



Virginia Department of Planning and Budget **Economic Impact Analysis**

18 VAC 15-50 – Lead Based Paint Renovation, Repair and Painting
Department of Professional and Occupational Regulation
June 13, 2014 (modified June 16, 2014)

Summary of the Proposed Amendments to Regulation

As mandated by Chapter 819 of the 2009 Acts of Assembly, and to assume control of the federal regulatory program outlined in the Environmental Protection Agency's (EPA) regulation 40 CFR 745 (q), the Board for Asbestos, Lead and Home Inspectors (Board) proposes a new licensure regulation for the licensure of individuals and businesses who conduct renovations (for compensation) that involve the disturbance of lead based paint. The proposed new regulation establishes: 1) a regulatory program for the licensure of renovators, dust sampling technicians and renovation contractor firms; 2) requirements for the approval of accredited renovator and dust sampling technician training programs; and 3) standards of conduct and work practices that are consistent with the United States Environmental Protection Agency (EPA) Lead Renovation, Repair, and Painting Program Final Rule.

Result of Analysis

Benefits likely outweigh costs for this proposed regulatory change.

Estimated Economic Impact

Since 2010, the EPA has enforced licensure standards for renovators, renovation contractors and dust sampling technicians who renovate any housing or child-occupied facilities built before 1978 (the year lead was banned from paint for residential use in the United States). The EPA standards are controlling in all states that have not obtained EPA authorization to administer their own equivalent programs. As required by Chapter 819, the Board proposes regulatory requirements that are essentially identical to the EPA's.

Under this proposed regulation, applicants for initial licensure as renovators and dust sampling technicians will have had to successfully complete an eight hour initial training course (approved by the EPA and in the field relevant for their sought after license) within 60 months of licensure application (estimated cost between \$175 and \$200) and will have to pay an initial licensure fee of \$45. Applicants for initial licensure will also have to be at least 18 years old, disclose their full names and physical and mailing addresses, disclose all convictions for felonies and any convictions for misdemeanors the five years prior to application, and be in good standing with EPA and Occupational Health and Safety Administration (OSHA) regulations (if already regulated through the EPA). Renovators and dust sampling technicians will have to renew their licenses every year (fee \$45 if renewed on time and \$80 if renewed late) and complete a four hour refresher course every 60 months. The Department of Professional and Occupational Regulation (DPOR) reports that no training program currently offers a refresher course because it has not been five years since the EPA implemented its regulations. DPOR estimates that the refresher course will cost approximately half of what the initial training does (approximately \$87 to \$100).

Applicants for initial licensure as a renovation contractor firm are currently required, and will be required under the Board's proposed regulation, to:

- 1) Disclose the name under which they will be conducting business,
- 2) Disclose a physical and mailing address,
- 3) Be authorized to do business in Virginia,
- 4) Certify that all individuals performing renovations are appropriately licensed under this proposed regulation,
- 5) Have a licensed renovator physically present at each work site while warning signs are posted, work area containment is being established and work area cleaning is being performed. A licensed renovator must be available by phone at all other times when not physically at a work site,
- 6) Follow EPA and OSHA work practice standards,
- 7) Ensure that licensed workers have completed required education,
- 8) Follow EPA recordkeeping requirements,

- 9) Disclose all convictions of firm owners, officers or directors for felonies and any convictions for misdemeanors the five years prior to application and
- 10) Pay a \$60 application fee.

Renovation contractor firms will be required to renew their licenses every year (fee \$60 if renewed on time and \$95 if renewed late).

DPOR reports that all training courses available to potential and current licensees have already been approved by the EPA and will not need to be audited by the Board. The Board proposes to charge training programs \$500 for initial licensure and \$125 to renew licensure every two years (\$160 if renewal is late).

The proposed regulation fulfills specific statutory requirements and allows DPOR to establish, monitor, and enforce a regulatory program that addresses lead-based paint hazards created by renovation, repair, and painting activities. Renovation, repair, and painting activities that disturb lead-based paint in target housing and child-occupied facilities increase the threat of lead-based paint exposure by dispersing lead particles in the air and over household items. Both adults and children can receive hazardous lead paint exposures by inhaling or ingesting lead-based paint dust.¹ Studies have shown that lead poisoning can cause permanent damage to the brain and other organs.² In children, lead poisoning can cause lower IQ levels and behavioral problems.³ The goal of the proposed regulation is to ensure that individuals and businesses conducting lead-based paint renovation, repair and painting activities are properly trained and licensed so as to enhance the Department's ability to protect the health, safety, and welfare of Virginia citizens from the hazard of lead-based paint poisoning. As the referenced peer-reviewed studies indicate, exposure to lead-based paint can cause severe health problems. To the extent that the proposed regulations reduce the likelihood that residents of buildings with lead-based paint and renovation, repair and painting workers are exposed to and inhale or ingest lead-based paint, the proposed regulations will likely produce a significant benefit for the public. Benefits likely outweigh costs for this proposed regulation.

¹ Needleman (2004)

² Goldstein (1990), Needleman (2004) and Rodier (1995)

³ Goldstein (1990), Needleman (2004), and Needleman and Gatsonis (1990)

Businesses and Entities Affected

This new regulation will apply to businesses and individuals practicing renovation or modification of any existing target structure built prior to 1978 which results in the disturbance of painted surfaces, and providers of training for such practice. Based on the best information available, DPOR estimates that approximately 5,000 businesses and 10,000 individuals will be licensed under these regulations. DPOR estimates that approximately 4,000 firms would qualify as small businesses.

Localities Particularly Affected

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

Projected Impact on Employment

The proposal amendments are unlikely to significantly affect total employment.

Effects on the Use and Value of Private Property

Federal regulations through the EPA have likely increased costs for businesses practicing renovation or modification of any existing target structure built prior to 1978 which results in the disturbance of painted surfaces. This may have resulted in a moderate reduction in the value of such firms. On the other hand, firms which provide accredited renovation training have likely experienced increased demand for their services, higher revenue, and increased firm value. Moving this regulatory program down to the state level through this proposed regulation is unlikely to either increase or decrease these affects.

Small Businesses: Costs and Other Effects

The EPA's regulations have likely moderately increased costs for small businesses practicing renovation or modification of any existing structure which results in the disturbance of painted surfaces. This proposed regulation is unlikely to either increase or decrease business costs.

Small Businesses: Alternative Method that Minimizes Adverse Impact

There is no alternative method of regulation that would both meet the requirements of Chapter 819 and further minimize any adverse impact on affected entities.

Real Estate Development Costs

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

Legal Mandate

General: The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia and Executive Order Number 14 (2010). Section 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to:

- the projected number of businesses or other entities to whom the proposed 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.

Small Businesses: If the proposed regulation will have an adverse effect on small businesses, § 2.2-4007.04 requires that such economic impact analyses include:

- an identification and estimate of the number of small businesses subject to the proposed regulation,
- the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents,
- a statement of the probable effect of the proposed regulation on affected small businesses, and
- a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

Additionally, pursuant to § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules (JCAR) is notified at the time the proposed regulation is submitted to the *Virginia Register of Regulations* for publication. This analysis shall represent DPB's best estimate for the purposes of public review and comment on the proposed regulation.

AMH

Town Hall ID: Action # 3086/Stage # 6936