

## Department of Planning and Budget 2010 Fiscal Impact Statement

**1. Bill Number:** HB192

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

**2. Patron:**        Cosgrove

**3. Committee:** Passed both houses

**4. Title:**        **Fair Housing Board educational materials on the Fair Housing Law; affidavit**

**5. Summary:** This bill codifies the definition of “person in the business or activity of selling or renting dwellings”. This bill also establishes that the Fair Housing Board shall promulgate regulations regarding educational materials concerning the Fair Housing Law, and persons in the business of selling or renting dwelling units without a real estate broker shall submit an affidavit to the Board that they have read and understood the law. This is a recommendation of the Virginia Housing Commission.

**6. Fiscal Impact Estimates:** Final.

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010-11	133,217	0.00	NGF
2011-12	55,721	0.00	NGF
2012-13	55,721	0.00	NGF
2013-14	55,721	0.00	NGF
2014-15	55,721	0.00	NGF
2015-16	55,721	0.00	NGF

**6b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010-11	0	NGF
2011-12	0	NGF
2012-13	60,000	NGF
2013-14	60,000	NGF
2014-15	60,000	NGF
2015-16	60,000	NGF

**7. Budget Amendment Necessary:** No. However, any budget adjustment for nongeneral funds can be made administratively.

**8. Fiscal Implications:** This bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by requiring the Fair Housing Board to establish educational materials on Fair Housing Law and make them

available to individuals who meet the definition of persons who sell or rent dwellings. It will also require those persons to sign and submit to the Board an affidavit that they have read and understood the materials. The Board currently regulates approximately 2,000 certificate holders who would be affected by this requirement. The Department estimates that an additional 58,000 individuals engaged in selling or renting dwellings may be required to submit an affidavit.

Personal Service Costs: This legislation may require one Band 3 wage position to scan approximately 60,000 affidavits received by the Board, and conduct related records management activities including scanning case files and making copies of files upon receipt of Freedom of Information requests. The cost of this wage position will be \$24,221. This is a recurring cost that will continue into future biennia.

Operating Costs: In FY 2011, DPOR could need to purchase furniture and equipment for the new position at an estimated cost of \$7,000. This is a one-time expenditure that will not continue into future years. Other operating costs beginning in FY 2011 include telephone, employee development, computer operating support, postage, printing, and supplies, and are estimated at \$11,500 each year. These are recurring costs that will continue into future years.

Board regulations must be revised to reflect the new requirements. Travel costs for four board members to attend four additional meetings would be \$3,656. Postage costs associated with notifications and mailings are expected to be \$26,840. These are one-time costs that will be incurred in FY 2011 only.

The cost of educational materials is expected to be \$60,000 in FY 2011, and \$20,000 in each future year.

Total costs are projected to be \$133,217 in FY 2011, and \$55,721 in future years.

Revenue: In accordance with the provisions of Section 54.1-113 (Callahan Act) of the 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.

The Board's current cash and revenues are not sufficient to pay its operating costs. Given costs associated with the Fair Housing program, and the small number of regulants for this voluntary certification (currently about 2,000), it is unlikely that the Board will collect adequate revenue in the near future to cover its current costs or the additional costs associated with this legislation. Currently, the Real Estate Board pays for expenditures in excess of revenue collected by the Fair Housing Board. Increasing the fee amount to provide sufficient revenue to eliminate the Real Estate Board subsidy would result in a fee of about \$400 for a two year period.

Cost to Regulants: The current certification fee is \$25 for a two-year period. In order to cover only the costs associated with this legislation, fees would need to be increased by about \$60, for a new fee of about \$85. It would take approximately 2-3 years to complete regulatory review for the new fee to become effective. However, this additional fee revenue would not be adequate to pay the remaining expenditures of the Fair Housing Board that are currently paid by the Real Estate Board. In order to cover all current Fair Housing Board costs,

including those associated with this legislation, fees would need to be increased by about \$435, for a new fee of about \$460 for a two year period.

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

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** This bill is identical to the enrolled version of Senate Bill 216.

**Date:** 3/22/2010

**Document:** <http://dpb.virginia.gov/efis/fistemplate.doc>