

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: HB832

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

2. Patron: Sullivan

3. Committee: General Laws

4. Title: Department of Professional and Occupational Regulation; registration of athlete agents; penalty.

5. Summary: Creates a registration requirement for athlete agents administered by the Director of the Department of Professional and Occupational Regulation, sets out the requirements for registration and conduct of athlete agents, and provides for administrative, civil, and criminal penalties.

6. Budget Amendment Necessary: Yes, Item 127 for the Department of Professional and Occupational Regulation, and Item 402, Department of Corrections.

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

7a. Expenditure Impact, Item 127:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2020	0	0	n/a
2021	\$138,083	1.0	NGF
2022	\$136,075	1.0	NGF
2023	\$136,075	1.0	NGF
2024	\$136,075	1.0	NGF
2025	\$136,075	1.0	NGF
2026	\$136,075	1.0	NGF

Expenditure Impact, Item 402:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2020		0	n/a
2021	\$ 50,000	0	GF
2022	0	0	n/a
2023	0	0	n/a
2024	0	0	n/a
2025	0	0	n/a
2026	0	0	n/a

7b. Revenue Impact, Department of Professional and Occupational Regulation:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2020	0	n/a
2021	\$60,000	NGF
2022	\$60,000	NGF
2023	\$60,000	NGF
2024	\$60,000	NGF
2025	\$60,000	NGF
2026	\$60,000	NGF

- 8. Fiscal Implications:** This bill will increase the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by assigning responsibility for developing, implementing and administering a new regulatory program for athlete agents. DPOR estimates that approximately 240 individuals would be registered through this program. The estimate is based on the number of registered athlete agents in surrounding states and on the number of NCAA Division I schools located in Virginia.

DPOR Expenditure Impact: DPOR anticipates that implementing this legislation will require one classified Band 5 position to serve as the administrator for the new program. This position will develop regulations, work with information technology staff to develop the necessary licensing system and database, communicate with affected stakeholders and regulants, process applications and renewals, work with enforcement activities, and conduct all operations and business of the regulatory program. The cost of salary and benefits for this position, based on the mid-point of the band range, is expected to be \$114,783 in FY2021 (assuming 23 pay periods) and \$119,775 in FY2022 and future years.

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 FY2021 include telephone, rent, information technology support, supplies, postage, and other operating costs, and are estimated at \$16,300 each year. These are recurring costs that will continue into future years.

A nongeneral fund appropriation increase and additional position is necessary for the position and associated personnel costs. Language in Chapter 854, the 2019 Appropriation Act, and continued in HB30 and SB30, as introduced, requires the department to hold any balances in the Dedicated Special Revenue Fund (0900), the Common Interest Community Management Information Fund (0259) and the Special Revenue Fund (0200) in reserve and to use those balances to offset the anticipated, future costs of restructuring its organization, including additional staffing needs and the replacement or upgrade of the Department's information technology systems. As of June 30, 2019, all cash balances are reserved for IT and current personnel needs based on the 2019 Appropriation Act, and DPOR reports submitted to the General Assembly on November 1, 2019. Per the reports submitted by DPOR in accordance with the budget language in the 2019 Appropriation Act, DPOR intends to fill its current vacancies assigned to specific job duties/job roles and adhere to the recommendations in the reports. As a result, DPOR anticipates that additional nongeneral fund appropriation and one position is needed for the position and associated costs as a result of this bill.

DPOR Revenue Impact: This legislation sets the fee for a two year registration and renewal at \$500. Based on approximately 240 athlete agents ultimately obtaining an approved registration, DPOR expects approximately 120 applicants in each of the first two years of the program beginning in FY2021, and a combination of 120 applications and renewals beginning in FY2023 and each year thereafter. The resulting revenue is anticipated to be \$60,000 each year.

In accordance with the provisions of § 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. Based on the cost and revenue estimates, the newly formed athlete agent program would not comply with the Callahan Act by incurring a deficit of at least \$76,000 per year. The registration and renewal fee would need to be at least \$1,150 for a two year registration to sufficiently cover the program expenses and to comply with the Callahan Act.

Department of Corrections Expenditure Impact: Due to the lack of data, the Virginia Criminal Sentencing Commission has concluded, pursuant to §30-19.1:4 of the Code of Virginia, that the impact of the proposed legislation on state-responsible (prison) bed space cannot be determined. In such cases, Chapter 854, 2019 Acts of Assembly, requires that a minimum impact of \$50,000 be assigned to the bill.

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

10. Technical Amendment Necessary: No.

11. Other Comments: None.