

## Department of Planning and Budget 2016 Fiscal Impact Statement

**1. Bill Number:** HB253

**House of Origin**     Introduced     Substitute     Engrossed  
**Second House**     In Committee     Substitute     Enrolled

**2. Patron:** Minchew, J.R.

**3. Committee:** General Laws.

**4. Title:** Local license tax and state contractor's license; certificate of workers' compensation compliance.

**5. Summary:** Removes the requirement that contractors verify workers' compensation compliance before receiving a local license to do business and makes such requirement a condition of receiving a state contractor's license, but requires the Board of Contractors within the Department of Professional and Occupational Regulation to do so prior to issuing or reissuing a state contractor's license.

**6. Budget Amendment Necessary:** Yes. Item 122 of HB30/SB30.

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

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016	\$0	0.0	n/a
2017	\$172,924	2.0	Dedicated Special Revenue (Fund 0900)
2018	\$164,712	2.0	Dedicated Special Revenue (Fund 0900)
2019	\$164,712	2.0	Dedicated Special Revenue (Fund 0900)
2020	\$164,712	2.0	Dedicated Special Revenue (Fund 0900)
2021	\$164,712	2.0	Dedicated Special Revenue (Fund 0900)
2022	\$164,712	2.0	Dedicated Special Revenue (Fund 0900)

**8. Fiscal Implications:** This bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by requiring the Board for Contractors (Board) to collect and review written certification that each applicant and licensed contractor is maintaining Workers' Compensation Insurance coverage for each employee of the contractor. The bill requires the Board to forward the signed certification to the Virginia Workers' Compensation Commission (Commission). There are currently over 58,000 licensed contractors and the Board receives approximately 3,500 contractor applications each year.

Expenditure Impact: This legislation will require the addition of two classified Band 3 licensing specialist positions in order to accomplish the increased manual processing duties, particularly for renewing licenses which are currently completed under an automated process.

The additional licensing specialist duties would include mail processing, documentation review, entry into the licensing system, manual approval of license applications and renewals, submission of documentation to the Commission, filing, and records retention. The cost of salary and benefits for these positions, based on the mid-point for the band 3 salary range, is expected to be \$133,124 in FY2017 (assuming 23 pay periods) and \$138,912 annually beginning in FY 2018. These are recurring costs that will continue into future biennia.

In FY2017, DPOR will need to purchase furniture and equipment for the new positions at an estimated cost of \$14,000. These are one-time expenditures that will not continue into future years. Other operating costs beginning in FY 2017 and recurring in future years include telephone, employee development, computer operating support, and supplies. These costs are estimated at \$12,900 each year.

Additional costs related to renewal payment processing are expected. Approximately 29,000 renewals processed each year will require manual review before issuance and nearly 20,000 renewals processed by the bank lockbox will require special handling of the signed, written certifications. The additional costs for the special handling by the bank are indeterminate at this time.

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

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

**11. Other Comments:** None.