

## Department of Planning and Budget

### 2011 Fiscal Impact Statement

**1. Bill Number: HB1674**

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

**2. Patron: Pogge, B.**

**3. Committee: General Laws**

**4. Title: Common interest communities; definitions; fees for disclosure packets.**

**5. Summary:** Removes the current exemption from licensure for any employee or independent contractor of an association who provides management services to the association for compensation. The bill also delays until July 2012 the time by which an employee of a common interest community manager must hold a certificate from the Common Interest Community Board. The bill, in cases where a receiver has been appointed, allows the receiver to recover the unpaid portion of any attorney fees, costs, and expenses from the Common Interest Community Management Recovery Fund, if there are sufficient funds in that Fund. The bill reduces from 90 to 30 days the time when the selling owner will be responsible for the fees for preparation of the disclosure packet when no settlement occurs on the unit or lot. The bill contains technical amendments.

**6. Budget Amendment Necessary:** No. The Department can absorb the additional costs within its current appropriation.

**7. Fiscal Impact Estimates:** The fiscal impact estimates are preliminary.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2011	\$2,200	0.00	NGF ( 0259)
2012	\$0	0.00	NGF ( 0259)
2013	\$0	0.00	NGF ( 0259)
2014	\$0	0.00	NGF ( 0259)
2015	\$0	0.00	NGF ( 0259)
2016	\$0	0.00	NGF ( 0259)
2017	\$0	0.00	NGF ( 0259)

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2011	(\$18,000)	NGF ( 0259)
2012	\$12,500	NGF ( 0259)
2013	\$12,500	NGF ( 0259)
2014	\$5,000	NGF ( 0259)
2015	\$5,000	NGF ( 0259)

2016	\$5,000	NGF ( 0259)
2017	\$5,000	NGF ( 0259)

**8. Fiscal Implications:** This bill removes the exemption for employees of self-managed associations from the requirements of obtaining a manager's license. The Department estimates that there are approximately 250 individuals who would no longer be exempt and would be required to apply for a manager's license.

Personal Service Costs: This legislation will not require any additional personal service costs.

Operating Costs: In FY2011, DPOR will need to mail a notification describing the legislative changes to approximately 5,000 associations. The one-time cost for this mailing is estimated at \$2,200. No other costs are expected with this legislation.

Revenue: In accordance with the provisions of Section 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.

Upon expiration of provisional licenses, regulants must obtain a permanent license at an annual fee of \$100. The proposed legislation will extend the expiration date for provisional licenses from June 30, 2011 to June 30, 2012, therefore revenue from permanent license fees will not be received in FY11. There are currently approximately 200 provisional licensees. Revenue for FY2011 was estimated using the permanent license fee of \$100, and assuming that 90 percent, or 180 provisional licensees would obtain permanent licenses, for a total reduction in revenue in FY2011 of \$18,000. This is a one-time reduction in revenue for FY2011 only.

Some employees of self-managed associations will be required to be licensed as a manager. Approximately 250 individual applications are expected in the first biennium. The Department expects that about 100 individuals will ultimately be qualified and licensed. Application and renewal fees are expected to be \$100. Total additional revenue is estimated to be \$25,000 in the first biennium and \$10,000 per biennium thereafter.

The Board's current cash and revenues are expected to be sufficient to cover the increased costs associated with this legislation.

Cost to Regulants: The employees of associations that are required to be a licensed manager due to this legislation will have new licensing costs of \$100 biennially, or \$50 annually. This includes an initial \$100 application fee and a \$100 biennial renewal fee. No additional cost to current regulants is expected as a result of this legislation.

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

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

**11. Other Comments:** None

**Date:** 01/17/2011

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