

Department of Planning and Budget 2012 Fiscal Impact Statement

Revised

1. Bill Number: HB233

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

2. Patron: Cosgrove, J. A.

3. Committee: General Laws

4. Title: Time-Share Act; revisions.

5. Summary: This fiscal impact statement has been revised to reflect the proper budget amendment Item number, referenced below.

This bill revises the Virginia Real Estate Time-Share Act (§ 55-360 et seq.) to include the following provisions: (i) a time-share company licensed outside the Commonwealth does not have to be licensed in Virginia to solicit existing customers who are residents of Virginia; (ii) any reseller of a time-share in Virginia shall be regulated in Virginia; (iii) a time-share deed shall not be transferred without the consent of both parties; (iv) audited annual reports shall be provided to time-share owners; (v) a buyer's acknowledgment must be provided to each time-share purchaser disclosing information including whether or not the developer owns a buyback program and making clear that the purchaser is buying a time-share for personal use, rather than investment purposes or resale potential; (vi) and such disclosures must be provided in a document separate from the contract and must be written in clear and concise language. The bill further provides that the Common Interest Community Board shall regulate the time-share industry in Virginia.

6. Budget Amendment Necessary: Yes, Item 122 of HB/SB 30.

7. Fiscal Impact Estimates: Preliminary. See item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2012	\$0	0	n/a
2013	\$90,845	1.0	Special Revenue;
2014	\$77,842	1.0	Special Revenue
2015	\$77,842	1.0	Special Revenue
2016	\$77,842	1.0	Special Revenue
2017	\$77,842	1.0	Special Revenue
2018	\$77,842	1.0	Special Revenue

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2012	\$0	
2013	\$62,000	Special Revenue
2014	\$161,000	Special Revenue
2015	\$74,000	Special Revenue
2016	\$74,000	Special Revenue
2017	\$74,000	Special Revenue
2018	\$74,000	Special Revenue

- 8. Fiscal Implications:** This bill will increase the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by revising various provisions of the Virginia Real Estate Time-Share Act. Under the responsibility of the Common Interest Community Board (CIC Board), these revisions include a new definition of developer, additional prohibited acts, registration requirements for resellers of time shares, and numerous other changes. The department estimates that approximately 50 additional developers will be required to register and approximately 300 to 400 individuals classified as resellers would be required to register through the revised program.

Personal Service and Operating Costs: This legislation will require one classified Band 4 position to serve as the office manager in support of the CIC Board. This position will support the Executive Director in developing regulations, working with information technology staff to develop the necessary licensing system and database, processing registrations and annual filings, supervising other staff members (currently performed by the Executive Director) and conducting all operations and business of the new program. Based on the mid-point of the band range, the cost of salary and benefits for this position is expected to be \$65,589 in FY 2013 (assuming 23 pay periods) and \$68,442 in FY 2014 and future years.

For the new position, DPOR will need to purchase furniture and equipment at an estimated cost of \$7,000 in FY 2013. This is a one-time expenditure that will not continue into future years. Other operating costs beginning in FY 2013 include telephone, rent, information technology support, supplies, postage, and other operating costs, and are estimated at \$9,400 each year. These are recurring costs that will continue into future years.

Revenue: In accordance with the provisions of Section 54.1-113 (Callahan Act), 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 will require additional developers to register with the department. It is estimated that about 50 new developers will register over the first two years. The current fee for registration is \$1,500. Registration revenue is expected to total \$37,500 each year for FY 2013 and FY 2014. Developers then must provide an annual filing at a cost of \$500. Filing fee revenue is expected to be \$12,500 in FY 2014 and \$25,000 annually thereafter.

Further, this bill requires reseller individuals to register with the DPOR. Using the mid-point of the expected 300 to 400 range, it is approximated that 350 resellers will register over the first two years. To sufficiently cover the expenses of the program, the reseller registration fee will be a minimum of \$140 annually. The expected revenue is \$24,500 in FY 2013. In FY 2014 and annually thereafter, the expected revenue is \$49,000.

Cost to Regulators: The initial registration fee for a developer will be \$1,500 and the annual filing fee for a two year license will be \$500. Individual reseller annual registration is estimated to cost \$140.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/18/12

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