



Virginia Department of Planning and Budget **Economic Impact Analysis**

18 VAC 41-20 Barbering and Cosmetology Regulations

18 VAC 41-50 Tattooing Regulations

18 VAC 41-60 Body-Piercing Regulations

18 VAC 41-70 Esthetics Regulations

Department of Professional and Occupational Regulation

Town Hall Action/Stage: 6677 / 10636

May 19, 2025

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order 19. The analysis presented below represents DPB’s best estimate of the potential economic impacts as of the date of this analysis.¹

Summary of the Proposed Amendments to Regulation

The Board for Barbers and Cosmetology (Board) proposes to increase fees (for licensure, renewal, and reinstatement) paid by barbers, master barbers, cosmetologists, nail technicians, wax technicians, tattooers, body piercers, estheticians, instructors in these professions, the facilities where these professionals work, and professional schools.

Background

Code of Virginia § 54.1-201 A.4 imposes a duty on professional boards to “levy and collect fees for certification or licensure and renewal that are sufficient to cover all expenses for the administration and operation of the regulatory board and a proportional share of the expenses of the Department of Professional and Occupational Regulation (DPOR). . . .” In addition, Virginia Code § 54.1-113, known as the Callahan Act, requires DPOR boards to distribute

¹ Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

excess revenue to current regulants and reduce the fees when “unspent and unencumbered revenue exceeds \$100,000 or 20 percent of the total expenses allocated to the regulatory board for the past biennium, whichever is greater.”² Because this action would increase fees, the Callahan Act does not appear to be directly invoked. Lastly, the Appropriation Act was amended in 2019 to require DPOR to hold funds in reserve to “offset the anticipated, future costs of restructuring its organization, including additional staffing needs and the replacement or upgrade of the Department’s information technology systems requirements.” The most recent version of this language appears in Item 353 of the 2024 Appropriation Act.³

Data provided by DPOR indicates that this Board had a cash balance of approximately \$6.8 million at the beginning of fiscal year 2019, but that total expenditures have exceeded total revenues in each biennium since then, leading to a cash balance of \$5.5 million at the beginning of fiscal year 2025. DPOR reports that the Board’s costs have increased by 26 percent in the last five years and by 47 percent since the last fee change in 2011; they report that staffing, facility, and information technology related costs have been the primary drivers of these increases.

The proposed fee increases, summarized in the table below, are expected to increase the Board’s revenues by \$692,104 in fiscal year 2026. It would also increase the Board’s projected revenue by roughly \$1.4 million per biennium thereafter. The proposed fee changes are identical for individuals, instructors, facilities, and schools in all four regulations: 18 VAC 41-20-140 applies to barbers, master barbers, cosmetologists, nail technicians, and wax technicians; 18 VAC 41-50-130 applies to tattooers; 18 VAC 41-60-90 applies to body piercers; and 18 VAC 41-70-120 applies to estheticians. The only exception, as noted below, is for body-piercing, which exclusively utilizes an apprenticeship model instead of having schools and instructors.⁴

² See <https://law.lis.virginia.gov/vacode/title54.1/chapter1/section54.1-113/> for the full requirements of the Act. The new requirements regarding unspent revenue took effect on July 1, 2022; these changes were made by Chapters 517 and 697 of the 2019 *Acts of Assembly*.

³ See <https://budget.lis.virginia.gov/item/2024/2/HB6001/Chapter/1/353/>. Under Item 4-13.00 of the Appropriation Act, “the provisions of this act shall prevail over any conflicting provision of any other law, without regard to whether such other law is enacted before or after this act.” Consequently, if a situation were to arise where the Appropriation Act conflicted with the new provisions of the Callahan Act, the language in the Appropriation Act would apply.

⁴ In some of the other professions, training can be obtained through either schools or apprenticeships.

FEE TYPE	CURRENT (\$)	NEW (\$)	CHANGE (\$)	CHANGE (%)
<i>Individuals</i>				
Application or by Endorsement	105	120	15	14.3%
Renewal	105	120	15	14.3%
Reinstatement	210	240	30	14.3%
<i>Instructors (Not applicable for body-piercing)</i>				
Application	125	140	15	12.0%
License by Endorsement (not applicable for tattoo)	125	140	15	12.0%
Renewal	150	165	15	10.0%
Reinstatement	300	330	30	10.0%
<i>Facilities (Studios, salons, spas, etc. as applicable)</i>				
Application	190	220	30	15.8%
Renewal	190	220	30	15.8%
Reinstatement	380	440	60	15.8%
<i>Schools (Not applicable for body-piercing)</i>				
Application	220	250	30	13.6%
Renewal	220	250	30	13.6%
Reinstatement	440	500	60	13.6%

In addition to changing the fees, the Board proposes to strike obsolete language regarding temporary fee reductions.

Estimated Benefits and Costs

With the current fee structure, the Board's FY 2026 expenses are expected to exceed revenues by \$223,706, resulting in an operating loss of \$510,214 for the 2025-2026 biennium. Under the proposed fees, which are expected to become effective starting FY 2026, the projected revenues would exceed expenses by \$468,398 in FY 2026, resulting in a net gain of \$181,890 for the 2025-2026 biennium. Increased Board revenues would contribute towards allowing DPOR to continue to meet the agency's operating costs without needing General Fund allocations. However, the proposed changes would increase fees for the professionals and entities that are currently licensed or certified by the Board, as well as for those that seek to become licensed or certified in the future.

Businesses and Other Entities Affected

The proposed fee increases would affect firms and individuals who are currently licensed or certified by the Board, as well as for those that seek to become licensed or certified in the future. DPOR reports that as of May 1, 2025, there are 724 barbers, 45 barber instructors, 1,889 master barbers, 317 master barber instructors, 775 barber shops, 61 barber schools, 193 body piercers, 121 body piercing salons, 388 body piercers ear only, 107 body piercing ear only salons, 39,858 cosmetologists, 4,673 cosmetology salons, 2,411 cosmetology instructors, 136 cosmetology schools, 5,453 estheticians, 132 esthetics instructors, 73 esthetics schools, 2,380 master estheticians, 333 master esthetics instructors, 977 esthetic spas, 9,654 nail technicians, 311 nail technician instructors, 750 nail technician salons, 51 nail technician schools, 1,144 tattooers, 838 guest tattooers, 363 tattoo parlors, 37 event tattoo parlors, 22 tattoo instructors, 10 tattoo schools, 1,175 permanent cosmetic tattooers, 255 permanent cosmetic tattoo salons, 32 master permanent cosmetic tattooers, 75 permanent cosmetic tattoo instructors, 31 permanent cosmetic tattoo schools, 1,506 wax technicians, 42 wax technician instructors, 163 waxing salons, and 27 waxing schools licensed within the Commonwealth.

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.⁵ An adverse impact is indicated if there is any increase in net cost or reduction in net benefit for any entity, even if the benefits exceed the costs for all entities combined.⁶ Since the proposed amendments would increase fees, an adverse impact is indicated.

⁵ Pursuant to Virginia Code § 2.2-4007.04(D): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance.

⁶ Statute does not define “adverse impact,” state whether only Virginia entities should be considered, nor indicate whether an adverse impact results from regulatory requirements mandated by legislation. As a result, DPB has adopted a definition of adverse impact that assesses changes in net costs and benefits for each affected Virginia entity that directly results from discretionary changes to the regulation.

Small Businesses⁷ Affected:⁸

Types and Estimated Number of Small Businesses Affected

The Board reports that most of the entities listed above would meet the definition of small businesses.

Costs and Other Effects

These entities would face increased application, renewal and reinstatement fees as listed in the table above.

Alternative Method that Minimizes Adverse Impact

There are no clear alternative methods that both reduce adverse impact and meet the intended policy goals.

Localities⁹ Affected¹⁰

The proposed amendments would neither affect any locality in particular nor directly create new costs for any local governments.

Projected Impact on Employment

The proposed amendments are not expected to substantively affect total employment.

Effects on the Use and Value of Private Property

The proposed fee increases would marginally raise costs and thus commensurately reduce the value of private studios, salons, spas, and other entities licensed by this Board. Real estate development costs would not be affected.

⁷ Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

⁸ If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

⁹ “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

¹⁰ Virginia Code § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.