

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1023 S HB AMS ENGR S2641.E	<b>Title:</b> Cosmetology compact	<b>Agency:</b> 240-Department of Licensing
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2026	FY 2027	2025-27	2027-29	2029-31
Business and Professions Account-State 06L-1	1,357,000	1,083,000	2,440,000	1,524,000	1,396,000
<b>Total \$</b>	1,357,000	1,083,000	2,440,000	1,524,000	1,396,000

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	4.5	5.1	4.8	5.1	5.1
<b>Account</b>					
Business and Professions Account-State 06L-1	1,357,000	1,083,000	2,440,000	1,524,000	1,396,000
<b>Total \$</b>	1,357,000	1,083,000	2,440,000	1,524,000	1,396,000

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 04/16/2025
Agency Preparation: Gina Rogers	Phone: 360-634-5036	Date: 04/22/2025
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date: 04/22/2025
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 04/22/2025

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

#### CHANGES FROM SHB 1023 AMS LC S2641.1 TO SHB 1023 AMS ENGR S2641.1

The Senate Labor & Commerce committee bill version, as amended on the Senate floor requires DOL to consider the single-state and multistate cosmetology licensing programs separately for purposes of cost allocation and other fee setting. This change does not have any additional fiscal impact on the agency as this direction was previously intended by agency staff.

New Description:

Sec. 2. Changes the title to cosmetology licensure compact.

Sec. 3. A new section is added to chapter 18.16, the department shall track and manage revenues and costs generated by each license separately.

### II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

See attached fiscal note

### II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

See attached fiscal note.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
06L-1	Business and Professions Account	State	1,357,000	1,083,000	2,440,000	1,524,000	1,396,000
<b>Total \$</b>			1,357,000	1,083,000	2,440,000	1,524,000	1,396,000

### III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	4.5	5.1	4.8	5.1	5.1
A-Salaries and Wages	280,000	297,000	577,000	594,000	594,000
B-Employee Benefits	112,000	124,000	236,000	248,000	248,000
C-Professional Service Contracts					
E-Goods and Other Services	945,000	642,000	1,587,000	642,000	514,000
G-Travel	20,000	20,000	40,000	40,000	40,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	1,357,000	1,083,000	2,440,000	1,524,000	1,396,000

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Administrative Assistant 3	54,199	0.1	0.1	0.1	0.1	0.1
Administrative Assistant 4	62,888	0.1	0.1	0.1	0.1	0.1
Customer Service Specialist 2	50,330	0.3	0.6	0.5	0.6	0.6
Customer Service Specialist 3	52,926	0.1	0.1	0.1	0.1	0.1
Investigator 3	88,794	0.3	0.3	0.3	0.3	0.3
LEGAL ASSISTANT 3	59,847	0.1		0.1		
LICENSING SERVICES MANAGER	78,474	0.1	0.1	0.1	0.1	0.1
Management Analyst 3	76,607	1.0		0.5		
PROFESSIONAL LICENSING REPRESENTATIVE 1	56,881	1.8	2.9	2.4	2.9	2.9
PROFESSIONAL LICENSING REPRESENTATIVE 2	69,401	0.4	0.7	0.6	0.7	0.7
WMS1-Hearings Exam Manager	106,548	0.1	0.1	0.1	0.1	0.1
WMS1-LCSS	106,548	0.1	0.1	0.1	0.1	0.1
<b>Total FTEs</b>		4.5	5.1	4.8	5.1	5.1

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

- Extensive rulemaking will be required to create new rules for multistate licensee activity and to set new fees
  - o DOL will need to amend existing cosmetology WACs

# Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: SHB 1023 AMS      Bill Title: Adopting the cosmetology licensure compact.  
ENGR S2641.E

**Part 1: Estimates**

No Fiscal Impact

**Estimated Cash Receipts:**

Revenue	Fund	FY 26	FY 27	25-27 Total	27-29 Total	29-31 Total
Business and Professions	06L	1,357,000	1,083,000	2,440,000	1,524,000	1,396,000
<b>Account Totals</b>		<b>1,357,000</b>	<b>1,083,000</b>	<b>2,440,000</b>	<b>1,524,000</b>	<b>1,396,000</b>

**Estimated Expenditures:**

Operating Expenditures	Fund	FY 26	FY 27	25-27 Total	27-29 Total	29-31 Total
Business and Professions	06L	1,357,000	1,083,000	2,440,000	1,524,000	1,396,000
<b>Account Totals</b>		<b>1,357,000</b>	<b>1,083,000</b>	<b>2,440,000</b>	<b>1,524,000</b>	<b>1,396,000</b>

*The revenue and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions.

- If the fiscal impact is **less than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- If fiscal impact is **greater than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date:
Agency Preparation: Gina Rogers	Phone: (360) 634-5036	Date: 4/21/2025
Agency Approval: Gerrit Eades	Phone: (360) 867-8233	Date: 4/22/2025

Request #	1
Bill #	1023 SHB AMS ENGR S2641.E

## Part 2 – Explanation

This bill implements a professional cosmetology compact in Washington State that provides requirements for compact member states, specifications for issuing a multistate cosmetology license, state licensing authority, and the process for taking adverse actions against licensees.

### **2.A – Brief Description Of What The Measure Does That Has Fiscal Impact**

#### **CHANGES FROM SHB 1023 AMS LC S2641.1 TO SHB 1023 AMS ENGR S2641.1**

The Senate Labor & Commerce committee bill version, as amended on the Senate floor requires DOL to consider the single-state and multistate cosmetology licensing programs separately for purposes of cost allocation and other fee setting. This change does not have any additional fiscal impact on the agency as this direction was previously intended by agency staff.

#### **New Description:**

Sec. 2. Changes the title to cosmetology licensure compact.

Sec. 3. A new section is added to chapter 18.16, the department shall track and manage revenues and costs generated by each license separately.

### **2.B - Cash receipts Impact**

Per RCW 43.24.086, the cost of administering professional and business licensing programs must be funded by those industry's licensing fees. Cash receipt impacts are driven by fee increases to satisfy this requirement.

The agency anticipates approximately 10% of the eligible licensees will participate in this program. Assuming the ongoing costs projected in this Fiscal Note, the additional fee to licensees are projected to be greater than \$500 but not exceed \$1,000 for a multi-state license.

Revenue	Fund	FY 26	FY 27	25-27 Total	27-29 Total	29-31 Total
Business and Professions	06L	1,357,000	1,083,000	2,440,000	1,524,000	1,396,000
<b>Account Totals</b>		<b>1,357,000</b>	<b>1,083,000</b>	<b>2,440,000</b>	<b>1,524,000</b>	<b>1,396,000</b>

### **2.C – Expenditures**

Per RCW 43.24.086, the cost of administering professional and business licensing programs must be funded by those industry's licensing fees. Cash receipt impacts are driven by fee increases to satisfy this requirement.

Operating Expenditures	Fund	FY 26	FY 27	25-27 Total	27-29 Total	29-31 Total
Business and Professions	06L	1,357,000	1,083,000	2,440,000	1,524,000	1,396,000
<b>Account Totals</b>		<b>1,357,000</b>	<b>1,083,000</b>	<b>2,440,000</b>	<b>1,524,000</b>	<b>1,396,000</b>

To implement this legislation, DOL will:

- Confirm project scope, timeline, and conduct project implementation tasks,
- Conduct business analysis and business process design,
- Update agency WACs,
- Communicate to boards and commissions,
- Update communications, renewal letters, and forms,
- Train employees and managers.

**Goods and Services:**

General office supplies, printing, postage, cell phone (if required), laptop, specialized training when required, standard software, and misc. goods and services. \$67,490 FY26, \$74,790 ongoing

Legal fees with license issuing state, \$87,600 FY26, \$43,800 per year, ongoing.

**Support Services:**

Agency Administrative Overhead is included at a rate of 24.8 percent of the direct program costs. The funding received covers agency-wide functions such as vendor payments, contract administration, financial management, mail processing, equipment management, help desk support, and technical assistance to DOL employees. These indirect costs are shown under object E. \$137,910 FY26, \$138,160 ongoing

**Information Services:**

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to this legislative effort.

Any change requires a process to ensure changes are correctly applied to the system. This involves Project Managers that manage the team that completes the update, business analysts that document and review the system changes, architect services that analyze how the update could have an effect on other systems or DOL processes, developers who create the change, and testers and quality assurance teams that ensure the update is working correctly. \$385,114, each year, FY26 and FY27 and final is \$128,371 in FY28.

***What IS Will Implement:***

- Multi-state license will be captured using system endorsement functionality.
- Add multi-state endorsement to Cosmetologist license.
- Add suitability screening functionality to multi-state endorsement.
- Create application flow in licensing system to allow Cosmetologists to apply for the multi-state endorsement.
- Update renewal and reinstatement application flows to include multi-state endorsements.
- Add multi-state endorsement fees, notifications, and updated license templates.
- Update Salon Shop inspection checklist.
- Create integration with Compact Commission Interstate (CCI) database to send multi-state endorsement information and receive unique identifiers from the CCI system.
- Conduct security and data assessments for new integration with external source.

Deloitte contract off the shelf system upgrade \$267,030, FY26 onetime.

Cost Category	Description	Rate	2026	2027	2028	2029	2030	2031	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 27,144	75,600	75,600	25,200	-	-	-	176,400
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 19,836	15,300	15,300	5,100	-	-	-	35,700
PROJECT MANAGER	Manage schedule and contracts	\$ 35,037	76,586	76,586	25,529	-	-	-	178,700
QUALITY ASSURANCE	Plan and carry out activities to assure project deliverables; e.g. preventative defect activities, align quality measures and business objectives.	\$ 31,842	69,600	69,600	23,200	-	-	-	162,400
SECURITY AND ARCHITECT SERVICES	Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design.	\$ 19,836	7,671	7,671	2,557	-	-	-	17,900
DEVELOPERS	Modify programming and coding to all major systems	\$ 22,968	14,786	14,786	4,929	-	-	-	34,500
TRAINER	Trains business partners and employees in new system processes and capabilities.	\$ 27,144	20,957	20,957	6,986	-	-	-	48,900
ORGANIZATIONAL CHANGE MANAGEMENT	Prepares stakeholders for the change and develops strategies to ensure the changes are fully adopted.	\$ 31,842	69,600	69,600	23,200	-	-	-	162,400
PROJECT CONTINGENCY	Office of the Chief Information Officer designated rate of 10%	\$ 27,394	35,014	35,014	11,671	-	-	-	81,700
<b>Totals</b>			<b>385,114</b>	<b>385,114</b>	<b>128,371</b>	-	-	-	<b>898,600</b>

### Travel:

Oversight of the multistate licensees will have travel expenses for both in-state and out-of-state travel. Per Article 7, the issuing state licensing authority shall pay any witness fees, travel expenses, mileage, and other fees required by the service statutes of the state in which the witnesses or evidence are located. Estimated travel \$20,000 per year, ongoing.

## Part 3 – Expenditure Detail

### 3.A – Operating Budget Expenditures

Operating Expenditures	Fund	FY 26	FY 27	25-27 Total	27-29 Total	29-31 Total
Business and Professions	06L	1,357,000	1,083,000	2,440,000	1,524,000	1,396,000
<b>Account Totals</b>		<b>1,357,000</b>	<b>1,083,000</b>	<b>2,440,000</b>	<b>1,524,000</b>	<b>1,396,000</b>

### 3.B – Expenditures by Object or Purpose

Object of Expenditure	FY 26	FY 27	25-27 Total	27-29 Total	29-31 Total
FTE Staff Years	4.5	5.1	5.0	5.1	5.1
Salaries and Wages	280,000	297,000	577,000	594,000	594,000
Employee Benefits	112,000	124,000	236,000	248,000	248,000
Goods and Services	945,000	642,000	1,587,000	642,000	514,000
Travel	20,000	20,000	40,000	40,000	40,000
<b>Total By Object Type</b>	<b>1,357,000</b>	<b>1,083,000</b>	<b>2,440,000</b>	<b>1,524,000</b>	<b>1,396,000</b>

### 3.C – FTE Detail

Staffing	Salary	FY 26	FY 27	25-27 Total	27-29 Total	29-31 Total
Administrative Assistant 3	54,199	0.1	0.1	0.1	0.1	0.1
Administrative Assistant 4	62,888	0.1	0.1	0.1	0.1	0.1
Customer Service Specialist 2	50,330	0.3	0.6	0.5	0.6	0.6
Customer Service Specialist 3	52,926	0.1	0.1	0.1	0.1	0.1
LICENSING SERVICES MANAGER	78,474	0.1	0.1	0.1	0.1	0.1
PROFESSIONAL LICENSING REPRES	56,881	1.8	2.9	2.4	2.9	2.9
PROFESSIONAL LICENSING REPRES	69,401	0.4	0.7	0.6	0.7	0.7
Investigator 3	88,794	0.3	0.3	0.3	0.3	0.3
Management Analyst 3	76,607	1.0	0.0	0.5	0.0	0.0
LEGAL ASSISTANT 3	59,847	0.1	0.0	0.1	0.0	0.0
WMS1-LCSS	106,548	0.1	0.1	0.1	0.1	0.1
WMS1-Hearings Exam Manager	106,548	0.1	0.1	0.1	0.1	0.1
<b>Total FTE</b>		<b>4.5</b>	<b>5.1</b>	<b>5.0</b>	<b>5.1</b>	<b>5.1</b>

### FTE Narrative

Quantity	Position	Job description	Ongoing or Project	Estimated Hire/End Date	BPD Section
1.0	Management Analyst 3	Draft new rules, coordinating previous rules, all tasks in rulemaking, communication to industry/licensees, updates to forms, internet, and training materials, license research and staff training.	Project	7/1/25 – 6/30/26	OSS
0.1	Admin Assistant 3	Rulemaking, communication efforts, forms, internet, and knowledge updates, and staff training.	Ongoing	1/1/26	LCSS
0.1	Admin Assistant 4	Supports recruitment, obtaining equipment and proper access to appropriate systems for all staffing levels.	Ongoing	1/1/26	LCSS
0.3	Customer Service Spec 2	Assisting customers via phone and email to access our online system to apply for and renew the license. Assist customers with system related questions and transfer to PLRs for license related questions.	Ongoing	1/1/26	LCSS
0.1	Customer Service Spec 3	Training new staff that assist customers and assist customers via phone and email to access our online system to apply for and renew the license.	Ongoing	1/1/26	LCSS
0.1	Licensing Services Manager	Supporting frontline supervisors with resources, data/information, and interacting with commission on licensing data. Subject matter expert for several programs. Supports legislative sessions and implementation of passed legislation and rules changes. Manages training and system updates/bugs.	Ongoing	1/1/26	LCSS
1.4	Prof Licensing Rep 1	Review, process, and issue incoming online and paper applications for new applicants and renewals for current licensees. Verify accuracy and completeness of application materials, reaching out to applicants to ask for further documentation and/or payments. Provide information to the public via phone and email regarding licensing requirements	Ongoing	1/1/26	LCSS

		and procedures, answer questions via phone and email from licensees, process payments, and assist in resolving licensing-related issues.			
0.4	Prof Licensing Rep 2	Supervise PLR1 staff, workload assignment including application processing, incoming and outgoing phone calls, emails, and agency correspondence, coach/mentor staff, and assist customers via phone and email to answer complex license requirement questions and other misc. questions. Subject matter expert for Cosmo and Tattoo programs. Provides input to system updates for legislative changes and system bugs.	Ongoing	1/1/26	LCSS
0.1	WMS1	Manage the overall operations of the LCSS licensing teams. Providing support for the LSM and PLR2 positions. Mentor and coach LSM. Subject matter expert in several programs. Supports legislative session and implementation of changes and rules updates.	Ongoing	1/1/26	LCSS
0.3	Investigator 3	Conduct investigation associated with new licensee type.	Ongoing	10/1/25	CIAU
.5	Prof Licensing Rep 1	Conduct database monitoring and cross-referencing with DOL's system and meet the new background check requirement. Estimated to process 12,873 screenings per year, or roughly 1,072 per month. This ensures we meet the requirements of the compact and avoid any penalties.	Ongoing	10/1/25	RCUF

#### Part 4 – Capital Budget Impact

None.

#### Part 5 – New Rule Making Required

- Extensive rulemaking will be required to create new rules for multistate licensee activity and to set new fees
  - DOL will need to amend existing cosmetology WACs



# Ten-Year Analysis

<b>Bill Number</b> 1023 S HB AMS ENGR S2641.E	<b>Title</b> Cosmetology compact	<b>Agency</b> 240 Department of Licensing
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

## Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	Fiscal Year 2034	Fiscal Year 2035	2026-35 TOTAL
	06L	1,357,000	1,083,000	826,000	698,000	698,000	698,000	698,000	698,000	698,000	698,000	8,152,000
<b>Total</b>		<b>1,357,000</b>	<b>1,083,000</b>	<b>826,000</b>	<b>698,000</b>	<b>8,152,000</b>						
<b>Biennial Totals</b>		<b>2,440,000</b>		<b>1,524,000</b>		<b>1,396,000</b>		<b>1,396,000</b>		<b>1,396,000</b>		<b>8,152,000</b>

## Narrative Explanation (Required for Indeterminate Cash Receipts)

Per RCW 43.24.086, the cost of administering professional and business licensing programs must be funded by those industry's licensing fees. Cash receipt impacts are driven by fee increases to satisfy this requirement.

The agency anticipates approximately 10% of the eligible licensees will participate in this program. Assuming the ongoing costs projected in this Fiscal Note, the additional fee to licensees are projected to be greater than \$500 but not exceed \$1,000 for a multi-state license.

Agency Preparation: Gina Rogers	Phone: 360-634-5036	Date: 4/22/2025 9:30:40 am
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OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 4/22/2025 10:15:58 am