



## Economic Impact Analysis Virginia Department of Planning and Budget

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**18 VAC 50-30 – Tradesmen Rules and Regulations**  
**Department of Professional and Occupational Regulation**  
October 20, 2008

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### Summary of the Proposed Amendments to Regulation

The Board of Contractors (Board) proposes to amend its regulations for tradesmen to increase fees.

### Result of Analysis

There is insufficient information to determine if benefits outweigh costs for these proposed regulatory changes.

### Estimated Economic Impact

The Board of Contractors (Board) sets fees for tradesman initial licensure, biennial license renewal and license reinstatement, for licenses not renewed within 30 days of expiration. Additionally, the Board has a fee for adding or subtracting a trade designation from a tradesman's license and a fee for exchanging a locally issued tradesman card of a Board issued license. The Board proposes to increase all of these fees.

The Board's current fees and proposed fees are in the table below:

#### Initial Licensure Fees

<b>Fee</b>	<b>Current</b>	<b>Proposed</b>
Tradesman license by examination	\$90	\$130
Tradesman license without examination	\$90	\$130
Iquefied petroleum gas fitter license	\$90	\$130
Natural gas provider	\$90	\$130
Backflow prevention device worker certification	\$90	\$130
Elevator mechanic certification	\$90	\$130
Water well systems provider certification	\$90	\$130

**License Renewal Fees**

<b>Fee</b>	<b>Current</b>	<b>Proposed</b>
Tradesman license renewal	\$40	\$80
Liquefied petroleum gas fitter license renewal	\$40	\$80
Natural gas fitter provider license renewal	\$40	\$80
Elevator mechanic certification renewal	\$40	\$80
Water well systems provider certification renewal	\$40	\$80

**License Reinstatement Fees**

<b>Fee</b>	<b>Current</b>	<b>Proposed</b>
Tradesman license reinstatement	\$130	\$140
Liquefied petroleum gas fitter license reinstatement	\$130	\$140
Natural gas fitter provider license reinstatement	\$130	\$140
Elevator mechanic certification reinstatement	\$130	\$140
Water well systems provider certification reinstatement	\$130	\$140

**Other Fees**

<b>Fee</b>	<b>Current</b>	<b>Proposed</b>
Card exchange	\$40	\$80
Additional trade designations	\$40	\$80

The Board proposes to increase all of these fees in order to cover anticipated program revenue deficits. The Department of Professional and Occupational Regulation (DPOR) reports that the Board has incurred increased expenses for enforcement activities, information systems development costs and application processing/customer support services.

DPOR reports that these fee increases will allow investigation of complaints against regulated entities to continue to be carried out in a timely fashion; absent these fee increases, DPOR reports, the public might be adversely affected by tradesmen who continue to work after a complaint is filed but before their cases are adjudicated. To the extent that possible customers for tradesmen rely on the Board for information about whom to hire (or, more importantly, whom not to hire) a slow down in complaint investigations would likely lead to questionable tradesmen being hired. To the extent that possible customers rely on private sources of information, such as references from trusted friends or family or information from the Better

Business Bureau, any bad effects of a slow down are likely to be partially or completely mitigated.

The possible benefits of these proposed regulations must be weighed against the adverse impact that these fee increases will have on tradesman businesses in the Commonwealth. For healthy, full-time tradesman businesses, these fees will likely be absorbed and at least partially passed on to customers who will likely pay slightly higher fees for tradesman work. These fee increases may, however, serve as the tipping point for some marginally profitable and/or part-time tradesman businesses so that fewer individuals choose to renew their licenses. Entry into this field will also likely decrease slightly on account of the higher proposed initial licensure fees.

### **Businesses and Entities Affected**

These proposed regulations will affect all licensed tradesmen in the Commonwealth. DPOR reports that the Board currently licenses 101,714 tradesmen and contractors (whose fees are increasing in a separate proposed regulatory action).

### **Localities Particularly Affected**

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

### **Projected Impact on Employment**

This regulatory action is likely to slightly decrease the number of licensed tradesmen doing business in the Commonwealth.

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

To the extent that this proposed regulatory action increases the cost of maintaining a tradesman business, profits for some businesses may slightly decrease. Any businesses that do experience a decrease in profits will also likely experience a corresponding decrease in their value.

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

Most, if not all, licensed tradesmen in the Commonwealth qualify as small businesses. All of these small businesses will have to pay the proposed higher fees discussed above to continue operating.

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

In general small businesses will benefit from agency actions that look toward cutting agency costs, when doing so will not adversely affect their mission, rather than raising fees.

## **Real Estate Development Costs**

To the extent that licensed tradesmen are involved with real estate development, this regulatory action is likely to slightly increase 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.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, 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 adverse effect on small businesses, Section 2.2-4007.H 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.