

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: HB964

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

2. Patron: Davis, G.R.

3. Committee: General Laws

4. Title: Contractors, Board for; exemptions from licensure

5. Summary: Exempts from licensure any person who performs the construction, removal, repair, or improvement of real property retained by a licensed contractor, provided that (i) such person (a) is authorized to transact business in the Commonwealth pursuant to one of the business entity statutes administered by the State Corporation Commission, (b) possesses a valid business license in accordance with Chapter 37 (§ 58.1-3700 et seq.) of Title 58.1, and (c) carries workers' compensation insurance and other required insurance coverage and (ii) the work performed by such person is under the direct supervision and control of the retaining licensed contractor.

6. Budget Amendment Necessary: No.

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

7a. Expenditure Impact: None.

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2016	\$0	n/a
2017	(\$302,550)	Dedicated Special Revenue (Fund 0900)
2018	(\$302,550)	Dedicated Special Revenue (Fund 0900)
2019	(\$302,550)	Dedicated Special Revenue (Fund 0900)
2020	(\$302,550)	Dedicated Special Revenue (Fund 0900)
2021	(\$302,550)	Dedicated Special Revenue (Fund 0900)
2022	(\$302,550)	Dedicated Special Revenue (Fund 0900)

8. Fiscal Implications: This bill is expected to result in a reduction of licensed contractors which will decrease the revenue collected by the Department of Professional and Occupational Regulation (DPOR) for the Board for Contractors (Board). It is anticipated that up to 5,000 contractors that exclusively perform work for other licensed contractors as sub-contractors will forfeit their own licenses, which would no longer be required. Of the 5,000 contractors assumed to forfeit their licenses, it is estimated that 4,500 are Class C contractors and 500 Class B contractors. Based on the current biennial renewal fees of \$100 and \$150 respectively for those license classes, the Board expects a reduction in annual renewal revenue of (\$262,500). Additionally, the Board expects an estimated annual reduction in

initial applications for licensure from 125 Class C applicants and 40 Class B applicants. Based on the current application fees of \$210 and \$345 respectively, the Board expects a reduction in annual application revenue of (\$40,050). Total reduction in revenue is expected to be (\$302,550) annually.

The reduction in the number of licensed contractors is also expected to impact the Virginia Contractor Recovery Fund (Fund) by collecting fewer assessment fees (currently \$50 for renewals and \$25 for applicants). Based on the total reduction of 2,500 renewals annually and 165 applicants annually, the Fund is expected to collect (\$129,125) less annually in assessment fees. This may affect the number or dollar amounts of approved claims that can be paid from the Fund, negatively affecting eligible consumers with unpaid judgments against licensed contractors.

9. Specific Agency or Political Subdivisions Affected: Department of Professional and Occupational Regulation, State Corporation Commission.

10. Technical Amendment Necessary: No.

11. Other Comments: None.