

Department of Planning and Budget

2017 Fiscal Impact Statement

1. Bill Number: SB1113

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

2. Patron: McPike

3. Committee: General Laws and Technology

4. Title: Board for Contractors; optional bonding for Class A and B contractors.

5. Summary: Allows applicants for Class A and Class B contractor licenses to demonstrate financial responsibility by posting a surety bond for both the initial application for licensure and subsequent renewals in lieu of providing a financial statement. The bill provides a process for recovery on a surety bond of a contractor who has elected to post such a bond. The bill also amends the Virginia Contractor Transaction Recovery Act (the Act) by providing that an informal fact-finding conference or formal hearing under the Administrative Process Act is not required as a part of the consideration of the claim against the Act unless requested by the claimant. Under current law, an informal fact-finding conference may be held at the discretion of the Department.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See Item 8 below.

8. Fiscal Implications: This bill minimally increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by allowing Class A and B contractor applicants to submit surety bond information in lieu of providing a financial statement. DPOR is experienced in administering other regulatory programs with bonding criteria and expects minimal programmatic or operational impact and no additional fiscal impact.

For many applicants and licensees, no additional expense would be incurred because they already maintain surety or performance bonds in the regular course of business. Applicants that choose to obtain the optional surety bond in place of providing a financial statement and do not already maintain the surety bond may incur the additional expense of obtaining a bond. Costs for bonds of \$25,000 to \$50,000 could range from \$250 to \$1,500 for contractors with good credit and up to \$1,000 to \$7,500 for high-risk applicants.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.