

## Department of Planning and Budget 2012 Fiscal Impact Statement

**1. Bill Number:** HB233

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

**2. Patron:** Cosgrove, J. A.

**3. Committee:** General Laws and Technology

**4. Title:** Time-Share Act; revisions.

**5. Summary:** This engrossed bill requires any reseller, defined in the bill, of a time-share in Virginia to be registered with the Common Interest Community Board and therefore subject to the regulatory authority of the Board. The bill requires time-share resellers to make written disclosures to purchasers concerning the time-share being resold and requires that a separate buyer's acknowledgment form must be provided to each time-share purchaser disclosing certain information, including whether or not the developer owns a buyback program and making it clear that the purchaser is buying a time-share for personal use, rather than investment purposes or resale potential.

**6. Budget Amendment Necessary:** Yes, Item 122 of HB/SB 30.

**7. Fiscal Impact Estimates:** Preliminary. See item 8.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2012	\$0	0	n/a
2013	\$90,845	1.0	Special Revenue
2014	\$77,842	1.0	Special Revenue
2015	\$77,842	1.0	Special Revenue
2016	\$77,842	1.0	Special Revenue
2017	\$77,842	1.0	Special Revenue
2018	\$77,842	1.0	Special Revenue

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2012	\$0	
2013	\$42,875	Special Revenue
2014	\$85,750	Special Revenue
2015	\$85,750	Special Revenue
2016	\$85,750	Special Revenue
2017	\$85,750	Special Revenue

2018

\$85,750

Special Revenue

- 8. Fiscal Implications:** This bill will increase the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by revising various provisions of the Virginia Real Estate Time-Share Act. Under the responsibility of the Common Interest Community Board (CIC Board), these revisions include registration requirements for resellers of time shares, additional prohibited acts, and numerous other changes. The department estimates that approximately 300 to 400 individuals classified as resellers would be required to register through the revised program.

Personal Service and Operating Costs: This legislation will require one classified Band 4 position to serve as the office manager in support of the CIC Board. This position will support the Executive Director in developing regulations, working with information technology staff to develop the necessary licensing system and database, processing registrations and annual filings, supervising other staff members (currently performed by the Executive Director) and conducting all operations and business of the new program. Based on the mid-point of the band range, the cost of salary and benefits for this position is expected to be \$65,589 in FY 2013 (assuming 23 pay periods) and \$68,442 in FY 2014 and future years.

For the new position, DPOR will need to purchase furniture and equipment at an estimated cost of \$7,000 in FY 2013. This is a one-time expenditure that will not continue into future years. Other operating costs beginning in FY 2013 include telephone, rent, information technology support, supplies, postage, and other operating costs, and are estimated at \$9,400 each year. These are recurring costs that will continue into future years.

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

This legislation will require reseller individuals to register with DPOR. Using the mid-point of the expected 300 to 400 range, it is approximated that 350 resellers will register over the first two years. To sufficiently cover the expenses of the program, the reseller registration fee will be a minimum of \$245 annually. The expected revenue is \$42,875 in FY 2013. Since the program is part of an existing board, the expenses in FY 2013 over the \$42,875 in expected revenue will be covered by the board's current cash balances until sufficient revenue is collected in later years. In FY 2014 and annually thereafter, the expected revenue is \$85,750.

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

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.

**Date:** 2/18/12

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