

Office of Regulatory Management
Economic Review Form

Agency name	Board for Contractors
Virginia Administrative Code (VAC) Chapter citation(s)	18VAC50-22
VAC Chapter title(s)	Contractor Regulations
Action title	General Regulatory Reduction Initiative
Date this document prepared	July 23, 2024
Regulatory Stage (including Issuance of Guidance Documents)	Proposed (Action 6128 / Stage 10436)

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p>1. This action amends the scope of practice for several contracting specialty services to allow contractors licensed with a highway/heavy license (H/H) classification to perform work in the specialty service without the need to qualify for the specialty service designation. Similar changes are made for other specialty services designations, including (i) allowing contractors licensed with the home improvement contracting (HIC) and commercial improvement contracting (CIC) specialty services to perform work covered by a landscape service contracting (LSC) specialty service; and allowing a contractor licensed with the residential building contractor (RBC) classification to perform work covered by the farm improvement contracting (FIC) specialty service. Additional such changes are detailed in Table #5 below.</p> <p>2. This action amends the scope of practice for the framing subcontractor (FRM) specialty service to allow such contractors to perform work in the specialty without having to be a subcontractor to a prime contractor.</p> <p>3. This action would require all contractors who engage in residential contracting to include, with the contract, a document, signed by the consumer, acknowledging that the consumer has been provided with and read the DPOR statement of protection provided by the Board. This provides information aimed at providing additional protections to consumers entering into contracts with licensed contractors. Currently, this requirement only applies to contracts resulting from door-to-door solicitations.</p> <p>4. This action reduces from eight (8) hours to six (6) hours the minimum required length for a pre-license education course.</p> <p>5. This action eliminates requirements that are not necessary to protect the health, safety, and welfare of the public, and seeks to provide clarity throughout the regulation, making the regulation easier to understand.</p> <p>Direct Costs: There are no anticipated monetizable direct costs associated with the regulatory change.</p> <p>Indirect Costs: There are no anticipated monetizable indirect costs associated with the regulatory change.</p> <p>Direct Benefits:</p> <ul style="list-style-type: none"> • Contractors licensed with the highway/heavy (H/H) license classification will be permitted to perform work in multiple specialty services without the need to qualify for the specialty
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	<p>service.</p> <ul style="list-style-type: none"> ○ The cost for a contractor to add a specialty service designation is \$195 consisting of: <ul style="list-style-type: none"> ▪ An application fee of \$110 to add a specialty service designation; and ▪ An \$85 fee to for the Qualified Individual specialty examination. ○ The regulatory change would allow H/H contractors to perform work in six (6) different types of specialty services without having to separately qualify. ○ A single H/H contractor could save \$1,170 as a result of the regulatory change. ○ There are approximately 4,500 of contractors currently licensed with the highway/heavy classification. ○ Total savings: Number of H/H contractors x savings. ○ Total one-time savings for all highway/heavy contractors: \$5,265,000. <ul style="list-style-type: none"> ● Contractors licensed with a home improvement contracting (HIC) or commercial improvement contracting (CIC) specialty service will be permitted to perform work in the landscape service contracting (LSC) specialty service. <ul style="list-style-type: none"> ○ A single HIC or CIC contractor would save \$195 as a result of the regulatory change. ○ There are approximately 19,200 of licensed HIC and CIC contractors. ○ Total savings: Number of HIC and CIC contractors x savings. ○ Total one-time savings for all HIC and CIC contractors: \$3,744,000. ● Contractors licensed with a residential building contractor (RBC) classification to perform work in the farm improvement contracting (FIC) specialty service. <ul style="list-style-type: none"> ○ A single RBC contractor would save \$195 as a result of the regulatory change. ○ There are approximately 22,600 of licensed RBC contractors. ○ Total one-time savings for all RBC contractors: \$4,407,000. <p>Indirect Benefits: There are no anticipated monetizable indirect benefits associated with the change.</p>
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(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$0	(b) \$13,416,000

(3) Net Monetized Benefit	\$13,416,000
(4) Other Costs & Benefits (Non-Monetized)	<p>Costs:</p> <ul style="list-style-type: none"> • Contractors that engage in residential contracting would see an increased administrative and paperwork burden as a result of the requirement to obtain a signed acknowledgment from a consumer that the consumer has been provided with and read the Board’s statement of protection. <p>Benefits:</p> <ul style="list-style-type: none"> • Consumers would stand to benefit as a result of more licensed contractors that would be available to provide certain specialty services as a result of the regulatory change. These include residential consumers who would have more licensed contractors available to provide the following services: <ul style="list-style-type: none"> ○ Landscaping services. <ul style="list-style-type: none"> ▪ There are approximately 2,200 LSC contractors. The change would increase the available number of contractors that may perform this work without requiring additional licensure by 19,200. ○ Masonry services. <ul style="list-style-type: none"> ▪ There are approximately 1,260 masonry contracting (BRK) contractors. The change would increase the available number of contractors that may perform this work without requiring additional licensure by 4,500. ○ Swimming pool construction. <ul style="list-style-type: none"> ▪ There are approximately 295 swimming pool construction contracting (POL) contractors. The change would increase the available number of contractors that may perform this work without requiring additional licensure by 4,500. ○ Framing. <ul style="list-style-type: none"> ▪ There are approximately 60 framing subcontractor (FRM) specialty licensees. The change would allow these contractors to directly contract with consumers to perform framing work without the need to work as a subcontractor for another licensee. • Consumers who contractor for residential contracting services that are provided with the statement of protection will have additional information and may be less likely to have a bad experience when contracting with a licensed contractor. • Consumers that are knowledgeable about contractual transactions and requirements of licensed contractors may have an overall better experience when working with a licensed contractor, which may result in fewer complaints filed against licensed contractors.

	<ul style="list-style-type: none"> • Individuals who take a pre-license education course would experience a time savings as a result of reducing the minimum length of a pre-license education course by two (2) hours.¹ • This action eliminates requirements that are not necessary to protect the health, safety, and welfare of the public, and seeks to provide clarity throughout the regulation, making the regulation easier to understand. <ul style="list-style-type: none"> ○ While pre-license education providers are not regulants, the courses offered by providers must be approved by the Board. The regulatory action proposes to remove an unnecessary requirement that pertains to certificates for approved pre-license courses being posted at the location where an approved course is taught.
(5) Information Sources	Agency staff

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: There are no new monetizable direct costs associated with maintaining the status quo.</p> <p>Indirect Costs: There are no new monetizable indirect costs associated with maintaining the status quo.</p> <p>Direct Benefits: There are no direct benefits associated with maintaining the status quo.</p> <p>Indirect Benefits: There are no indirect benefits associated with maintaining the status quo.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$0	(b) \$0
(3) Net Monetized Benefit	\$0	
(4) Other Costs & Benefits (Non-Monetized)	There are no non-monetizable benefits or costs associated with maintaining the status quo.	

¹ Agency staff is not able to monetize benefits associated with pre-license education as that information is not readily available. Providers are not regulants of the Board.

(5) Information Sources	Agency staff
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Table 1c: Costs and Benefits under Alternative Approach(es)

(1) Direct & Indirect Costs & Benefits (Monetized)	Refer to Box #4	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Net Monetized Benefit	N/A	
(4) Other Costs & Benefits (Non-Monetized)	No less intrusive alternative approaches were identified in the development of this action.	
(5) Information Sources	N/A	

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

(1) Direct & Indirect Costs & Benefits (Monetized)	See Box #3.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	There are no anticipated direct or indirect costs to local partners. There are no anticipated direct or indirect benefits to local partners	

(4) Assistance	N/A
(5) Information Sources	Agency staff

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: There are no anticipated monetizable direct costs associated with the regulatory change.</p> <p>Indirect Costs: There are no anticipated monetizable indirect costs associated with the regulatory change.</p> <p>Direct Benefits: There are no anticipated monetizable direct benefits associated with the regulatory change.</p> <p>Indirect Benefits: There are no anticipated monetizable indirect benefits associated with the regulatory change.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$0	(b) \$0
(3) Other Costs & Benefits (Non-Monetized)	<p>Benefits:</p> <ul style="list-style-type: none"> • More contractors available to undertake residential projects in certain specialty services, such as landscaping, masonry, swimming pool construction, and framing. • Cost of certain types of residential projects may decrease due to more available contractors. 	
(4) Information Sources	Agency staff	

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

(1) Direct & Indirect Costs & Benefits (Monetized)	Refer to Box #3.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	<p>As noted in the ABD, 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. All Class C and Class B contractor licensees would meet the definition of "small business." No less intrusive or less costly alternatives to achieve the purpose of the regulatory change were identified.</p> <p>The costs and benefits of this regulatory change are identified in Table 1(a). To the extent that any additional costs are assumed by a small business entities, this regulatory change would impact small businesses.</p>	
(4) Alternatives	N/A	
(5) Information Sources	Agency staff	

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
22-20	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	0	0	0	0
	(D/R):	6	1	0	+1
22-30	(M/A):	0	0	0	0
	(D/A):	1	0	1	-1
	(M/R):	0	0	0	0
	(D/R):	8	0	2	-2
22-100	(M/A):	0	0	0	0
	(D/A):	2	0	0	0
	(M/R):	1	0	0	0
	(D/R):	2	1	0	+1
22-160	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	0	0	0	0
	(D/R):	114	4	114	-110
22-250	(M/A):	0	0	0	0
	(D/A):	1	0	1	-1
	(M/R):	0	0	0	0
	(D/R):	3	0	3	-3
22-330	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	0	0	0	0
	(D/R):	1	0	1	-1
Grand Total of Changes in Requirements:					(M/A): 0 (D/A): -2 (M/R): 0 (D/R): -114

Key:

Please use the following coding if change is mandatory or discretionary and whether it affects externally regulated parties or only the agency itself:

(M/A): Mandatory requirements mandated by federal and/or state statute affecting the agency itself

(D/A): Discretionary requirements affecting agency itself

(M/R): Mandatory requirements mandated by federal and/or state statute affecting external parties, including other agencies

(D/R): Discretionary requirements affecting external parties, including other agencies

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved*	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases
<p>22-30 22-40 22-50 22-60</p>	<p>A contractor must designate a qualified individual for each specialty service designation for which the contractor seeks to qualify. The qualified individual must meet minimum experience requirements and pass a Board-approved examination.</p> <p>The regulatory change will allow contractors licensed in several license classifications or specialty services to perform work in certain designated specialty services without the need to separately qualify.</p>	<p>The cost to obtain a specialty service designation is \$195.</p>	<p>For contractors with certain classifications or specialty services, the new cost will be \$0.</p>	<p>For contractors with certain classifications or specialty services, the change will result in a savings of \$195 (100%).</p>

Other Decreases or Increases in Regulatory Stringency (if applicable)

VAC Section(s) Involved*	Description of Regulatory Change	Overview of How It Reduces or Increases Regulatory Burden
22-30	The scope of the environmental monitoring well contracting (EMW) specialty service is expanded to provide that contractors with the highway/heaving (H/H) classification and water well/pump contracting (WWP) specialty service may perform this service.	Allows licensed contractors with a H/H classification or WWP specialty service to contract and perform work under the EMW specialty service.
22-30	The scope of the environmental specialties contracting (ENV) specialty service is expanded to provide that contractors with the highway/heaving (H/H) classification may perform this service.	Allows licensed contractors with a H/H classification to contract and perform work under the ENV specialty service.
22-30	The scope of the farm improvement contracting (FIC) specialty service is expanded to provide that contractors with the residential building contractor (RBC) classification may perform this service.	Allows licensed contractors with an RBC classification to contract and perform work under the FIC specialty service.
22-30	The scope of the framing subcontractor (FRM) specialty service is changed to provide that a contractor holding this specialty service is no longer required to be a subcontractor to a licensed prime contractor.	Allows licensed contractors with the FRM specialty to undertake contracting work in this specialty without having to be a subcontractor.
22-30	The scope of the landscape service contracting (LSC) specialty service is expanded to provide that contractors with the commercial improvement contracting (CIC) or home improvement contracting (HIC) specialty services may perform this service	Allows licensed contractors with a CIC or HIC specialty service to contract and perform work under the LSC specialty service.
22-30	The scope of the masonry contracting (BRK) specialty	Allows licensed contractors with a H/H classification to

	service is expanded to expanded to provide that contractors with the highway/heavy (H/H) license classification may perform this service.	contract and perform work under the BRK specialty service.
22-30	The scope of the recreational facility contracting (RFC) specialty service is expanded to expanded to provide that contractors with the highway/heavy (H/H) license classification may perform this service.	Allows licensed contractors with a H/H classification to contract and perform work under the RFC specialty service.
22-30	The scope of the steel erection contracting (STL) specialty service is expanded to expanded to provide that contractors with the highway/heavy (H/H) license classification may perform this service.	Allows licensed contractors with a H/H classification to contract and perform work under the STL specialty service.
22-30	The scope of the swimming pool construction contracting (POL) specialty service is expanded to expanded to provide that contractors with the highway/heavy (H/H) license classification may perform this service.	Allows licensed contractors with a H/H classification to contract and perform work under the POL specialty service.
22-220	The reporting requirement for a contractor to report a change of qualified individual (QI) is changed to increase from 45 days to 60 days the length of time a contractor has to report the change to the Board.	The change provides a contractor an additional 15 days to report a change of QI to the Board following a change. This reduces the stringency of the current requirement by 25%.
22-260	The requirements for residential contracting contracts are revised to provide that contractors engaged in residential contracting must obtain a signed acknowledgment from a consumer that the consumer has been provided with and	This change increases the administrative and paperwork burden for licensees who engage residential contracting that is not the result of a door-to-door solicitation.

	<p>read the Board’s statement of protection.</p> <p>Currently, this requirement only applies in cases where the contract is result of a door-to-door solicitation. The change would make this mandatory for all residential contracting transactions.</p>	
<p>22-40 22-50 22-60 22-300</p>	<p>The minimum length of a pre-license education course is reduced from eight (8) hours to six (6) hours.</p>	<p>The change will provide a time savings to contractors who are required to have a member of responsible management successfully complete pre-license education in order to qualify for a license. The time savings is two (2) hours.</p> <p>This reduces the burden of the current pre-license education requirement by 25%.</p>
<p>22-310 22-320</p>	<p>The recordkeeping and reporting requirements for providers of pre-license education courses are changed to provide that a provider keep record of, and report to the Board upon course completion, a student’s DMV control number, if applicable.</p> <p>Currently, a provider must keep record of a student’s social security number or DMV control number, and report this data to the Board.</p>	<p>A provider would no longer necessarily need to obtain a DMV control number from a student or report this information to the Board.</p>

Length of Guidance Documents (only applicable if guidance document is being revised)

Title of Guidance Document	Original Word Count	New Word Count	Net Change in Word Count
N/A	N/A	N/A	N/A

*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).