate a secondary school facility, the person would have to submit a new license application and obtain a new secondary school facility license.

Within 18 months of the bill's effective date, LARA, in consultation with the Board of Cosmetology, would have to promulgate rules to implement the bill.

Senate Bill 1081 (S-1)

The State Licensing Fee Act prescribes fees for the regulation and enforcement of certain occupations and professions. This includes the following fees, among others, for a person licensed or seeking licensure as a cosmetologist, manicurist, natural hair culturist, esthetician, electrologist, or instructor or a person licensed or seeking licensure to operate a cosmetology establishment or school of cosmetology, seeking a student registration or transfer, or seeking a permit to conduct an apprenticeship program:

- The application processing fee for a cosmetologist, manicurist, natural hair culturist, esthetician, electrologist, or instructor paid before September 30, 2027, is \$15.
- The application processing fee for a cosmetologist, manicurist, natural hair culturist, esthetician, electrologist, or instructor paid after September 30, 2027, is \$10.
- The annual license fee for a cosmetologist, manicurist, natural hair culturist, esthetician, electrologist, or instructor paid before September 30, 2027, is \$24.
- The annual license fee for a cosmetologist, manicurist, natural hair culturist, esthetician, electrologist, or instructor paid after September 30, 2027, is \$12.
- The student registration or transfer fee paid before September 30, 2027, is \$15.
- The student registration or transfer fee paid after September 30, 2027, is \$5.

The bill would delete these fees and instead would prescribe the following:

- The application processing fee for a cosmetologist, manicurist, natural hair culturist, esthetician, electrologist, or instructor would be \$15.
- The annual license fee for a cosmetologist, manicurist, natural hair culturist, esthetician, electrologist, or instructor would be \$42.
- The student registration or transfer fee would be \$15.

The bill would raise the annual license fee for a cosmetology establishment from \$25 to \$150 and a school of cosmetology from \$100 to \$250. The bill would require an individual who sought to operate a secondary school facility to pay the following fees:

- A \$100 application processing fee.
- A \$200 annual license fee.

At the beginning of each fiscal year, LARA could increase the fees collected by a percentage amount equal to at most the average percentage wage and salary increase granted for that fiscal year to classified civil service employees employed by LARA. If LARA increased fees, the increase would be effective for that fiscal year, and LARA would have to use the increased fees as the basis for calculating fee increases in subsequent fiscal years.

By August 1 of each year, LARA would have to provide to the Director of the Department of Technology, Management, and Budget and the chairpersons of the Appropriations Committees of the Senate and House of Representatives a complete schedule of fees to be collected from individuals seeking licensure as cosmetologists, manicurists, natural hair culturists, estheticians, electrologists, or instructors or individuals licensed or seeking licensure to operate a cosmetology establishment, school of cosmetology, secondary school facility, seeking a student registration or transfer, or seeking a permit to conduct an apprenticeship program for the following fiscal year.

Currently, the Act allows LARA to charge a fee for the publication and distribution of the public act from which a board's authority is derived and the rules promulgated under that act. The fee is the cost of publication or \$2, whichever is greater. The bill would remove the option for the \$2 fee.

Proposed MCL 339.1205b (S.B. 703)
MCL 338.2209 and 338.2225 (S.B. 1081)

BRIEF RATIONALE

According to testimony, LARA had been allowed to issue licenses to cosmetology schools to operate secondary facilities in the past, but the practice ended when the LARA deemed it did not have the necessary statutory authority to provide these licenses. Some have argued that these licenses promote business in Michigan and that the practice should be re-instated.

FISCAL IMPACT

The bill would have a positive fiscal impact on State government and no impact on local government. According to data from LARA, the cosmetology program has operated at a deficit for the past four years. The fees listed in the bill as well as a number of other occupational fees are deposited into the Licensing and Regulation Fund, including inspection and registration fees. The fee increases prescribed by the bill, including the cosmetology licensing fee from \$24 to \$42 and the secondary school facility fee, would allow LARA to administer the Fund without the deficit.

Analyst: Nathan Leaman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.