

## Department of Planning and Budget 2019 Fiscal Impact Statement

**1. Bill Number:** SB1751

**House of Origin**     Introduced         Substitute         Engrossed  
**Second House**     In Committee     Substitute         Enrolled

**2. Patron:** Ruff

**3. Committee:** Passed Both Houses

**4. Title:** Department of Professional and Occupational Regulation.

**5. Summary:** Permits the Director of DPOR, or his designee, to issue a notice to any person unlawfully engaging in unlicensed practice of an occupation to cease and desist such activity. The bill provides that following the close of any biennium, when the account for any regulatory board within DPOR shows that moneys collected on behalf of the regulatory board exceed 20 percent or \$100,000, whichever is greater, of the expenses allocated to the regulatory board for the past biennium, the regulatory board shall (i) reduce the fees levied by it for certification, licensure, registration, or permit and renewal thereof so that the fees are sufficient but not excessive to cover expenses and (ii) distribute all unspent or unencumbered revenue in excess of such limits to current regulants of the board. Under current law, these boards are required to adjust their fees when their account shows expenses allocated to it for the past biennium to be more than 10 percent greater or less than moneys collected on behalf of the board. Current law does not require the boards to distribute excess funds to regulants. The provisions of this bill amending § 54.1-113, Code of Virginia, shall become effective on July 1, 2022.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Final. See Item 8.

**8. Fiscal Implications:** This bill changes the administrative and enforcement responsibilities of the Department of Professional and Occupational Regulation (DPOR). The bill implements two recommendations of the Joint Legislative Audit and Review Commission (JLARC) report on DPOR operations and performance, dated October 9, 2018.

The bill permits the Director of DPOR, or his designee, to issue a notice to any person unlawfully engaging in unlicensed practice of an occupation to cease and desist such activity. Any additional tasks required to implement this change can be absorbed within current operations.

The bill requires DPOR to distribute all unspent or unencumbered revenue in excess of \$100,000 or 20 percent of the total expenses allocated to the regulatory board for the past biennium, whichever is greater, to current regulants and to reduce the fees for certification,

licensure, registration, or permit and renewal so that the fees are sufficient but not excessive to cover expenses.

The fiscal impact resulting from the costs involved in distributing excess funds is indeterminate and will depend on the number of regulants receiving a distribution payment. In circumstances when boards have excess funds, DPOR would need to record a transaction for each regulant in the state accounting system and issue the regulant a physical check. This process would involve staff time at DPOR. The total cost incurred by DPOR to distribute excess funds (including staff time, postage, and materials) is anticipated to be approximately \$5.00 per check. For example, the cost to distribute excess funds for one board with 70,000 regulants would be approximately \$350,000.

The bill includes that the provisions of the first enactment amending § 54.1-113, Code of Virginia, shall become effective on July 1, 2022.

It is anticipated that that this bill will not result in a fiscal impact to the Department of Accounts or the Department of the Treasury as the bill places all administrative responsibilities on DPOR.

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

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

**11. Other Comments:** None.