



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 50-22 – Department of Professional Occupational Regulation, Board for Contractors

Board for Contractors Regulations

November 7, 2003

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G 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. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The proposed regulations will 1) remove alarm/security systems specialty classification from the regulations, 2) increase the license reinstatement period from six months to one year, 3) remove the requirement that contracts include the expiration date of the contractor's license, and 4) clarify the language in a number of places regarding the definition or the scope of several specialties and the fee schedule.

Estimated Economic Impact

An amendment to §54.1-1103 (E) of the Code of Virginia in 2002 removed the licensure requirements under these regulations for private security businesses offering installation, maintenance, and design services. Prior to this statutory change, alarm/security systems specialty was regulated by the Board of Contractors as well as by the Department of Criminal Justice Services. With the proposed changes, these contractors will no longer be regulated by the Board of Contractors (the board). According to the Department of Professional and

Occupational Regulation (the department), there were 600 contractors with an alarms systems contracting license. Of these, only 100 individuals did not have any other license while remaining 500 had a license in other specialties. Of the 100, 25 later obtained a license from the board in a related area. Thus, the net annual revenue loss to the board is approximately \$5,000 for 75 regulants, which is inconsequential for the board. According to the department, no significant effect on health and safety is expected, as these contractors will continue to be regulated the Department of Criminal Justice Services.

Also, a proposed change will extend the licensure reinstatement period from six months to one year to conform to tradesman licensing regulations. The department estimates that about 200 licensees apply for reinstatement annually. The reinstatement is accomplished simply by paying the reinstatement fee. The main benefit of this change is allowing contractors more time to reinstate their licensure status. According to the department, during the reinstatement period and until the fee is paid, a contractor is legally neither licensed nor unlicensed. Since contractors are not deemed unlicensed, existing or new customers will be able to resume or start a normal business relationship with a contractor for an additional six months. Also, customers will be afforded the board's protection for an additional six months because contractors are subject to these regulations during the reinstatement period.

Another proposed change will remove the requirement that a contractor list the expiration date of his license on the contract. Thus, contractors using printed contracts will not have to reprint their contracts every two years and save some printing expenses. This information is accessible through the department's web site or through telephone confirmation with the licensing staff.

The board also proposes to clarify some of the current language. These include i) clarifying that equipment/machinery contracting specialty includes installation or removal of boilers exempted by the Virginia Uniform Statewide Building Code, but regulated by the Department of Labor and Industry, ii) clarifying that heating/ventilating/air-conditioning contractors may perform incidental lead abatement work, iii) clarifying that gas fitting contractors may perform liquefied petroleum gas contracting and natural gas contracting, iv) clarifying that being a member of responsible management of a firm is not sufficient to be a designated employee under the Code of Virginia, v) removing bricks from the definition of work

that does not have a specialty as there is a specialty for masonry contracting, vi) removing the dishonored check fee from the regulations because this administrative fee is not under the authority of the board, but rather under the authority of the department, and vii) adding steel erection to the list of functions may be performed by highway/heavy contractors.

All of these proposed changes for clarification purposes are consistent with the board's policy currently enforced in practice. So, no significant change in practice is anticipated to result from these clarifications. However, the current language has been creating some confusion among the regulants and the building officials. Thus, the proposed clarifications are expected to reduce the potential for confusion and consequently save some staff time for the affected entities.

Businesses and Entities Affected

There are approximately 83,440 businesses and individuals with licenses from the board of contractors.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

No significant effect on employment is expected.

Effects on the Use and Value of Private Property

The proposed regulations are not anticipated to produce a significant effect on the use and value of private property.