

Department of Legislative Services  
Maryland General Assembly  
2024 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 27

(Senator Gile, *et al.*)

Education, Energy, and the Environment

Economic Matters

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**Cosmetology Licensure Compact**

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This bill enters Maryland into the interstate Cosmetology Licensure Compact for cosmetologists and establishes (1) membership requirements for member states; (2) eligibility criteria for cosmetologists seeking a multistate license; (3) procedures for renewing a multistate license; (4) authority and duties of the Compact Commission and member state licensing authorities; (5) disciplinary procedures; and (6) related processes for the governance of the compact. The bill is contingent on the enacting of substantially similar legislation in six other states.

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**Fiscal Summary**

**State Effect:** Special fund expenditures may increase to cover the cost of a new multistate database and annual membership fees, but a reliable estimate of the amount and timing of that increase is not feasible, as discussed below. No material effect on special fund revenues.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Bill Summary:** The purpose of the compact is to facilitate the interstate practice and regulation of cosmetology with the goal of improving public access to, and the safety of, cosmetology services and reducing unnecessary burdens related to cosmetology licensure. Through the compact, member states seek to establish a regulatory framework that provides

for a new multistate licensing program that provides value and mobility to licensed cosmetologists in those states.

Through the compact, member states create and establish a joint government agency – the Cosmetology Licensure Compact Commission – whose membership consists of all member states. The bill includes rules and procedures for the commission’s operation, including member terms, finances, and dispute resolution.

### *Member State Requirements*

To be eligible to join the compact, member states must:

- license and regulate cosmetology;
- have a mechanism or entity in place to receive and investigate complaints against licensees;
- require that licensees pass a cosmetology competency exam prior to being licensed;
- require that licensees satisfy educational or training requirements in cosmetology prior to being licensed;
- implement procedures for considering one or more of the following categories of information from applicants for licensure: criminal history, disciplinary history, or background check;
- participate in a data system;
- share information related to adverse actions with the commission and other member states;
- notify the commission and other member states of the existence of investigative information in the state’s possession regarding a licensee practicing in that state;
- comply with rules enacted by the commission; and
- accept licensees from other member states.

### *Multistate License*

To be eligible to apply to their home state’s licensing authority for a multistate license, a licensee must hold an active and unencumbered single-state license to practice cosmetology in the state. Individuals not residing in a member state may still apply for a single-state license in that state, but they may not use that license to apply for a multistate license. Upon receiving an application for a multistate license, a licensing authority must determine whether the applicant meets the criteria for a multistate license. A multistate license must be recognized by each member state.

The bill establishes criteria and procedures for the renewal of multistate licenses.

### *Authority and Duties of the Commission and Member States*

Nothing in the compact, nor any rule or regulation of the commission, may be construed to limit, restrict, or in any way reduce the ability of a member state to enact and enforce laws, regulations, or other rules related to the practice of cosmetology in that state as long as they are not inconsistent with the provisions of the compact.

The commission may levy and collect an annual assessment from each member state and impose fees on licensees that are given a multistate license. Total fee revenue must be sufficient to cover the commission's costs; member fees are established according to a formula developed by the commission.

To the extent practical, a state's licensing authority must cooperate with the commission. Discipline is the sole responsibility of each state in which cosmetology services are provided. Each authority receives complaints about individuals practicing in that state and must communicate all relevant investigative information with member states. Member states have exclusive power to impose adverse actions against a licensee's multistate license, as specified. If an adverse action is taken, the licensee's authorization to practice in other member states is deactivated until all encumbrances are removed.

### *Data System*

The commission must provide for the development, maintenance, operation, and use of a coordinated database and reporting system. The cost of developing the database and reporting system is shared among members of the compact, and each member state must provide specified uniform data on each licensee in the state.

### *Effective Date*

The compact takes effect on the date on which the seventh state joins the compact. A member state may withdraw from the compact by enacting legislation that repeals its membership. Withdrawal takes effect 180 days after enactment of withdrawal legislation.

**Current Law:** The State Board of Cosmetologists (within the Maryland Department of Labor) issues two full-service licenses (cosmetologist and senior cosmetologist) and four limited licenses (hairstylist, blow-drying, nail technician, and esthetician).

A cosmetologist or senior cosmetologist license authorizes the licensee to provide hair, nail, and esthetic services. The other licenses authorize the licensee to provide just that service. The board also registers apprentices. Applicants for licensure must pass a written and a practical examination and have successfully completed either a registered apprenticeship program or 1,500 hours of training at an approved cosmetology school.

While registered as an apprentice cosmetologist, an individual may learn to practice cosmetology (or any limited practice of cosmetology) in either a beauty salon or a barbershop that is properly licensed. Any such training must take place under the supervision of the appropriate type of licensee, depending on the type of license the individual is pursuing.

A licensed senior cosmetologist may directly train and supervise up to two apprentices learning the practice of cosmetology or any limited practice of cosmetology. Additionally, an individual with a specified limited license who has at least two years of experience in that limited practice may directly train and supervise up to two apprentices learning the same limited practice.

Licensed cosmetologists, estheticians, hairstylists, blow dry technicians, and nail technicians generally must perform their services at a permitted beauty salon or barbershop. However, subject to specified conditions, these licensees may practice at certain off-site locations.

All licensing fees paid to the State Board of Cosmetologists are distributed to the State Barbers and Cosmetologists Boards' Fund, which covers all costs associated with board operations.

**State Fiscal Effect:** The compact reduces the need for the board to issue reciprocal licenses to out-of-state individuals who wish to practice cosmetology, either on a temporary or permanent basis, in the State. The board advises that approximately 40% of its revenue is derived from the issuance of reciprocal licenses, so the reduction in those licenses allows the board to accommodate any additional workload stemming from membership in the compact. It is assumed that any reduction in revenue from reciprocal licenses is made up by the board's issuance of multistate licenses.

The board advises that it anticipates an increase in expenditures to support the development of the multistate database and reporting system required by the compact; it will also be responsible for ongoing annual fees to support the commission. However, a reliable estimate of the State's share of those costs cannot be made until the compact is enacted and the commission determines the cost of the new system and its own budget. Similarly, the board advises that only three states have ratified the compact to date, so it is not known if or when the expenditures will be necessary.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** HB 383 (Delegates Smith and Shetty) - Economic Matters.

**Information Source(s):** Maryland Department of Labor; Department of Legislative Services

**Fiscal Note History:** First Reader - January 23, 2024  
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