



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

18 VAC 120-50 – Natural Gas Automobile Mechanics and Technicians
Department of Professional and Occupational Regulation
February 27, 2015

Summary of the Proposed Amendments to Regulation

Pursuant to Chapter 763 of the 2014 Acts of the Assembly, the Department of Professional and Occupational Regulation (DPOR) proposes to create a new certification program for individuals who convert vehicles so that they use natural gas for fuel or who repair or maintain such vehicles. This regulation will require that individuals seeking certification:

1. Be at least 18 years old,
2. Have attained one of the combinations of education and experience listed in this regulation,
3. Disclose (and provide documentation for) any misdemeanor convictions within the three years immediately preceding application for certification and any felony convictions at any time,
4. Pay for and take the certification exam written by or contracted for DPOR and
5. Pay the applicable application fee.

This proposed regulation also sets renewal, reinstatement and other fees, rules for certification by reciprocity or substantial equivalency and sets rules for vocational training programs and providers. This certification program is voluntary but, as mandated in Chapter 763, individuals will not be able to call themselves certified natural gas mechanics or technicians without obtaining DPOR certification even if they have obtained private certification in this field.

Result of Analysis

There is insufficient information to ascertain whether the benefits of this certification program will outweigh its costs. Costs might be decreased for applicants if DPOR promulgates into regulation its offence matrix so that applicants would only have to provide documentation for convictions that have the potential to disqualify them from obtaining certification.

Estimated Economic Impact

In 2014, the General assembly passed legislation that requires DPOR to set up a voluntary certification program for natural gas automobile mechanics and technicians and applies title protection which mandates that only individuals who are certified through DPOR use the title certified NG automobile mechanic or technician. DPOR now proposes this regulation to establish a certification program.

DPOR proposes to require that individuals who are applying for certification to first either: 1) have one year of practical experience working on natural gas vehicles and have successfully completed a training program approved by the Director of DPOR, 2) have a current license as a professional engineer and one year of practical experience working on natural gas vehicles, 3) have successfully completed an approved apprenticeship program which includes at least one year of practical experience working on natural gas vehicles OR 4) have three years of practical experience working on natural gas vehicles. DPOR staff estimates that training required for option 1) above will cost between \$1,000 and \$1,500 depending on how much prior experience the trainee has in the field already.

DPOR also proposes to require applicants for certification to disclose any misdemeanor convictions within the three years immediately preceding application for certification and any felony convictions at any time. In practice, DPOR staff reports that applicants will have to provide documentation for all offences that they are required to disclose. DPOR staff also reports, however, that many disclosed offences would not have any impact on whether an applicant is approved for certification and that DPOR has a matrix of crimes that would not be disqualifying. Applicants for certification would very likely benefit from that matrix being promulgated into this regulation because it will limit their documentation costs in cases where those costs would not be beneficial for DPOR's decision making process. Documentation costs for applicants can be considerable and can include per page copying costs imposed by courts and

travel costs to get records that must be obtained from courthouses (including courthouses that may be in another state or country) in person.

In addition to costs for obtaining qualifications and disclosing convictions, DPOR proposes fees for this program. These fees include a fee for the licensure examination that is yet to be determined, a \$150 fee for initial certification (\$250 if expedited review¹ is requested), a \$100 for biennial certificate renewal and a \$150 fee for reinstatement for individuals who seek certificate renewal after the certificate expires but within one year of the expiration date. DPOR also proposes a \$190 training provider fee and a \$190 training course approval fee to be paid by training providers. Certificate holders will also be charged a \$40 fee if they want a wall certificate and will be charged an increasing fee if the need to replace their certification pocket card. There will be no cost for the first replacement within a certification cycle (two years) but the second replacement card will cost \$25 and the third replacement card will cost \$50.

All of these costs must be weighed against any increased safety that may be experienced by certificate holders and their customers on account of this certification program.

Businesses and Entities Affected

This proposed regulation will affect all individuals who apply for natural gas automobile mechanics and technicians certification as well as entities that apply to provide vocational training required for certification will. DPOR staff estimates that initially 100 or fewer individuals will apply for certification, and 10 or fewer entities will apply for vocational trainer approval, once this regulation is promulgated.

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 initial impact on employment in the Commonwealth. If public or private action leads to certification being required to work as a natural gas mechanic or technician, either through further action of the General Assembly or by

¹ Expedited review is performed within two business days of receipt of application

insurance companies requiring certification as a condition of insurance, the pool of individuals working in this field would likely become smaller and prices for their services may rise.

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.

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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