

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: HB1645

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

2. Patron: Tata, R.

3. Committee: General Laws

4. Title: Board for Contractors; tradesmen licenses.

5. Summary: This bill provides that licenses for tradesmen shall expire three years from the date of issuance by the Board for Contractors. This measure is an attempt to sync changes to the Uniform Statewide Building Code, which are on a three-year cycle, to the expiration of a tradesman license, which is currently every two years.

6. Budget Amendment Necessary: No.

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

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2013	\$0	0.0	n/a
2014	\$0	0.0	n/a
2015	\$0	0.0	n/a
2016	(\$10,000)	0.0	Dedicated Special Revenue
2017	(\$6,000)	0.0	Dedicated Special Revenue
2018	\$6,000	0.0	Dedicated Special Revenue
2019	(\$26,000)	0.0	Dedicated Special Revenue

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2013	\$0	n/a
2014	\$0	n/a
2015	\$0	n/a
2016	(\$900,000)	Dedicated Special Revenue
2017	(\$540,000)	Dedicated Special Revenue
2018	\$540,000	Dedicated Special Revenue
2019	(\$1,440,000)	Dedicated Special Revenue

8. Fiscal Implications: This bill changes the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by increasing the licensure period to three years for tradesmen within the Board for Contractors. The Board currently regulates about 28,300 tradesmen. The fiscal implications are calculated assuming that approximately 10,000 tradesmen renew licensure in even years, and approximately

16,000 tradesmen renew licensure in odd years, which the agency believes averages to new applicants and/or lack of renewals that will result from this legislation.

Operating Costs: DPOR will reduce the number of renewal notices mailed as the result of this legislation. Mailing and related costs are expected to be lower by \$10,000 in FY 2016, \$6,000 in FY 2017, and \$16,000 in FY 2019 while mailing costs are expected to be higher by \$6,000 in FY 2018. Total savings is expected to be \$26,000 over the next six fiscal 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. With licensure periods and related renewals extended to three years, the associated fees would be received every three years rather than every two years, resulting in revenue decreases by \$900,000 in FY 2016, \$540,000 in FY 2017, and \$1,440,000 in FY 2019 and revenue increase \$540,000 in FY 2018, or net total decrease of \$2,340,000. According to DPOR, fee increases are necessary to ensure total revenue for three biennia remains unchanged. The initial application fee would increase from \$130 to \$175 and the renewal fee would increase from \$90 to \$135. Revenue would be collected on a three year cycle while the Callahan Act mandates review and comparison of revenue to expenditures on a biennial basis, matching the biennial budget of the Commonwealth.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/14/13

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