

## Department of Planning and Budget 2017 Fiscal Impact Statement

**1. Bill Number:** HB1979

**House of Origin**     Introduced     Substitute     Engrossed  
**Second House**     In Committee     Substitute     Enrolled

**2. Patron:** Peace

**3. Committee:** General Laws

**4. Title:** Board for Contractors; Class D registration; responsibility for contracting with unlicensed.

**5. Summary:** Defines a Class D contractor and requires a Class D contractor to be registered by the Board for Contractors. The bill also (i) provides that any contractor who directly employs, or otherwise contracts with, a person who is not licensed or registered by the Board for Contractors for work requiring a contractor's license or registration shall be solely responsible for any monetary penalty or other sanction resulting from employing or contracting with an unlicensed or unregistered person based upon such person's failure to obtain or maintain the required license or registration; (ii) requires the Board for Contractors to adopt regulations implementing these provisions on or before October 1, 2017; and (iii) provides that the initial regulations of the Board for Contractors are exempt from the provisions of the Administrative Process Act but that any subsequent modification to such regulations shall comply with the Administrative Process Act.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Preliminary. See Item 8 below.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017	\$0	0	N/A
2018	\$166,839	2	NGF
2019	\$198,880	2	NGF
2020	\$198,880	2	NGF
2021	\$198,880	2	NGF
2022	\$198,880	2	NGF
2023	\$198,880	2	NGF

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2017	\$0	N/A
2018	\$18,750	NGF
2019	\$18,750	NGF
2020	\$20,625	NGF
2021	\$20,625	NGF

2022	\$20,625	NGF
2023	\$20,625	NGF

- 8. Fiscal Implications:** This bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by defining a Class D contractor and requiring the Class D contractor to register with the Board for Contractors (Board).

Expenditure Impact: This legislation will require the addition of two classified Band 3 administrative office specialist III positions and one Band 3 wage administrative office specialist III position. The Board's licensing section is currently working at capacity and cannot absorb the additional responsibilities of the Class D contractor registration. The duties of the two Band 3 classified positions would include the processing of the applications, data entry, collection of pending information by mail, fax, email, and addressing telephone inquiries from applicants and the public. The tasks of the Band 3 wage position are to assist in the processing of incoming information as necessary due to increased volume or the absence of the regular processor, augment the staff in the call center when operations require, and assist in the processing of the Class D contractor registrations, as necessary. The total cost of salary and benefits for the positions, based on the mid-point for the band 3 salary range, is expected to be \$125,239 in FY2018 (assuming 18 pay periods) and \$166,980 annually beginning in FY 2019. This is a recurring cost that will continue into future biennia.

In FY2018, DPOR will need to purchase furniture and equipment for the new positions at an estimated cost of \$14,000. This is a one-time expenditure that will not continue into future years. Other operating costs beginning in FY 2018 and recurring in future years include telephone, employee development, computer operating support, and supplies. These costs are estimated at \$27,600 each year.

Additional costs related to printing and mailing requests of new regulations and postage from increased applications and license maintenance totaling \$4,300 annually are expected. Approximately 250 renewals processed each year will require additional mailing as well.

Revenue Impact: In accordance with the provisions of Section 54.1-113 (Callahan Act), Code of Virginia, licensing fees are established at rates adequate to cover a program's operating costs and a proportionate share of agency support costs. Approximately 250 applications are expected in FY2018 and FY2019 and 25 each year thereafter. Approximately 250 renewals are expected annually beginning in FY2020.

The Contractor Class D registration application and renewal fees are expected to be \$75. Total revenue is estimated to be \$18,750 in FY2018 and FY2019, and \$20,625 annually beginning in FY 2020.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Professional and Occupational Regulation.

- 10. Technical Amendment Necessary:** No.

**11. Other Comments:** This bill is a companion to SB1193, as introduced.