

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB2541

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron: Amundson

3. Committee: Passed both houses

4. Title: Electronic information exchange; establish with State
Police for criminal record check of applicant

5. Summary: The bill requires the Department of Professional and Occupational Regulation (DPOR) to establish an electronic interface with the Department of State Police for the electronic exchange of information with the Central Criminal Records Exchange concerning investigations of DPOR's applicants for licensure, certification, or registration. The bill provides that the electronic information exchange shall be pursuant to specific agreement with the Department of State Police to provide such services, which shall specifically authorize access to data, limit the use of data to the purposes for which given, and ensure the security and confidentiality of the data. The bill provides that the electronic information exchange shall be operational on or before July 1, 2010.

6. Fiscal Impact Estimates: Final

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2009	\$0	0.00	N/A
2010	403,000	1.00	NGF
2011	403,000	1.00	NGF
2012	403,000	1.00	NGF
2013	403,000	1.00	NGF
2014	403,000	1.00	NGF
2015	403,000	1.00	NGF

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2009	\$0	NGF
2010	403,000	NGF
2011	403,000	NGF
2012	403,000	NGF
2013	403,000	NGF
2014	403,000	NGF
2015	403,000	NGF

7. **Budget Amendment Necessary:** No. Any adjustment to the nongeneral fund appropriation can be done administratively.

8. **Fiscal Implications:** The substitute bill requires the Department of Professional and Occupational Regulation (DPOR) to conduct a criminal records background check for each applicant for an initial real estate license. DPOR estimates about 9,000 applicants annually, and expects to accomplish the fingerprinting through the vendor who administers the real estate examination. The vendor would collect the fingerprints and submit them to the State Police. The vendor would also collect the \$57 fee from each applicant (\$37 for the cost of the criminal background check and \$20 for the vendor for collecting and processing fingerprints), and send the fees to DPOR. The State Police would return the criminal history report directly to DPOR, and would bill DPOR for the fee to conduct the fingerprint check, as well as any associated costs. The processes for DPOR to collect the fee from the vendor, account for it, and remit it to the State Police are not known at this time. Final development of those processes will determine the fiscal impact to DPOR.

DPOR expects to receive \$333,000 annually from the vendor for the fingerprint fees, and will make payment of \$333,000 to the State Police for the cost of the criminal records background checks. However, if fingerprint fees are sent directly from the vendor to the State Police rather than through DPOR, there would be no impact on DPOR's revenues and expenditures.

DPOR expects to be billed by the State Police for their costs associated with implementing this legislation, at an annual cost of about \$70,000. Included in State Police's costs would be one full time position for processing applicant fingerprint cards.

The total fiscal impact on DPOR could range from a minimum of \$70,000, to a maximum of \$403,000 annually if the department receives revenue from the fingerprint fees and remits payment to the State Police.

Final processes for receiving and making payment for the fingerprint fees have not yet been developed, and could substantially affect the estimated fiscal impact. DPOR plans to submit a biennial budget proposal to request appropriation once contracts and processes are finalized.

Cost to Regulators: The cost of the criminal background check is \$37 per applicant, and the examination vendor has provided an estimated fee of \$20 to collect and process the fingerprints, so the total additional cost to the applicant would be \$57. The State Police costs will be charged to the Real Estate Board and factored into licensing fees for the program, and are not expected to have a material impact on the cost to each licensee to remain licensed.

Cost to Regulators: Application fees are expected to increase by approximately \$57 to cover the costs associated with the criminal records check (as discussed above).

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

10. **Technical Amendment Necessary:** No

11. Other Comments: The second enactment clause states that DPOR shall obtain criminal history record information regarding individuals for initial licensure as a real estate licensee pursuant to § 54.1-2106.1.

The third enactment clause states that DPOR shall amend the renewal license application form to require applicants for a renewal real estate sales or brokerage license to state that they have no criminal convictions that have not been previously disclosed. Penalties for misrepresentation shall be established by the Real Estate Board.

The fourth enactment clause states that State Police shall invoice DPOR for any costs and expenses of implementing the provisions of this act.

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cc: Secretary of Commerce and Trade