

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB2432

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

2. Patron: Joannou

3. Committee: General Laws

4. Title: Department of Professional and Occupational Regulation; Board for Asbestos, Lead, and Home Inspector

5. Summary: The bill provides for the Board for Asbestos, Lead, and Home Inspectors to regulate the practice of lead-based paint renovation businesses, individuals, and training providers. The bill defines "renovation" as the modification of any existing structure, for compensation that results in the disturbance of painted surfaces, unless that activity is performed as a part of a lead abatement project. Currently, the board's authority is limited to the regulation of permanent elimination of lead-based paint. The bill adds definitions for a dust-sampling technician, renovation contractor, and renovator and increases the size of the board from ten to 14 members. The bill also contains technical amendments.

6. Fiscal Impact Estimates: Preliminary

6a. Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2009 | 0 | 0.00 | NGF (0900) |
| 2010 | 535,598 | 6.00 | NGF (0900) |
| 2011 | 505,868 | 6.00 | NGF (0900) |
| 2012 | 505,868 | 6.00 | NGF (0900) |
| 2013 | 505,868 | 6.00 | NGF (0900) |
| 2014 | 505,868 | 6.00 | NGF (0900) |
| 2015 | 505,868 | 6.00 | NGF (0900) |

6b. Revenue Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Fund</i> |
|--------------------|----------------|-------------|
| 2009 | 0 | NGF (0900) |
| 2010 | 650,000 | NGF (0900) |
| 2011 | 650,000 | NGF (0900) |
| 2012 | 650,000 | NGF (0900) |
| 2013 | 650,000 | NGF (0900) |
| 2014 | 650,000 | NGF (0900) |
| 2015 | 650,000 | NGF (0900) |

7. Budget Amendment Necessary: No. Item 123 of the introduced budget bill provides for 2010, \$539,538 (NGF) and an increase of six positions.

8. Fiscal Implications: The department estimates that this new requirement will result in a minimum of 20,000 new regulants. This estimate is based on the number of current licensees in other regulatory programs who currently are licensed to perform work involving disturbing painted surfaces. The Board for Contractors licenses more than 50,000 firms whose specialties allow for this type of work, and the Real Estate Board licenses more than 4,500 firms that may provide property management services that could include disturbing painted surfaces. Conservatively, the department estimates at least 10,000 firms would require a license to work with lead-based paint. Each firm must have at least one licensed renovator, so the department estimates at least 10,000 individuals who would require licenses. The number of licensed dust samplers is not known at this time, but is expected to be low because a licensed renovator can perform those services for the firm.

Based on a minimum of 20,000 new regulants for this program, the impact on the department will be substantial.

The License and Regulatory Division will require one band five Board Administrator to provide support to the Board, conduct administrative functions of the new program, perform audits of training programs, assist with regulation development and promulgation, communicate with and prepare reports required by the EPA, and conduct public information and outreach about program and licensing requirements. Based on the mid-point of the band, the cost of salary and benefits for the Board Administrator is expected to be \$87,976 in the first year and \$91,802 in the following year. This is a recurring cost that will continue into future years.

The Licensing Division will require two band three Licensing Specialists to process 20,000 new license applications and renewals, as well as process adjustments, name and address changes, requests for license certification, respond to telephone and email inquiries, and provide customer service to licensees and the public. Based on the mid-point of the band, the cost of salary and benefits for each position is expected to be \$56,903 in the first year and \$59,377 in the following year. This is a recurring cost that will continue into future years.

The volume of disciplinary and unlicensed complaints received by the agency averages approximately one to one and half percent of total regulant population. Based on that percent, the department expects to receive about 200-250 additional complaints related to this new program. Licensees who violate regulations are subject to disciplinary action, and unlicensed practitioners may be prosecuted. The department also works to bring practitioners into compliance with regulatory requirements as a means of promoting business and economic stability while ensuring continued protection of the public. The Compliance and Investigation Division will require two band four Compliance Safety Officer III positions (one Investigative Analyst and one Field Investigator) to handle the additional complaints related to this new program. The positions will receive, review, process, investigate and resolve complaints against regulants, as well as investigate incidents of unlicensed practice, in a timely and efficient manner and in accordance with regulations. Based on the mid-point of the band, the cost of salary and benefits for each position is expected to be \$69,250 in the first year and \$72,261 in the following year. This is a recurring cost that will continue into future years.

The Division of Administration and Finance will require one band three Fiscal Specialist to receive and process payments, create license records, post fees to records, conduct accounting activities for an estimated 20,000 applications and renewals each year, and initiate collection action on unpaid disciplinary orders. Based on the mid-point of the band, the cost of salary and benefits for this position is expected to be \$56,903 in the first year and \$59,377 in the following year. This is a recurring cost that will continue into future years.

The total cost of salary and benefits for the six requested positions is \$397,185 in the first year and \$414,455 continuing into future years.

In FY 2010, the department will need to purchase furniture and equipment for the new positions at an estimated cost of 42,000 (\$7,000 for each position.) This cost is a one-time expenditure that will not continue into future years.

Other operating costs for the new positions include telecommunications, information systems operating support, equipment, travel, employee development, postage, printing, rent and supplies, and are expected to be \$11,500 for each position annually, for a total of \$69,000. Additional scanning supplies for records management relating to 20,000 regulants will be about \$1,800 annually. Travel costs for the field investigator position are expected to be \$5,000 annually. These are recurring costs that will continue in to future years.

Postage and printing costs for new regulations, and legal services for regulatory review are estimated to be \$5,000 in FY 2010 only.

Travel and per diem for fourteen board members to attend board and committee meetings are estimated to be \$15,613. This is a recurring cost that will continue into future years.

Expenditure Summary:

| | FY 2010 | Recurring |
|-------------------------|---------|-----------|
| Classified Positions | 397,185 | 414,455 |
| Furniture and Equipment | 42,000 | 0 |
| Operating Costs | 80,800 | 75,800 |
| Board member costs | 15,613 | 15,613 |
| Total | 535,598 | 505,868 |

Revenues:

In accordance with the provisions of Section 54.1-113 (Callahan Act) of the Code of Virginia, license fees are established at rates adequate to cover a program's operating costs and a proportionate share of agency support costs.

The department assumes that fees for this program would be the same as other programs of the Asbestos, Lead, and Home Inspectors Board. Current license application fees are \$25 for individuals and \$40 for businesses each year, which will provide estimated revenue of about \$650,000 annually. The annual cost associated with being licensed is not considered to be prohibitive for practicing the profession.

The new program is expected to become effective for FY 2010.

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

10. Technical Amendment Necessary: No

11. Other Comments: The second enactment clause states that members shall be staggered as follows: one member for a one-year term, two members for a two-year term, and one member for a three-year term.

The third enactment clause states that members shall not vote on any matters before the Board of Asbestos, Lead, and Home Inspectors except on matters related to renovations as defined in § 54.1-500 until the effective date of the regulations promulgated pursuant to this act.

Date: 2/18/2009 dpbbrb

Document: G:\FIS 2009\DPOR\HB2432H1.doc

cc: Secretary of Commerce and Trade