

Department of Planning and Budget

2016 Fiscal Impact Statement

1. Bill Number: HB741

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

2. Patron: Miller, J.H.

3. Committee: Appropriations

4. Title: Asbestos, Lead, and Home Inspectors, Virginia Board for; licensing of home inspectors.

5. Summary: Provides that beginning July 1, 2017, home inspectors must be licensed by the Virginia Board for Asbestos, Lead, and Home Inspectors (the Board). Currently home inspectors must be certified. The bill also provides that its provisions shall become effective on July 1, 2017. The bill's fourth enactment clause provides that the Board shall promulgate regulations to implement the provisions of the bill to be effective no later than July 1, 2017 and that the Board's initial adoption of regulations necessary to implement the provisions of this act shall be exempt from the Administrative Process Act, except that the Board shall provide an opportunity for public comment on the regulations prior to adoption. The bill contains a technical amendment.

6. Budget Amendment Necessary: Yes. Item 122 of HB30/SB30.

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

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016	\$0	0.0	n/a
2017	\$17,820	1.0	Dedicated Special Revenue (Fund 0900)
2018	\$87,389	1.0	Dedicated Special Revenue (Fund 0900)
2019	\$87,389	1.0	Dedicated Special Revenue (Fund 0900)
2020	\$87,389	1.0	Dedicated Special Revenue (Fund 0900)
2021	\$87,389	1.0	Dedicated Special Revenue (Fund 0900)
2022	\$87,389	1.0	Dedicated Special Revenue (Fund 0900)

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2016	\$0	n/a
2017	\$0	n/a
2018	\$51,200	Dedicated Special Revenue (Fund 0900)
2019	\$4,000	Dedicated Special Revenue (Fund 0900)
2020	\$76,000	Dedicated Special Revenue (Fund 0900)
2021	\$9,625	Dedicated Special Revenue (Fund 0900)
2022	\$74,425	Dedicated Special Revenue (Fund 0900)

- 8. Fiscal Implications:** This bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by requiring the licensing of home inspectors by the Board for Asbestos, Lead, and Home Inspectors (Board). DPOR estimates approximately 1,000 home inspectors would be required to be licensed. The Board currently regulates about 360 home inspectors who maintain a voluntary certification. Current regulants would be required to become licensed. In addition, approximately 640 additional home inspectors would be affected by this requirement to become licensed. The bill will also require the approval of additional training modules offered by training providers.

Expenditure Impact: This legislation will increase the work load of the staff supporting the Board. The current staff is operating at maximum capacity and this bill will require one Band 3 classified position to serve as a licensing specialist for the home inspector program. The licensing specialist duties will include application review and approval, mail processing, telephone and e-mail inquiry responses, continuing education documentation collection and approval, and training module approvals. The cost of salary and benefits for the position, based on the mid-point for the band 3 salary range, is expected to be \$5,787 in FY2017 (assuming 2 pay periods) and \$69,456 annually beginning in FY 2018. This is a recurring cost that will continue into future biennia.

In FY2017, 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 FY 2018 and recurring in future years include telephone, employee development, computer operating support, and supplies. These costs are estimated at \$12,900 each year. The additional licensing requirements of this bill may increase complaint and enforcement activity, which can be absorbed with current resources.

Revenue Impact: 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. Approximately 640 new home inspectors are expected to apply and obtain a license in FY2018 and approximately 50 applicants beginning in FY2019 and continuing in subsequent years. The cost to the regulant is expected to be \$80 to apply for a license and \$45 to renew the license every two years. Total additional revenue is estimated to be \$51,200 in FY 2018, \$4,000 in FY2019, and approximately \$80,000 to \$85,000 per biennium thereafter.

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

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** This bill is a companion to SB453.