

Department of Planning and Budget 2003 Fiscal Impact Statement

1. Bill Number HB2810

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Athey

3. Committee Health, Welfare and Institutions

4. Title Department of Health; regulation of bedding and upholstered furniture.

5. Summary/Purpose:

This bill repeals Section 32.1 -212 through 32.1 -226 of the *Code of Virginia* that authorizes the Department of Health to regulate the manufacture and sale of bedding and upholstered furniture.

6. Fiscal Impact Estimates are: Final

6a. Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|---------------------|
| 2002-03 | | | |
| 2003-04 | (\$228,627) | (2.00) | Special (Fund 0203) |
| 2004-05 | (\$228,627) | (2.00) | Special (Fund 0203) |

Expenditure Note: The expenditure impact is based on the current appropriation for the program. See Item #7 for an initial projection of the program's expenditure and revenue (cash-flow) if it is repealed/eliminated.

6b. Revenue Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|-------------------|------------------|---------------------|
| 2002-03 | | | |
| 2003-04 | (up to \$320,000) | n/a | Special (Fund 0203) |
| 2004-05 | (up to \$320,000) | n/a | Special (Fund 0203) |

7. Budget amendment necessary: Yes – Item 318 (Regulation of Products – Program 55700; specifically Bedding and Upholstery Products Regulation – Subprogram 55701)

8. Fiscal implications: It is important to note that there is no shift in cost or responsibility because the regulation of bedding and upholstery is eliminated.

Expenditures

As listed above, the Bedding program's current appropriation is \$228,627 and includes its direct staffing (2 classified and 3 wage employees) and support costs as well as costs associated with the management and administrative support provided the program by the Virginia Department of Health's Office of Epidemiology.

Revenue

Repealing the Bedding & Upholstered Furniture law would terminate the Virginia Department of Health's Bedding Program and eliminate up to \$320,000 in fee revenue annually. Actual FY2002 revenue was \$296,100 and the program's revenue has increased by between 5 and 15 percent over the last four fiscal years.

The Bedding program's revenue is collected in a separate fund but the *Code of Virginia* does not establish it as a dedicated non-reverting fund. The additional revenue generated by the program and recorded in this discretionary fund detail has been reverted to the state's general fund on several occasions. Typically this represents a reversion of fiscal year-end balances (\$120,000 in FY2002; Part 3-1.01 U.1 of the Budget Bill proposes the reversion of \$140,000 in Bedding fund balances in FY2003).

Cash-Flow Analysis if Bedding Program is Eliminated:

The cash-flow analysis below includes the continued operation of the program through FY2003. In FY2004, the program would incur up to approximately \$79,000 in severance and unemployment benefit costs (2 classified employees; unemployment only for 3 wage employees) and approximately \$15,000 for processing revenue refunds and correspondence to licensed companies. A total of \$140,000 in FY2004 revenue refunds is also factored in since the licenses/permits cover a 12-month period. This factor also serves as a contingency for the potential negative impact that the repeal of the program may have on the remainder of FY2003's program license/permit revenue collections.

CASH FLOW ANALYSIS

| <u>Fiscal Year</u> | <u>Activity</u> | <u>Cash Balance</u> |
|---------------------------|---------------------------|----------------------------|
| FY2002 -03 | Balance @ 07/01/02 | \$230,463 |
| | Projected Revenue | 320,000 |
| | Projected Expenses | (217,215) |
| | Budget Bill Reversion | (140,000) |
| | Balance @ 07/01/03 | 193,248 |
| FY2003 -04 | Projected Revenue Refund | (140,000) |
| | Projected Expenses | (94,123) |
| | Balance @ 07/01/04 | (40,875) |

9. Specific agency or political subdivisions affected: Virginia Department of Health.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 1/28/03/laf

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cc: Secretary of Health and Human Resources