

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number HB3164

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
Second House	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Moran

3. Committee General Laws and Technology

4. Title One-stop small business permitting program.

5. Summary/Purpose: This bill establishes a comprehensive, “one-stop” permitting program for small businesses. The program is to be administered by the Virginia Department of Business Assistance (DBA). Owners of small businesses, defined as establishments with no more than 250 employees or average annual gross receipts of \$10 million or less averaged over the previous three years, will be able to complete a master application online to register their businesses with the state. The program will charge a handling fee to all applicants, set at a rate determined by DBA as adequate to cover the costs of administering the program. The bill specifies that the program in no way supersedes or supplants any regulatory authority granted to any state agency with permits. Finally, the bill creates the Comprehensive Permitting Fund, in which all moneys, including interest, are to be used solely to administer the program, and shall remain in the Fund at the end of the year and not revert to the general fund.

6. Fiscal Impact Estimates are: Indeterminate. See item 8 (below).

7. Budget amendment necessary: No. Should the amounts included in the introduced budget remain, there should be sufficient funding to cover the costs for planning and developing this program.

8. Fiscal implications: This bill establishes a one-stop permitting program under DBA and allows DBA to charge a handling fee to applicants, set at a level necessary to cover the costs of administering the program. While it is anticipated that any additional costs for DBA resulting from this bill will be negligible and can be absorbed, these fiscal estimates are indeterminate until the project is implemented.

The bill is in conflict regarding where applicants are to direct their payments for both permitting and handling fees. Paragraph F stipulates that the applicant “shall include with the application the sum of all fees and deposits required...as well as the handling fee,” (lines 91-92) while Paragraph K states that the applicant is to “make all payments for applicable fees established by the regulatory agency directly to the proper agency” (lines 119-120).

Should it be interpreted that the applicant is to include all payments with the application, as stipulated by Paragraph F, there are two possible fiscal impacts. First, if the program is constructed in such a way that will allow applicants to pay any necessary fees by electronic

payments directly to the appropriate agency, through technology built-into the master application, regulatory agencies may incur costs to adopt new systems or hire additional staff to be able to accept these electronic payments. Second, if an automated payment system is not built into the technology of the master application, and should Paragraph K be interpreted as DBA being responsible for collecting the sum of all fees, then it is anticipated that DBA's workload will increase significantly as a result of manually collecting and redirecting these fees to the appropriate agencies. In such a situation, DBA estimates that they would not be able to absorb these additional responsibilities within their existing resources.

Should it be interpreted that the applicant is to make payments directly to the proper agency, as stipulated in Paragraph K, the fiscal impact would be minimal and have little if any effect on current workload.

Should additional staff be needed at DBA to handle any added workload resulting from the requirements of this bill, it is possible that the cost of these new positions may be paid with the funds generated by the handling fee, collected and deposited in the nongeneral Comprehensive Permitting Fund. If anticipated fee revenue is sufficient for any additional FTEs, there is also the possibility that any existing FTEs whose responsibilities have been redirected to this project and whose costs are currently paid with general fund dollars, may be transferred from the general fund to the nongeneral Comprehensive Permitting Fund. This could result in future general fund savings.

The bill stipulates that this program does not supplant any regulatory authority granted to any state agency with permits, and that DBA is only to coordinate with other regulatory agencies.

9. Specific agency or political subdivisions affected: Department of Business Assistance, all other regulatory agencies (Department of Taxation, State Corporation Commission, Virginia Employment Commission, Department of Professional and Occupational Regulation).

10. Technical amendment necessary: Yes. (1) Paragraph L, where the Comprehensive Permitting Fund is established, insert language that specifies that the moneys collected from the handling fee that are to be deposited directly into the Fund. (2) Paragraph F (lines 91-94) and Paragraph K (lines 119-120) are in conflict. Paragraph F instructs applicants to include the "sum of all fees and deposits" along with the application, while Paragraph K instructs applicants to make all payments directly to the proper regulatory agency. (3) Line 49; after the second "Program" insert ", these."

11. Other comments: None.

Date: 2/2/07 / aek

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cc: Secretary of Commerce and Trade