



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 50-22 – Board of Contractors Regulations
Department of Professional and Occupational Regulations
January 17, 2014

Summary of the Proposed Amendments to Regulation

Pursuant to Chapter 116 of the 2013 Acts of the Assembly, the Board of Contractors (Board) proposes to split contractor classification into two categories and specify which specialties fall under each classification.

Result of Analysis

Benefits likely outweigh costs for these proposed changes.

Estimated Economic Impact

Currently, contractors are licensed by the Board as Class A, B or C contractors depending on the value of the jobs they are contracted to complete. In 2013, the General Assembly passed legislation that split the contractor classification in two so that Class A, B or C licenses will classify contractors as commercial building contractors or residential building contractors (or both). The Board now proposes to amend these regulations to conform to Chapter 116 and to specify which specialties fall under each classification so that Board staff, as well as regulated entities, have an understanding of which larger classification is necessary to do certain types of work. Specifically, 1) billboard contracting, 2) commercial improvement contracting, 3) farm improvement contracting, 4) marine facility contracting and 5) recreational facility contracting will fall under the commercial building contractor classification; home improvement contracting will fall under the residential building contractor classification. Additionally, 1) Concrete contracting, 2) industrial building contracting, 3) landscape services contracting, 4) masonry contracting, 5) painting and wallcovering contracting, 6) roofing contracting and 7) swimming

pool contracting may fall under either classification depending on the type of property the contractor is working on.

Board staff reports that all currently licensed contractors will be issued appropriate licenses with both classifications and that individuals applying for contractor licensure in the future may receive one or both classifications (with as many specialty designations as they are qualified for) at the time of initial licensure for the same fee paid now for a general building contractors license. Contractors will continue to pay additional fees for specialties added to their licenses after initial licensure.

Licensed contractors are unlikely to incur extra costs on account of these proposed regulations. Regulated entities and other interested parties are likely to gain a small benefit from eliminating possible confusion by having these regulations conform to relevant legislation.

Businesses and Entities Affected

Board staff reports that, as of September 30, 2013, the Board licenses 92,200 contractors. All of these entities, as well as any others that might want to be licensed as contractors in the future, will be affected by these proposed regulations.

Localities Particularly Affected

No locality will be particularly affected by this proposed regulatory action.

Projected Impact on Employment

This regulatory action is unlikely to impact employment in the Commonwealth.

Effects on the Use and Value of Private Property

This regulatory action is unlikely to affect the use or value of private property in the Commonwealth.

Small Businesses: Costs and Other Effects

Affected small businesses are unlikely to incur any additional costs on account of this regulatory action.

Small Businesses: Alternative Method that Minimizes Adverse Impact

Affected small businesses are unlikely to incur any additional costs on account of this regulatory action.

Real Estate Development Costs

This regulatory action will likely have no effect on real estate development costs in the Commonwealth.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, a determination of the public benefit, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has an adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.