



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

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**18 VAC 50-22 – Board of Contractors Regulations**  
**Department of Professional and Occupational Regulation**  
January 15, 2015

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### **Summary of the Proposed Amendments to Regulation**

The Board of Contractors (Board) proposes to amend its regulation to carve out eight discrete specialties that are currently part of larger specialties so that licensees and applicants for licensure can choose to just test for and obtain these narrower certifications if they do not intend their practice to be broader.

### **Result of Analysis**

Benefits likely outweigh costs for all proposed changes.

### **Estimated Economic Impact**

Current Board regulation contains umbrella contractor specialty licenses that cover many different types of contracting skills. For instance, the Board's home improvement specialty covers multiple skill sets used to repair or improve one or two family residential buildings or structures annexed to real property; this includes putting up dry wall, laying tile or other flooring, installing cabinets, etc. Some individuals interested in becoming contractors do not want to do all of the jobs that fall under the home improvement specialty and may have no experience with some of the skills covered. This puts these individuals at a disadvantage when they have to take the home improvement specialty examination because they may not have the knowledge to pass all parts of that exam that may only have a few questions on the particular skills that they will use once licensed. Board staff reports that some individuals actually take the exam knowing they will likely fail just so that they can get a feel for what they need to study outside their areas of expertise.

To address this issue, the Board is proposing to divide eight of these skill sets<sup>1</sup> into their own distinct specialties, while at the same time continuing these specific skills as part of the applicable umbrella specialty. Since the wider umbrella specialties will still be available for individuals who wish to be licensed to offer a wider group of services, no entity is likely to incur costs on account of these changes. Individuals who wish to specialize more narrowly will greatly benefit from being able to choose to be tested only on the services they intend to offer. This will likely save all of these individuals time as they will not have to study to answer questions about jobs they never intend to do. Some individuals will also be saved the costs (both in time and fees) of retaking the broader specialty exam.

### **Businesses and Entities Affected**

This proposed regulation will affect all individuals who apply for contract licensure in the new specialties after this proposed regulation becomes effective. Board staff reports that the Board receives approximately 5,875 applications for licensure a year but estimates that only about 1,000 of those applicants could possibly choose the new, narrower specialties.

### **Localities Particularly Affected**

No localities will likely be disproportionately affected by this proposed regulatory change.

### **Projected Impact on Employment**

This regulatory action will likely have little impact on employment in the Commonwealth.

### **Effects on the Use and Value of Private Property**

This regulatory action will likely have no impact on the use or value of private property.

### **Small Businesses: Costs and Other Effects**

No small businesses are likely to incur costs on account of this proposed regulation.

### **Small Businesses: Alternative Method that Minimizes Adverse Impact**

No small businesses are likely to incur costs on account of this proposed regulation.

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<sup>1</sup> Drywall contracting, finish carpentry contracting, flooring and floor covering contracting, glass and glazing contracting, insulation and weather stripping contracting, steel erection contracting, tile, marble, ceramic and

## 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 17 (2014). 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

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