

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: SB1341

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

2. Patron: Norment, T.

3. Committee: General Laws and Technology

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

5. Summary: 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. Budget Amendment Necessary: Yes. Item #113.

The Department's appropriation will need to be increased for FY2012 and future years to cover the projected costs and position associated with this bill.

	<u>FY12</u>	<u>FY13</u>	<u>Positions</u>
Service Area 560 46:	\$83,972	\$61,278	1.00
Service Area 560 47:	\$0	\$0	0.00
Service Area 560 48:	\$13,700	\$6,700	0.00

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	\$0	0.0	0900NGF
2012	\$97,672	1.0	0900 NGF
2013	\$67,978	1.0	0900 NGF
2014	\$67,978	1.0	0900 NGF
2015	\$67,978	1.0	0900 NGF
2016	\$67,978	1.0	0900 NGF
2017	\$67,978	1.0	0900 NGF

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2011	\$0	0900 NGF
2012	\$193,600	0900 NGF

2013	\$183,600	0900 NGF
2014	\$0	0900 NGF
2015	\$0	0900 NGF
2016	\$0	0900 NGF
2017	\$183,600	0900 NGF

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. The Department estimates that there are approximately 360 locksmith businesses and 1,080 individual locksmiths licensed by the Department of Criminal Justice Services. These current licensees are expected to renew within the first biennium. The Department estimates an additional 50 businesses and individuals would apply for licensure in FY2012.

Personal Service Costs: This legislation will require one classified Band 3 position to manage licensing activities of the new program, including communication with licensees and the public, coordination of examination activities, bond and fingerprinting record-keeping, 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 \$53,016 in FY 2012 (assuming 23 pay periods) and \$55,322 in future years. These are recurring costs that will continue into future biennia.

Operating Costs: In FY2012, DPOR will need to purchase furniture and equipment for the new position at an estimated cost of \$7,000. This is a one-time expenditure that will not continue into future years. Other operating costs beginning in FY2012 include telephone, employee development, computer operating support, postage, printing, and supplies, and are estimated at \$9,800 each year. These are recurring costs that will continue into future years.

This legislation adds two members to the Board for Contractors. Travel and related expenses for those two additional members to attend eight meetings annually will be \$2,856.

The legislation requires applicants for licensure to be examined. The cost to develop an examination is expected to be about \$25,000 in FY2012 only.

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. 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 Department expects to receive revenue of \$10,000 in FY2012 from the initial application fees. In order for fees to cover the ongoing expenses, the renewal fees will need to be set at approximately \$255 for a five year renewal period. Revenue from renewals is expected to be approximately \$183,600 per year in FY2012 and FY2013.

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 currently operate with a one or two year renewal cycle. This legislation provides for a five year renewal cycle.

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 \$255, for an annual cost of \$51.

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

10. Technical Amendment Necessary: No.

11. Other Comments: The Department of Criminal Justice Services is projected to lose approximately \$60,000 per year in revenue; however, the loss of revenue will not cause the agency to lose any currently funded positions and may actually reduce the number of investigations of regulatory violations among locksmiths.

Date: 01/18/2011

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