

Commission on Local Government

Estimate of Local Fiscal Impact

2015 General Assembly Session

Bill: HB1404

Patron: Head

Date: 1/15/2015

In accordance with the provisions of §30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced legislation:

Bill Summary:

Provides that in any instance in which a person is seeking a business permit, a license, or an application for any similar local government approval from a locality, the locality shall provide documentation and instructions that outline all steps necessary to obtain the permit, license, or approval. The locality shall also specify any further permit, license, or other approval that may be required to complete the original project or business activity and shall disclose the expected time required by the locality for the completion of each step of the process to obtain the permit, license, or other approval.

Local Analysis:

Locality: City of Chesapeake

We do not believe HB1404 will impact Chesapeake. The proposed mandates are part of customer services that are already provided to any applicant for a business license, permit or other approval. We believe that we are already in compliance with the proposed legislation.

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**Locality:** City of Danville

If the applicant has a firm plan, this should not have a significant fiscal impact. All permits administered by the City already have information available online or in person regarding criteria. The "expected time required by the locality for the completion," depends upon the quality and accuracy of information provided.

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Locality: City of Lynchburg

Estimated Fiscal Impact: \$3,000.00

This information is already provided by the Commissioner of Revenue for the City of Lynchburg. It is on the City's website and is sent in email to those requesting information. There would be an additional cost if a printed document is required.

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**Locality:** City of Roanoke

There would not be an impact to the City of Roanoke.

Currently the Commissioner of the Revenue provides prospective business licensees a business license requirement sheet, business license information sheets (tax rates, classes, all associated names, addresses and phone numbers, federal, state and local agencies or other offices the licensee needs to contact) and an application.

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Locality: City of Winchester **Estimated Fiscal Impact:** \$10,000.00

The bill could prove to be quite cumbersome for staff to enact. From a zoning administrator's perspective, the impacts on the local government will depend on how broadly the law is interpreted. How much detail and instruction are required for the outlining of "all steps necessary to obtain the permit, license, or approval?" For the time requirement, I assume this is for every single type of permit, license or application that someone may apply for.

We have several dozen different building and land use permits/applications and approvals that may be sought by a customer. If we are able to group such permits and approvals together with the same guides/instructions then the burden is not as heavy. However, if the intent of the law is to have a detailed written guide with timelines for every permit or approval, it will be quite daunting for staff to create one for each approval. What happens in the unique situations where a project does not fall nicely within the typical timeframes? Are there penalties that could be sought by the applicant against the City?

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**Locality:** Henrico County **Estimated Fiscal Impact:** \$1,000.00

While the cost of implementing this bill would be minimal (fiscal impact is a crude estimate for cost of materials and staff time), providing estimates for approval time frames would be problematic as there are many independent variables that are situation-specific.

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Locality: Henry County **Estimated Fiscal Impact:** \$3,500.00

The issuance of various Local permits and licenses is handled through multiple departments. After consulting with applicable departments, the consensus based upon the reading of the bill is that this would not have a huge impact on our locality. Time would need to be invested to develop policies and procedures related to what is written in the bill and to also develop forms or checklists to make sure these policies and procedures were followed. Initial development of these policies and procedures would mostly fall on department heads or constitutional officers who are not paid over-time, but may have to work more to do this. Some clerical over-time may be needed in this development, but shouldn't be significant. Once implemented additional staff time could be involved in working and explaining to the applicant the steps in the applicable process and the time required for each. This could push staff into over-time situations, especially in departments that are already short staffed.

Our cost estimate comes from the production and printing costs of new forms (\$1,000) and staff over-time to handle process (\$2,500).

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**Locality:** Rappahannock County

**Estimated Fiscal Impact:** \$5,000.00

Presuming that the local ordinances and language that require local permitting will not suffice, then extensive "plain English" directions forms will be needed, to include detailed "if, then" decision tree matrices. Staff time to write and periodically review and amend such guidance will be the main cost. The principal concern of note is the use of the word "may"; frequently, an "applicant" is so imprecise in what exactly he or she is seeking. To do that while answering all of the hypothetical questions would be both cumbersome to the regulator and unhelpful to the regulated. For example, "I want to get a building permit for an addition to my house" would cause me to ask "How big, how tall, are there any bathrooms, electrical or HVAC systems, does the current structure and the addition meet the setback required for your zoning district?" Most of these are going to be irrelevant and to prepare a checklist for every eventuality is of dubious educational value to the untutored.

**Locality:** Richmond County

**Estimated Fiscal Impact:** \$2,000.00

Richmond County provides this assistance on an informal basis, but it would take some staff time to get this information into a central location that would explain all potential and future steps. Would this require that we also provide all information and other permits that may be needed from other agencies (ex: Health Department, Incorporated Town, DEQ, VMRC, etc.)? That could be difficult and confusing if the locality were required to also inform them of the specifics that they would need from other agencies or departments on a formal basis. We do try to do this type of thing on an informal basis as well.

In what way is the County liable for omitting a step based off of incomplete information from the applicant? It is a great idea for local governments to provide this information to their people, but the State probably should not require this.

**Locality:** Town of Front Royal

Information about the general process and processing time for obtaining a business permit or license is currently provided by most localities. Provision of specific additional requirements cannot be reasonably provided until the permit or license has been submitted, as each individual application may require specific information or payment of outstanding fees or fines.

**Locality:** Town of Rocky Mount (2)

**Estimated Fiscal Impact:** \$5,000.00

Most of our processes already have the implied documentation. A nominal value is entered for improved form development and printing.

As long as the second "or other approval" is tied to the first "application for any similar local government approval" then this would have limited impact (i.e. it is tied to an approval that is equivalent to a permit or license). If it was misconstrued, then there could be a few more complex instances where an entity seeks "other approval" where this could be problematic. For example: approval to construct a subdivision is a complex process involving a substantial amount of code and often months of document submission and re-submission. Providing "documentation and instructions that outline all steps necessary" to obtain approval for a subdivision is assumed to be codified in our subdivision ordinance.

**Locality:** Wise County

For Wise County, it is unclear that this would create any additional cost. The County does not have a business license and for other licenses and applications we would create documentation which would inform applicants of the steps to obtain that respective license or permit and then indicate any additional steps (if any) to obtain full compliance with the locality.

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Conclusion:

HB 1404 requires localities to provide documentation of procedures to be followed to acquire permits, licenses, and applications. They also must disclose any approvals necessary to acquire any permit, license, or application and estimate the time to complete each step of the process.

A handful of responses indicate that they are performing the services outlined in HB 1404 and do not anticipate a fiscal impact. For others, the costs range from \$1,000-10,000. It is clear that staff time would be required to document all procedures before they can be published. Staff would also be required to update these procedures in the future if necessary.

Most localities agree that assistance with permits, licenses, and applications are a customer service requirement of local governments, but some oppose a requirement from the state. Localities expressed concern about their ability to comply with the provisions of HB 1404 when so many applications are unique. They are also unsure of the repercussions of non-compliance.

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