

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** SB346

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

**2. Patron:** Bell

**3. Committee:** General Laws and Technology

**4. Title:** Onsite superintendents; certificate of competency as an inspector.

**5. Summary:** Provides that onsite superintendents, defined in the bill, who are responsible for maintaining safe boiler, unfired pressure vessel, and water heater operations in a multifamily dwelling unit, must be licensed by the Board for Contractors.

**6. Budget Amendment Necessary:** Yes, Item 127 HB/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>
2020	0	0	n/a
2021	\$106,255	1.0	NGF
2022	\$98,689	1.0	NGF
2023	\$98,689	1.0	NGF
2024	\$98,689	1.0	NGF
2025	\$98,689	1.0	NGF
2026	\$98,689	1.0	NGF

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2020	0	n/a
2021	\$19,500	NGF
2022	\$19,500	NGF
2023	\$14,150	NGF
2024	\$14,150	NGF
2025	\$14,150	NGF
2026	\$14,150	NGF

**8. Fiscal Implications:** This bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by establishing a licensure program for Class 1 and Class 2 boiler operators by the Board for Contractors (Board). DPOR estimates that 100 to 300 individuals would be required to obtain a boiler operator license, based on approximately 1,035 contractors that hold the equipment and machinery specialty and are licensed to install, remove, repair or improve boilers.

Expenditure Impact: The Board's licensing section is currently working at capacity and cannot absorb the additional responsibilities of the boiler operator program. One band 3 classified position would be required. The duties of the licensing specialist position would include the processing of the applications, data entry, collection of pending information by mail, fax, email, and addressing telephone inquiries from applicants and the public. The total cost of salary and benefits for the position, based on the mid-point for the band 3 salary range, is anticipated to be \$78,955 in FY2021 (assuming 23 pay periods) and \$82,389 annually beginning in FY 2022. This is a recurring cost that will continue into future biennia.

In FY2021, 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 and recurring in future years include telephone, employee development, computer operating support, and supplies. These costs are estimated at \$16,300 each year. Additional costs in FY2021 related to printing and mailing the new regulations and postage related to new application and license maintenance correspondence totaling \$4,000 are expected. It is anticipated that no additional expenditures are required for promulgating the regulations for this bill as existing staff resources would be utilized to assist with drafting the regulations and no additional board meetings would be needed to complete the regulations.

A budget amendment is necessary for appropriation and positions. Language in Chapter 854 (the 2019 Appropriations Act) and continued in HB/SB30, as introduced, restricts the use of fund balances to offset the future costs of restructuring DPOR's organization, including additional staffing needs and the replacement or upgrade of DPOR's information technology systems requirements. DPOR's current vacancies are assigned to specific job duties/job roles necessary for the restructuring of its organization.

Revenue Impact: In accordance with the provisions of § 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 300 individuals are expected to apply and obtain certification as a boiler operator in the first two years, beginning in FY2021. The cost to the regulant is anticipated to be \$130 to apply for a certification and \$90 to renew the certification every two years. Total additional revenue is estimated to be \$19,500 in FY2021 and FY2022 and about \$14,150 annually thereafter, based on 150 applications in FY2021 and FY2022, a combination of 20 new applications and 150 renewals in each subsequent year.

The civil fines assessed under the bill are paid to the Literary Fund and are indeterminate.

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

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

**11. Other Comments:** None.