

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: HB1103

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

2. Patron: Stolle

3. Committee: Militia, Police and Public Safety

4. Title: Department of Emergency Management; waiver of permit fees for small businesses affected.

5. Summary: Provides for the waiver of all permit fees, including building permit and inspection fees, charged by state agencies and associated with reopening or restoring small businesses that have been significantly affected by a disaster declared by either the Governor or a local governing body. The waiver of such fees would be valid for a period of 180 days after the date of the emergency declaration. The bill directs the Department of Emergency Management to develop and manage a program for certifying small business applications for such waivers. The bill also allows localities, by ordinance, to waive local permit fees for affected businesses that have received state waiver certifications.

6. Budget Amendment Necessary: Yes. Item 400.

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

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2019	\$253,148	2	General
2020	\$235,148	2	General
2021	\$235,148	2	General
2022	\$235,148	2	General
2023	\$235,148	2	General
2024	\$235,148	2	General
2025	\$235,148	2	General

8. Fiscal Implications: The proposed legislation requires the Department of Emergency Management (VDEM) to establish a program to review and certify permit fee waiver applications for small businesses that have been significantly affected by a declared disaster. According to VDEM, the agency is not currently equipped or staffed to implement the provisions of the proposed bill. The agency believes it would require additional funding of \$253,148 in FY2019 and estimates ongoing costs of \$235,148 beginning in FY2020. Included in these amounts are \$165,498 for the salaries and benefits of two new Financial

Services Specialists (pay band 5), one-time costs estimated at \$8,000 to train the new staff, and ongoing costs for travel, including lodging and per diem costs and vehicle expenses estimated at \$15,650 per year. It also includes information technology-related costs, including cost to purchase and maintain new software to manage the application process, are estimated at \$64,000 in FY2019 and \$54,000 beginning in FY2020.

The proposed legislation might also impact the revenues of state agencies that charge small businesses building permit and inspection fees. For example, numerous categories of small businesses are issued permits and licenses by agencies within the Health and Human Resources Secretariat. These permits and licenses may fall under the requirements of this bill, depending on the nature and severity of the declared emergency's impact. This would most likely apply in cases where the business's physical structure or infrastructure was sufficiently compromised, posing a life or safety hazard, but may also arise if the business's normal inspection or renewal schedule occurred during the 180-day window provided by this bill. There is no way to reliably estimate the fiscal implications of this bill on the agencies that license and permit these businesses because it is not possible to estimate how many businesses would be affected, and to what extent. However, the following is a sample of categories of businesses that may qualify for waived fees under this bill, resulting in a loss of nongeneral fund revenues for the agencies:

Department of Health

- Sewage Disposal Systems
- Private Wells
- Drinking water wells
- Businesses that pump septic and dispose of sewage
- Restaurants
- Hotels
- Campgrounds
- Summer Camps
- Swimming Pools
- Migrant Labor Camps
- Bed and Breakfasts
- Marinas

Department of Behavioral Health and Developmental Services

- Group homes
- Any private community-based mental healthcare facility
- Any substance abuse treatment facility
- Any service provider for the intellectually disabled that has a physical facility

Department of Social Services

- Day care centers
- Adult care facilities

According to the Department of Taxation, the Department of Environmental Quality, and the Department of Professional and Occupational Regulation, this bill is not expected to have a

fiscal impact on agency operations. Information from the State Corporation Commission was not readily available.

9. Specific Agency or Political Subdivisions Affected: Department of Emergency Management, Department of Health, Department of Behavioral Health and Developmental Services, Department of Social Services, Local Governments.

10. Technical Amendment Necessary: None

11. Other Comments: None