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## Proposed Regulation Agency Background Document

<b>Agency name</b>	Board for Contractors
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	18 VAC50-22
<b>VAC Chapter title(s)</b>	Board for Contractors Regulations
<b>Action title</b>	Eligibility Requirement Amendment
<b>Date this document prepared</b>	July 11, 2023

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Order 19 (2022) (EO 19), any instructions or procedures issued by the Office of Regulatory Management (ORM) or the Department of Planning and Budget (DPB) pursuant to EO 19, the Regulations for Filing and Publishing Agency Regulations (1 VAC 7-10), and the *Form and Style Requirements for the Virginia Register of Regulations and Virginia Administrative Code*.

### Brief Summary

*Provide a brief summary (preferably no more than 2 or 3 paragraphs) of this regulatory change (i.e., new regulation, amendments to an existing regulation, or repeal of an existing regulation). Alert the reader to all substantive matters. If applicable, generally describe the existing regulation.*

The Board for Contractors (“the Board”) proposes to amend the Board for Contractors Regulations to revise the eligibility requirements for contractor firms to obtain licensure.

The proposed amendments reduce certain entry requirements for firms seeking a Class C or Class B contractor license. Under the proposal, a qualified individual for a Class C contractor license applicant will need one year of experience in the classification or specialty service for which licensure is sought, instead of the current requirement of two years of experience. For Class C and Class B contractor license applicants, the proposed amendments will also reduce the requirements for disclosure of adverse financial information (e.g. outstanding past-due debts or judgments; prior bankruptcies). Other changes are made to make the regulation clearer, ensure the regulation complements current Virginia law, and to reflect current agency practice.

## Acronyms and Definitions

*Define all acronyms used in this form, and any technical terms that are not also defined in the "Definitions" section of the regulation.*

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"APA" means Administrative Process Act.

"CPA" means certified public accountant.

"DPOR" means Department of Professional and Occupational Regulation.

## Mandate and Impetus

*Identify the mandate for this regulatory change and any other impetus that specifically prompted its initiation (e.g., new or modified mandate, petition for rulemaking, periodic review, or board decision). For purposes of executive branch review, "mandate" has the same meaning as defined in the ORM procedures, "a directive from the General Assembly, the federal government, or a court that requires that a regulation be promulgated, amended, or repealed in whole or part."*

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This regulatory change is not the result of a mandate.

The initial impetus for this action is Executive Directive Number One (2022), which directs Executive Branch entities under the authority of the Governor "...to initiate regulatory processes to reduce by at least 25 percent the number of regulations not mandated by federal or state statute, in consultation with the Office of the Attorney General, and in a manner consistent with the laws of the Commonwealth."

During review of the regulation, the Board identified certain eligibility requirements as potentially burdensome to firms seeking to enter the profession. The Board identified areas to amend to reduce the entry requirements for Class C and Class B contractor licenses while ensuring minimum competency and protection of the health, safety, and welfare of the public as its primary goal.

## Legal Basis

*Identify (1) the promulgating agency, and (2) the state and/or federal legal authority for the regulatory change, including the most relevant citations to the Code of Virginia and Acts of Assembly chapter number(s), if applicable. Your citation must include a specific provision, if any, authorizing the promulgating agency to regulate this specific subject or program, as well as a reference to the agency's overall regulatory authority.*

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The promulgating agency is the Board for Contractors. Chapter 11 of Title 54.1 of the Code of Virginia enumerates the legal authority for the Board to administer licensure of contractor firms.

Section 54.1-1102 of the Code of Virginia states, in part:

B. The Board shall promulgate regulations not inconsistent with statute necessary for the licensure of contractors... and for the relicensure of contractors...after license or certificate suspension or revocation.

In addition, § 54.1-201 of the Code of Virginia provides, in part:

A. The powers and duties of regulatory boards shall be as follows:

1. To establish the qualifications of applicants for certification or licensure by any such board, provided that all qualifications shall be necessary to ensure either competence or integrity to engage in such profession or occupation.

5. To promulgate regulations in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) necessary to assure continued competency, to prevent deceptive or misleading practices by practitioners and to effectively administer the regulatory system administered by the regulatory board. The regulations shall not be in conflict with the purposes and intent of this chapter or of Chapters 1 (§ 54.1-100 et seq.) and 3 (§ 54.1-300 et seq.) of this title.

### Purpose

*Explain the need for the regulatory change, including a description of: (1) the rationale or justification, (2) the specific reasons the regulatory change is essential to protect the health, safety or welfare of citizens, and (3) the goals of the regulatory change and the problems it is intended to solve.*

The General Assembly has charged the Board with the responsibility for regulating those who engage, or offer to engage, in contracting work in Virginia by requiring that such persons obtain a contractor license from the Board.

The offering and performing of contracting work by those who lack sufficient expertise, competence, integrity, and financial responsibility poses a risk to the public health, safety, and welfare. Risks include (i) damage to property, personal injury, or loss of life as the result of work that is improperly performed; (ii) financial harm to consumers as the result of construction that is not properly managed or performed; and (iii) harm to consumers as the result of those who lack the character and integrity to offer and engage in contracting work.

As mandated by the General Assembly, the Board protects the public health, safety, and welfare, in part, by establishing through regulation the minimum qualifications for entry into the profession.

The goals of this regulatory action are as follows:

1. Review and revise the eligibility requirements to obtain a contractor license;
2. Update and clarify provisions of the regulation; and
3. Ensure the regulation complements current Virginia law and is clearly written and understandable.

### Substance

*Briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both. A more detailed discussion is provided in the "Detail of Changes" section below.*

1. A new section (-35) is added to provide for application procedures that reflect current agency practice and is consistent with application procedures for other DPOR programs.
2. Section -40 is revised to reduce the minimum experience required for a qualified individual for a Class C contractor license from two (2) years of experience to one (1) year of experience.
3. Section -40 is revised to require that applicants for a Class C contractor license disclose adverse financial information (e.g. outstanding past-due debts or judgments; prior bankruptcies) for the

past three (3) years prior to application. The current requirement is that an applicant disclose this information for the five (5) years prior to application.

4. Section -50 is revised to require that applicants for a Class B contractor license disclose adverse financial information (e.g. outstanding past-due debts or judgments; prior bankruptcies) for the past four (4) years prior to application. The current requirement is that an applicant disclose this information for the five (5) years prior to application.
5. Section -50 is revised to provide that an applicant for a Class B contractor license must verify a net worth or equity of \$15,000 or more by submitting a completed financial statement with supporting documentation, a CPA reviewed financial statement, or a CPA audit. The section is further revised to provide that an applicant may obtain a \$50,000 surety bond on a Board-approved form in lieu of providing required information regarding the firm's financial position.
6. Section -60 is revised to provide that an applicant for a Class A contractor license must verify a net worth or equity of \$45,000 or more by submitting a completed financial statement with supporting documentation, a CPA reviewed financial statement, or a CPA audit. The section is further revised to provide that an applicant may obtain a \$50,000 surety bond on a Board-approved form in lieu of providing required information regarding the firm's financial position.
7. A new section (-61) is created to consolidate provisions located in sections -40, -50, and -60 that outline the license classifications or specialty services for which a proposed qualified individual must meet a prerequisite (e.g. master tradesman license or other credential) or pass a Board-approved examination in the classification or specialty service.
8. The new section -61 provides an additional pathway for a contractor to qualify for the alternative energy system contracting (AES) specialty service.
9. Sections -40, -50, and -60 are amended to add language clarifying that an applicant for the miscellaneous (MSC) specialty service must provide evidence acceptable to the Board of the qualified individual's experience in the scope of practice for which the specialty service is being sought. Such applications will be considered by the Board in accordance with the APA.
10. Provisions in sections -40, 50, -60, and -62 pertaining to the disclosure of criminal convictions are revised to make the regulation more consistent with the provisions of § 54.1-204 of the Code of Virginia pertaining to criminal history.

## Issues

*Identify the issues associated with the regulatory change, including: 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions; 2) the primary advantages and disadvantages to the agency or the Commonwealth; and 3) other pertinent matters of interest to the regulated community, government officials, and the public. If there are no disadvantages to the public or the Commonwealth, include a specific statement to that effect.*

The primary advantages to the public and the regulated community are that the amendments to the regulation will:

1. Reduce entry requirements for Class C and Class B contractor licenses allowing more firms to potentially qualify for Class C and Class B contractor licenses while ensuring minimum competency and protection of the health, safety, and welfare of the public;
2. Provide needed updating and organization to the regulation;
3. Ensure the regulation reflects current agency practice; and
4. Ensure the regulation complements current Virginia law and is clearly written and understandable.

No disadvantages to the public or regulated community have been identified.

There are no identifiable disadvantages to the Commonwealth.

**Requirements More Restrictive than Federal**

*Identify and describe any requirement of the regulatory change which is more restrictive than applicable federal requirements. Include a specific citation for each applicable federal requirement, and a rationale for the need for the more restrictive requirements. If there are no applicable federal requirements, or no requirements that exceed applicable federal requirements, include a specific statement to that effect.*

There are no applicable federal requirements.

**Agencies, Localities, and Other Entities Particularly Affected**

*Consistent with § 2.2-4007.04 of the Code of Virginia, identify any other state agencies, localities, or other entities particularly affected by the regulatory change. Other entities could include local partners such as tribal governments, school boards, community services boards, and similar regional organizations. "Particularly affected" are those that are likely to bear any identified disproportionate material impact which would not be experienced by other agencies, localities, or entities. "Locality" can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulation or regulatory change are most likely to occur. If no agency, locality, or entity is particularly affected, include a specific statement to that effect.*

Other State Agencies Particularly Affected

No other state agencies are particularly affected by the regulatory change.

Localities Particularly Affected

No localities are particularly affected by the regulatory change.

Other Entities Particularly Affected

No other entities are particularly affected by the regulatory change.

**Economic Impact**

*Consistent with § 2.2-4007.04 of the Code of Virginia, identify all specific economic impacts (costs and/or benefits) anticipated to result from the regulatory change. When describing a particular economic impact, specify which new requirement or change in requirement creates the anticipated economic impact. Keep in mind that this is the proposed change versus the status quo.*

**Impact on State Agencies**

<p><i>For your agency:</i> projected costs, savings, fees, or revenues resulting from the regulatory change, including:</p> <ul style="list-style-type: none"> <li>a) fund source / fund detail;</li> <li>b) delineation of one-time versus on-going expenditures; and</li> <li>c) whether any costs or revenue loss can be absorbed within existing resources.</li> </ul>	<p>There are no savings and no changes to costs, fees, or revenues of other state agencies resulting from this regulatory change. However, with less restrictive entry requirements for obtaining a Class C or Class B contractor license, the Board may see an increase in applicants, resulting in increased revenue and, possibly, an increased regulant population. It is difficult to predict the number by which applications might</p>
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	increase, thus making it difficult to estimate additional revenue.
<i>For other state agencies:</i> projected costs, savings, fees, or revenues resulting from the regulatory change, including a delineation of one-time versus on-going expenditures.	There are no savings and no changes to costs, fees, or revenues of other state agencies resulting from this regulatory change.
<i>For all agencies:</i> Benefits the regulatory change is designed to produce.	There are no savings and no changes to costs, fees, or revenues of other state agencies resulting from this regulatory change.

**Impact on Localities**

*If this analysis has been reported on the ORM Economic Impact form, indicate the tables (1a or 2) on which it was reported. Information provided on that form need not be repeated here.*

Projected costs, savings, fees, or revenues resulting from the regulatory change.	There are no anticipated costs to localities because of the regulatory change.
Benefits the regulatory change is designed to produce.	None

**Impact on Other Entities**

*If this analysis has been reported on the ORM Economic Impact form, indicate the tables (1a, 3, or 4) on which it was reported. Information provided on that form need not be repeated here.*

Description of the individuals, businesses, or other entities likely to be affected by the regulatory change. If no other entities will be affected, include a specific statement to that effect.	This amendment will affect businesses/entities seeking Class C, Class B, and Class A contractor licenses; and will affect businesses/entities seeking a residential building energy analyst firm license. The action also affects individuals working for these businesses/entities. The amendment will affect both regulants and non-regulants who may be seeking licensure.
Agency’s best estimate of the number of such entities that will be affected. Include an estimate of the number of small businesses affected. Small business means a business entity, including its affiliates, that: a) is independently owned and operated, and; b) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.	As of March 1, 2024, there are 12,341 Class C contractors licensed by the Board. There are also 9,326 Class B contractors licensed by the Board. Firms that hold Class C and Class B licenses are most likely to be small businesses. Under the statutory scheme created by the General Assembly, Class C and Class B contractors are limited in the dollar value and number of projects that they may undertake and would be unlikely to have gross annual sales of more than \$6 million. These firms would fall outside the meaning of “small business” as that term is defined in the Administrative Process Act (“APA”).  As of March 1, 2024, there are 32,852 Class A contractors licensed by the Board. Many of these firms likely fall within the meaning of “small business” as that term is defined in the APA. As of March 1, 2024, there are 60 residential building energy analyst firms licensed by the Board. Many of these firms likely fall within the meaning of “small business” as that term is

	defined in the APA. Further, the Board licenses over 28,000 tradesmen, who may also be affected by the amendment. Many of these tradesmen are likely owners or employees of small businesses.
All projected costs for affected individuals, businesses, or other entities resulting from the regulatory change. Be specific and include all costs including, but not limited to: a) projected reporting, recordkeeping, and other administrative costs required for compliance by small businesses; b) specify any costs related to the development of real estate for commercial or residential purposes that are a consequence of the regulatory change; c) fees; d) purchases of equipment or services; and e) time required to comply with the requirements.	The regulatory change does not impose any additional costs to affected entities. The action is expected to reduce reporting requirements and associated administrative costs for firms seeking licensure, particularly those seeking a Class C or Class B contractor license.
Benefits the regulatory change is designed to produce.	The amendment to the regulation reduces entry requirements for Class C and Class B contractor licenses allowing more firms to potentially qualify for Class C and Class B contractor licenses. Additionally, the amendment provides necessary updating and clarification to the existing regulation while ensuring the regulation reflects current agency practice, complements Virginia law and is clearly written and understandable. The amendment reduces regulatory requirements or regulatory burdens in accordance with Executive Directive Number One (2022).

**Alternatives to Regulation**

*Describe any viable alternatives to the regulatory change that were considered, and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the regulatory change. Also, include discussion of less intrusive or less costly alternatives for small businesses, as defined in § 2.2-4007.1 of the Code of Virginia, of achieving the purpose of the regulatory change.*

Licenses issued under this regulation are issued to business entities. Many licensees are likely to be business entities that meet the definition of "small business" as defined in § 2.2-4007.1 of the Code of Virginia. No less intrusive or less costly alternatives to achieve the purpose of the regulatory change were identified.

*If this analysis has been reported on the ORM Economic Impact form, indicate the tables on which it was reported. Information provided on that form need not be repeated here.*

**Regulatory Flexibility Analysis**

*Consistent with § 2.2-4007.1 B of the Code of Virginia, describe the agency's analysis of alternative regulatory methods, consistent with health, safety, environmental, and economic welfare, that will*



*accomplish the objectives of applicable law while minimizing the adverse impact on small business. Alternative regulatory methods include, at a minimum: 1) establishing less stringent compliance or reporting requirements; 2) establishing less stringent schedules or deadlines for compliance or reporting requirements; 3) consolidation or simplification of compliance or reporting requirements; 4) establishing performance standards for small businesses to replace design or operational standards required in the proposed regulation; and 5) the exemption of small businesses from all or any part of the requirements contained in the regulatory change.*

Licenses issued under this regulation are issued to business entities. Many licensees are likely to be business entities that meet the definition of "small business" as defined in § 2.2-4007.1 of the Code of Virginia.

As mandated by the General Assembly, the Board protects the public health, safety, and welfare, in part, by establishing through regulation the minimum qualifications for entry into the profession and minimum standards to assure continued competency.

These proposed amendments do not pose an unreasonable administrative or financial burden. The enabling statutes establishing the licensing programs covered by this regulation provide no exemption for small businesses; therefore, there are no such exemptions contained in the proposed change.

*If this analysis has been reported on the ORM Economic Impact form, indicate the tables on which it was reported. Information provided on that form need not be repeated here.*

**Periodic Review and  
Small Business Impact Review Report of Findings**

*If you are using this form to report the result of a periodic review/small business impact review that is being conducted as part of this regulatory action, and was announced during the NOIRA stage, indicate whether the regulatory change meets the criteria set out in EO 19 and the ORM procedures, e.g., is necessary for the protection of public health, safety, and welfare; minimizes the economic impact on small businesses consistent with the stated objectives of applicable law; and is clearly written and easily understandable. In addition, as required by § 2.2-4007.1 E and F of the Code of Virginia, discuss the agency's consideration of: (1) the continued need for the regulation; (2) the nature of complaints or comments received concerning the regulation; (3) the complexity of the regulation; (4) the extent to which the regulation overlaps, duplicates, or conflicts with federal or state law or regulation; and (5) the length of time since the regulation has been evaluated or the degree to which technology, economic conditions, or other factors have changed in the area affected by the regulation. Also, discuss why the agency's decision, consistent with applicable law, will minimize the economic impact of regulations on small businesses.*

This action is not being used to conduct a periodic review or small business impact review.

**Public Comment**

*Summarize all comments received during the public comment period following the publication of the previous stage, and provide the agency's response. Include all comments submitted: including those received on Town Hall, in a public hearing, or submitted directly to the agency. If no comment was received, enter a specific statement to that effect.*

Commenter	Comment	Agency response
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Anonymous (Town Hall)	Removing required on the job training and classroom hours would definitely lead to injuries, accidents and deaths due to unskilled labor in these trades. don't put our lives in danger by cutting corners.	This comment appears to be addressing another regulatory action being undertaken by the Board (Action 6075 / Stage 9785).
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## Public Participation

*Indicate how the public should contact the agency to submit comments on this regulation, and whether a public hearing will be held, by completing the text below.*

The Board is providing an opportunity for comments on this regulatory proposal, including but not limited to (i) the costs and benefits of the regulatory proposal, (ii) any alternative approaches, (iii) the potential impacts of the regulation, and (iv) the agency's regulatory flexibility analysis stated in that section of this background document.

Anyone wishing to submit written comments for the public comment file may do so through the Public Comment Forums feature of the Virginia Regulatory Town Hall web site at: <https://townhall.virginia.gov>.

Comments may also be submitted by mail, email or fax to:

Cameron Parris  
Regulatory Operations Administrator  
9960 Mayland Drive, Suite 400  
Richmond, VA 23233  
[Contractors@dpor.virginia.gov](mailto:Contractors@dpor.virginia.gov)  
(866) 430-1033 (fax)

In order to be considered, comments must be received by 11:59 pm on the last day of the public comment period.

A public hearing will be held following the publication of this stage, and notice of the hearing will be posted on the Virginia Regulatory Town Hall website (<https://townhall.virginia.gov>) and on the Commonwealth Calendar website (<https://commonwealthcalendar.virginia.gov/>). Both oral and written comments may be submitted at that time.

## Detail of Changes

*List all regulatory changes and the consequences of the changes. Explain the new requirements and what they mean rather than merely quoting the text of the regulation. For example, describe the intent of the language and the expected impact. Describe the difference between existing requirement(s) and/or agency practice(s) and what is being proposed in this regulatory change. Use all tables that apply, but delete inapplicable tables.*

*If an existing VAC Chapter(s) is being amended or repealed, use Table 1 to describe the changes between the existing VAC Chapter(s) and the proposed regulation. If the existing VAC Chapter(s) or sections are being repealed and replaced, ensure Table 1 clearly shows both the current number and the new number for each repealed section and the replacement section.*

**Table 1: Changes to Existing VAC Chapter(s)**

Current chapter-section number	New chapter-section number, if applicable	Current requirements in VAC	Change, intent, rationale, and likely impact of new requirements
N/A	22-35	N/A – No current requirements.	<p>This new section provides for application procedures.</p> <p>The section provides that applicants seeking licensure must submit an application with the appropriate fee. Application must be made on forms provided by the Board or its agent.</p> <p>The application must be signed by the (i) responsible management; (ii) qualified individuals; (iii) and designated employee (when applicable) of the firm seeking licensure.</p> <p>The section provides that by submitting the application to DPOR, the applicant certifies that the applicant has read and understands the applicable statutes and Board regulations.</p> <p>The section provides that receipt of an application and deposit of fees does not indicate approval of the application.</p> <p>The section provides that the Board may make further inquires and investigations with respect to an applicant's qualifications to confirm or amplify information supplied.</p> <p>All applications must be completed in accordance with the instructions provided in the section and on the application. Applications will not be considered complete until all required documents are received by the Board.</p> <p>The section provides that an applicant will be notified if receipt of initial application is incomplete. An applicant that fails to complete the application process within 12 months of receipt of the application in the Board's office must submit a new application.</p> <p>The section provides the applicant must immediately report all changes in information supplied with the application, if applicable, prior to the issuance of the license or expiration of the application.</p>

			<p>The application procedures in this new section reflect current agency practice and are consistent with application procedures for other DPOR programs.</p>
<p>22-40</p>	<p>N/A</p>	<p>This section provides for the requirements for a Class C contractor license.</p> <p>The firm is required to name a qualified individual for each license classification in 18VAC50-22-20 or specialty service in 18VAC50-22-30 for which the firm is seeking to qualify for licensure. The qualified individual must meet the following requirements:</p> <ul style="list-style-type: none"> <li>• Be at least 18 years old;</li> <li>• Have at least two (2) years of experience in the classification or specialty service for which the individual will be the qualifier;</li> <li>• Be either (i) a full-time employee of the firm; or (ii) be a member of the firm’s responsible management; and</li> <li>• Passed a board-approved examination, or, for certain classifications or specialties, obtained appropriate certification as specified by the Board.</li> </ul> <p>The firm is required to disclose (i) information on any outstanding, past-due debts and judgments, outstanding tax obligations, defaults on bonds, or pending or past bankruptcies for the past five (5) years prior to application and (ii) any information on any past-due debts and judgments or defaults on bonds directly related to the practice of</p>	<p>Subsection B is revised to reduce the minimum required experience for a qualified individual from two (2) years to (1) year. This change will allow for more firms to potentially qualify for licensure as a Class C contractor.</p> <p>Provisions in subsection B regarding Board-approved credentials for certain license classifications and specialty services are moved to a new section -61.</p> <p>Subsection B is revised to provide that the qualified individual for any license classification or specialty service specified in section -61 has met the appropriate prerequisite and board-approved examination, where applicable; or has completed a board-approved examination for all other classifications or specialty services that do not require other certification or licensure.</p> <p>Subsection B is amended to provide that for the miscellaneous contracting (MSC) specialty service, the applicant must provide documentation acceptable to the Board of the qualified individual’s experience in the scope of practice for which the specialty service is being sought. Such applications will be considered by the Board in accordance with the APA.</p> <p>Provisions in subsection C regarding disclosure of adverse financial history are revised to require that applicants only disclose information on any outstanding, past-due debts and judgments, outstanding tax obligations, defaults on bonds, or pending or past bankruptcies for the past three (3) years prior to application. This change will allow for more firms to potentially qualify for licensure as a Class C contractor.</p> <p>Provisions in subsection E pertaining to disclosure of criminal convictions are revised to remove provisions that (i) provide that a plea of <i>nolo contendere</i> is</p>

		<p>contracting for the firm and all members of the firm’s responsible management.</p> <p>The firm and all members of responsible management are required to disclose any current or previous contractor licenses held in Virginia or in other jurisdictions and any disciplinary actions taken against such licenses, including monetary penalties, fines, suspensions, revocations, surrender of license, or voluntary termination.</p> <p>The firm must disclose the following regarding the firm, the firm’s responsible management, and qualified individual for the firm:</p> <ul style="list-style-type: none"> <li>• All felony convictions; and</li> <li>• All non-marijuana misdemeanor convictions within three (3) years of the date of application.</li> </ul> <p>Any plea of <i>nolo contendere</i> is considered a conviction. The record of conviction received from a court is considered as <i>prima facie</i> evidence of a conviction or finding of guilt.</p> <p>The Board, in accordance with § 54.1-204 of the Code of Virginia, may deny licensure to an applicant for a criminal conviction.</p> <p>The section requires a member of responsible management to complete a board-approved basic business course (pre-license education).</p>	<p>considered a conviction; and (ii) a certified record of conviction is <i>prima facie</i> evidence of guilt of a criminal conviction.</p> <p>Provisions regarding <i>nolo contendere</i> pleas and certified record of conviction as being prima facie evidence of guilt appear to be contrary to the provisions of § 54.1-204 of the Code of Virginia. Under the regulation, any conviction of a regulant must be considered in accordance with § 54.1-204 of the Code of Virginia.</p> <p>Minor stylistic changes are made to replace the word “shall” with “must” or “will” where appropriate. Other changes are made for the purposes of clarity or style.</p>
22-50	N/A	This section provides for the requirements for a Class B contractor license.	Provisions in subsection C regarding Board-approved credentials for certain

		<p>The firm is required to name a designated employee. The designated employee must meet the following requirements:</p> <ul style="list-style-type: none"> <li>• Be at least 18 years old;</li> <li>• Be either (i) a full-time employee of the firm; or (ii) be a member of the firm's responsible management;</li> <li>• Pass a board-approved examination as required by § 54.1-1108 of the Code of Virginia, or be exempt from the examination as provided for in § 54.1-1108.1 of the Code of Virginia; and</li> <li>• Follow all rules established by the Board or the testing service acting on behalf of the Board regarding conduct at the examination, to include any written instructions communicated prior to the examination date and any oral or written instructions given at the examination site on the date of the examination.</li> </ul> <p>The firm is required to name a qualified individual for each license classification in 18VAC50-22-20 or specialty service in 18VAC50-22-30 for which the firm is seeking to qualify for licensure. The qualified individual must meet the following requirements:</p> <ul style="list-style-type: none"> <li>• Be at least 18 years old;</li> <li>• Have at least three (3) years of experience in the classification or specialty service for</li> </ul>	<p>license classifications and specialty services are moved to a new section -61.</p> <p>Subsection C is revised to provide that the qualified individual for any license classification or specialty service specified in section -61 meet the appropriate prerequisite and board-approved examination, where applicable; or complete a Board-approved examination for all other classifications or specialty services that do not require other certification or licensure.</p> <p>Subsection C is amended to provide that for the miscellaneous contracting (MSC) specialty service, the applicant must provide documentation acceptable to the Board of the individual's experience in the scope of practice for which the specialty service is being sought. Such applications will be considered by the Board in accordance with the APA.</p> <p>Subsection D is revised to provide that the firm must verify a net worth or equity of \$15,000 or more by submitting a (i) completed financial statement with supporting documentation; (ii) a CPA reviewed financial statement; (iii) or a CPA audit. The subsection is further revised to provide that in lieu of this requirement, a firm must obtain a \$50,000 surety bond on a Board-approved form. These changes are intended to reflect current agency practice and to better align the provisions of the section with the requirements of §§ 54.1-1108(B) and 54.1-1108(C).</p> <p>Provisions in subsection E regarding disclosure of adverse financial history are revised to require that applicants only disclose information on any outstanding, past-due debts and judgments, outstanding tax obligations, defaults on bonds, or pending or past bankruptcies for the past four (4) years prior to application. This change will allow for more firms to potentially qualify for a Class B contractor license.</p> <p>Provisions in subsection G pertaining to disclosure of criminal convictions are revised to remove provisions that (i) provide that a plea of <i>nolo contendere</i> is</p>
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		<p>which the individual will be the qualifier;</p> <ul style="list-style-type: none"> <li>• Be either (i) a full-time employee of the firm; or (ii) be a member of the firm’s responsible management; and</li> <li>• Pass a board-approved examination, or, for certain classifications or specialties, obtained appropriate certification as specified by the Board.</li> </ul> <p>The firm is required to submit information on its financial position. The firm must have a net worth or equity of \$15,000 or more, excluding any property owned as tenants by the entirety.</p> <p>The firm is required to disclose (i) information on any outstanding, past-due debts and judgments, outstanding tax obligations, defaults on bonds, or pending or past bankruptcies for the past five (5) years prior to application and (ii) any information on any past-due debts and judgments or defaults on bonds directly related to the practice of contracting for the firm, its designated employee, and all members of the firm’s responsible management.</p> <p>The firm and all members of responsible management are required to disclose any current or previous contractor licenses held in Virginia or in other jurisdictions and any disciplinary actions taken against such licenses, including monetary penalties, fines, suspensions, revocations, surrender of license, or voluntary termination.</p>	<p>considered a conviction; and (ii) a certified record of conviction is <i>prima facie</i> evidence of guilt of a criminal conviction.</p> <p>Provisions regarding <i>nolo contendere</i> pleas and certified record of conviction as being prima facie evidence of guilt appear to be contrary to the provisions of § 54.1-204 of the Code of Virginia. Under the regulation, any conviction of a regulant must be considered in accordance with § 54.1-204 of the Code of Virginia.</p> <p>Minor stylistic changes are made to replace the word “shall” with “must” or “will” where appropriate. Other changes are made for the purposes of clarity or style.</p>
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		<p>The Board may deny licensure in accordance with § 54.1-1110 of the Code of Virginia if the firm, designated employee, or members of responsible management are shown to have a substantial identity of interest with a contractor whose license was previously revoked or not renewed by the Board.</p> <p>The firm must disclose the following regarding the firm, the firm's responsible management, the designated employee, and qualified individual for the firm:</p> <ul style="list-style-type: none"> <li>• All felony convictions; and</li> <li>• All non-marijuana misdemeanor convictions within three (3) years of the date of application.</li> </ul> <p>Any plea of <i>nolo contendere</i> is considered a conviction. The record of conviction received from a court is considered as <i>prima facie</i> evidence of a conviction or finding of guilt.</p> <p>The Board, in accordance with § 54.1-204 of the Code of Virginia, may deny licensure to an applicant for a criminal conviction.</p> <p>The section requires the designated employee or a member of responsible management to complete a board-approved basic business course (pre-license education).</p>	
22-60	N/A	<p>This section provides for the requirements for a Class A contractor license.</p> <p>The firm is required to name a designated employee. The</p>	<p>Provisions in subsection C regarding Board-approved credentials for certain license classifications and specialty services are moved to a new section -61.</p>



		<p>designated employee must meet the following requirements:</p> <ul style="list-style-type: none"> <li>• Be at least 18 years old;</li> <li>• Be either (i) a full-time employee of the firm; or (ii) be a member of the firm’s responsible management; and</li> <li>• Pass a board-approved examination as required by § 54.1-1106 of the Code of Virginia, or be exempt from the examination as provided for in § 54.1-1108.1 of the Code of Virginia; and</li> <li>• Follow all rules established by the Board or the testing service acting on behalf of the Board regarding conduct at the examination, to include any written instructions communicated prior to the examination date and any oral or written instructions given at the examination site on the date of the examination.</li> </ul> <p>The firm is required to name a qualified individual for each license classification in 18VAC50-22-20 or specialty service in 18VAC50-22-30 for which the firm is seeking to qualify for licensure. The qualified individual must meet the following requirements:</p> <ul style="list-style-type: none"> <li>• Be at least 18 years old;</li> <li>• Have at least five (5) years of experience in the classification or specialty service for which the individual will be the qualifier;</li> <li>• Be either (i) a full-time employee of the firm; or</li> </ul>	<p>Subsection C is revised to provide that the qualified individual for any license classification or specialty service specified in section -61 meet the appropriate prerequisite and board-approved examination, where applicable; or complete a Board-approved examination for all other classifications or specialty services that do not require other certification or licensure.</p> <p>Subsection C is amended to provide that for the miscellaneous contracting (MSC) specialty service, the applicant must provide documentation acceptable to the Board of the individual’s experience in the scope of practice for which the specialty service is being sought. Such applications will be considered by the Board in accordance with the APA.</p> <p>Subsection D is revised to provide that the firm must verify a net worth or equity of \$45,000 or more by submitting a (i) completed financial statement with supporting documentation; (ii) a CPA reviewed financial statement; (iii) or a CPA audit. The subsection is further revised to provide that in lieu of this requirement, a firm must obtain a \$50,000 surety bond on a Board-approved form. These changes are intended to reflect current agency practice and to better align the provisions of the section with the requirements of §§ 54.1-1106(B) and 54.1-1106(C).</p> <p>Provisions in subsection G pertaining to disclosure of criminal convictions are revised to remove provisions that (i) provide that a plea of <i>nolo contendere</i> is considered a conviction; and (ii) a certified record of conviction is <i>prima facie</i> evidence of guilt of a criminal conviction.</p> <p>Provisions regarding <i>nolo contendere</i> pleas and certified record of conviction as being <i>prima facie</i> evidence of guilt appear to be contrary to the provisions of § 54.1-204 of the Code of Virginia. Under the regulation, any conviction of a regulant must be considered in accordance with § 54.1-204 of the Code of Virginia.</p>
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		<p>(ii) be a member of the firm’s responsible management; and</p> <ul style="list-style-type: none"> <li>• Pass a Board-approved examination, or, for certain classifications or specialties, obtained appropriate certification as specified by the Board.</li> </ul> <p>The firm is required to submit information on its financial position. The firm must have a net worth or equity of \$45,000 or more, excluding any property owned as tenants by the entirety.</p> <p>The firm is required to disclose (i) information on any outstanding, past-due debts and judgments, outstanding tax obligations, defaults on bonds, or pending or past bankruptcies for the past five (5) years prior to application and (ii) any information on any past-due debts and judgments or defaults on bonds directly related to the practice of contracting for the firm, the designated employee, and all members of the firm’s responsible management.</p> <p>The firm, its designated employee, and all members of responsible management are required to disclose any current or previous contractor licenses held in Virginia or in other jurisdictions and any disciplinary actions taken against such licenses, including monetary penalties, fines, suspensions, revocations, surrender of license, or voluntary termination.</p> <p>The Board may deny licensure in accordance with § 54.1-1110 of the Code of Virginia if the firm,</p>	<p>Minor stylistic changes are made to replace the word “shall” with “must” or “will” where appropriate. Other changes are made for the purposes of clarity or style.</p>
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		<p>designated employee, or members of responsible management are shown to have a substantial identity of interest with a contractor whose license was previously revoked or not renewed by the Board.</p> <p>The firm must disclose the following regarding the firm, the firm’s responsible management, the designated employee, and the qualified individual for the firm:</p> <ul style="list-style-type: none"> <li>• All felony convictions; and</li> <li>• All non-marijuana misdemeanor convictions within three (3) years of the date of application.</li> </ul> <p>Any plea of <i>nolo contendere</i> is considered a conviction. The record of conviction received from a court is considered as <i>prima facie</i> evidence of a conviction or finding of guilt.</p> <p>The Board, in accordance with § 54.1-204 of the Code of Virginia, may deny licensure to an applicant for a criminal conviction.</p> <p>The section requires the designated employee or a member of responsible management to complete a board-approved basic business course (pre-license education).</p>	
N/A	22-61	N/A – No current requirements.	<p>This new section outlines the license classifications or specialty services for which the proposed qualified individual must meet a prerequisite (e.g. master tradesman license or other credential) or pass a Board-approved examination in the classification or specialty service.</p> <p>Currently, the sections that provide for the requirements for the classes of</p>

			<p>license (-40 for a Class C license, -50 for a Class B license, and -60 for a Class A license) each list these requirements. This new section serves to streamline the regulation by consolidating these provisions into a single section. In addition, the requirements are listed in a table to make these provisions easier to read.</p> <p>The new section provides an additional pathway for a contractor to qualify for the alternative energy system contracting (AES) specialty service. Currently, the proposed qualified individual must have the requisite years of experience in the specialty based on the class of license and pass the appropriate technical examination. The change will also allow for a qualified individual to qualify for the specialty service if the individual qualifies and obtains a roofing contracting (ROC) specialty service by passing the appropriate technical examination, completes the North American Board of Certified Energy Practitioners (NABCEP) certification or a Board-approved certification, and passes the technical examination for the AES specialty service.</p>
22-62	N/A	<p>This section provides for the requirements for a residential building energy analyst firm license.</p> <p>The firm is required to name a qualified individual. The qualified individual must meet the following requirements:</p> <ul style="list-style-type: none"> <li>• Be at least 18 years old;</li> <li>• Hold a current individual residential building energy analyst license issued by the Board; and</li> <li>• Be either (i) a full-time employee of the firm; or (ii) be a member of the firm's responsible management.</li> </ul> <p>The firm is required to provide documentation</p>	<p>Provisions in subsection F pertaining to disclosure of criminal convictions are revised to remove provisions that (i) provide that a plea of <i>nolo contendere</i> is considered a conviction; and (ii) a certified record of conviction is <i>prima facie</i> evidence of guilt of a criminal conviction.</p> <p>Provisions regarding <i>nolo contendere</i> pleas and certified record of conviction as being prima facie evidence of guilt appear to be contrary to the provisions of § 54.1-204 of the Code of Virginia. Under the regulation, any conviction of a regulant must be considered in accordance with § 54.1-204 of the Code of Virginia.</p> <p>Minor stylistic changes are made to replace the word “shall” with “must” or “will” where appropriate. Other changes are made for the purposes of clarity or style.</p>

		<p>acceptable to the Board that the firm carries a minimum of \$500,000 of general liability insurance from a company authorized to provide such insurance in Virginia.</p> <p>The firm, its qualified individual, and all members of responsible management are required to disclose any current or previous energy analyst or home inspector licenses held in Virginia or in other jurisdictions and any disciplinary actions taken against such licenses, including monetary penalties, fines, suspensions, revocations, surrender of license, or voluntary termination.</p> <p>The firm is required to disclose (i) information on any outstanding, past-due debts, outstanding judgments, outstanding tax obligations, defaults on bonds, or pending or past bankruptcies for the past five (5) years prior to application and (ii) any information on any past-due debts and judgments or defaults on bonds directly related to the practice of residential building energy analysis for the firm, the qualified individual, and all members of the firm's responsible management.</p> <p>The firm must disclose the following regarding the firm, the firm's responsible management, and the qualified individual for the firm:</p> <ul style="list-style-type: none"> <li>• All felony convictions; and</li> <li>• All non-marijuana misdemeanor convictions within three</li> </ul>	
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		<p>(3) years of the date of application.</p> <p>Any plea of <i>nolo contendere</i> is considered a conviction. The record of conviction received from a court is considered as <i>prima facie</i> evidence of a conviction or finding of guilt.</p> <p>The Board, in accordance with § 54.1-204 of the Code of Virginia, may deny licensure to an applicant for a criminal conviction.</p>	
22-65	N/A	<p>This section provides for the issuance of temporary licenses.</p> <p>A firm applying for a temporary license must meet the requirements of § 54.1-201.1 of the Code of Virginia, which pertains to the issuance of temporary licenses and certifications.</p> <p>A firm seeking a temporary license must:</p> <ul style="list-style-type: none"> <li>• Hold a comparable license or certificate in another state;</li> <li>• Be in good standing;</li> <li>• Have comparable qualifications to the Virginia license being applied for;</li> <li>• Provide verification of licensure from the other state in a format acceptable to the Board; and</li> <li>• Simultaneously apply for a Virginia license.</li> </ul> <p>Section 54.1-201.1 provides that temporary licenses are valid for 45 days.</p> <p>Temporary licenses cannot be renewed.</p>	<p>Minor stylistic changes are made to replace the word “shall” with “will” where appropriate.</p>

		<p>A firm cannot be issued more than one temporary license.</p> <p>The issuance of a license voids the temporary license.</p> <p>If the Board denies approval of the license application, the temporary license is automatically suspended.</p> <p>The section also provides that any firm continuing to practice after a temporary license has expired or been suspended, and who has not obtained a comparable license or certificate, may be subject to criminal prosecution under applicable statute.</p>	
22-66	N/A	<p>This section provides that temporary licensees are subject to the laws and regulations of the Board and are subject to the Board's disciplinary authority during the period of temporary licensure; and that the temporary license is subject to disciplinary action by the Board for any violations of Virginia statutes or regulations during the period of temporary licensure.</p>	<p>Minor stylistic changes are made to replace the word "shall" with "will" where appropriate.</p>