

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: SB1359

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

2. Patron: Reynolds

3. Committee: General Laws and Technology

4. Title: **Department of Professional and Occupational Regulation; Board for Contractors; regulation of locksmiths**

5. Summary: The bill transfers the regulation of locksmiths and locksmith services from the Department of Criminal Justice Services to the State Board for Contractors. The bill also limits the licensing and registration fee to \$200 and extends the license and registration period to five years.

6. Fiscal Impact Estimates: Preliminary

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2009	0	0.00	NGF
2010	95,842	1.00	NGF
2011	87,853	1.00	NGF
2012	87,853	1.00	NGF
2013	87,853	1.00	NGF
2014	87,853	1.00	NGF
2015	87,853	1.00	NGF

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2009	0	NGF
2010	88,365	NGF
2011	88,365	NGF
2012	88,365	NGF
2013	88,365	NGF
2014	88,365	NGF
2015	88,365	NGF

7. Budget Amendment Necessary: Yes. Item number 118 of Senate Bill 850.

8. Fiscal Implications: This bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by transferring the regulatory program for locksmiths and locksmith services to the Board for Contractors. Currently, 163 locksmith businesses and 520 individual locksmiths are licensed by the Department of Criminal Justice Services.

Personal Service Costs: This legislation will require one classified band four position to manage licensing activities of the new program, including communication with licensees and the public, coordination of examination activities, course review and approval, application review, and issuance of licenses. The cost of salary and benefits for this position, based on the mid-point of the band range, is expected to be \$69,250 in FY 2010 (assuming 23 pay periods) and \$72,261 in future years. These are recurring costs that will continue into future biennia.

This legislation adds two members to the Board for Contractors. Travel and per diem expenses for those two additional members to attend eight meetings annually will be \$4,092.

The legislation requires applicants for licensure to be examined. The cost to develop an examination is expected to be about \$4,000 in FY 2010 only.

Revenue: In accordance with the provisions of §54.1-113 (Callahan Act) of the Code of Virginia, licensing fees are established at rates adequate to cover a program's operating costs and a proportionate share of agency support costs. This legislation establishes a maximum application fee for businesses and individuals of \$200, and provides for renewal fees to be set by the board. Renewal fees will be established so that total revenues are sufficient for the program's expenses.

The Callahan Act provides for a biennial review of each board's financial activity and position, and for each board to adjust fees as necessary to ensure that revenues are sufficient but not excessive to cover costs. Based on that requirement, all regulatory programs in the department operate with a one or two year renewal cycle. This legislation provides for a five year renewal cycle.

The department expects to receive revenue of \$441,825 over the five year cycle, or about \$88,365 annually.

Cost to Regulators: The maximum application fee of \$200 for a five year license has the effect of an annual cost of \$40 for the first license cycle. The projected renewal fee for a five year license is estimated at \$625, for an annual cost of \$125.

If the maximum application fee of \$200 were removed, the cost to apply for and renew a license would be about \$240 for a two year license, or an annual cost of \$120.

9. Specific Agency or Political Subdivisions Affected: The Department of Professional and Occupational Regulation, The Department of Criminal Justice Services

10. Technical Amendment Necessary: No

11. Other Comments: The second enactment clause states that the Board of Contractors shall promulgate regulations to implement the provisions of this act to be effective within 280 days of its enactment.

The third enactment clause states that any license issued to a locksmith services business or registration issued to a locksmith by the Department of Criminal Justice Services (DCJS) shall remain in effect until a license or registration is issued by the board.

The fourth enactment clause states that as of July 1, 2009, the board shall be deemed successor in interest to DCJS to the extent that this act transfers powers and duties.

The fifth enactment clause states that all rules and regulations adopted by DCJS that are in effect as of July 1, 2009, and that pertain to the subject of this act, shall remain in full force and effect until altered, amended, or rescinded by the board.

The sixth enactment clause repeals § 9.1-140.1 of the Code of Virginia that permits the board to issue a registration, without examination, to any applicant who provides satisfactory proof to the board of having been actively and continuously providing locksmith services immediately prior to July 1, 2008, for at least two years

Date: 2/4/2009 dpbbrb

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cc: Secretary of Commerce and Trade