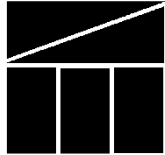


Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



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

18 VAC 10-20 Board for Architects, Professional Engineers, Land Surveyors, Certified Interior Designers, and Landscape Architects
Department of Professional and Occupational Regulation
Town Hall Action/Stage: 4755/8093
November 28, 2017 (Revised on December 19, 2017)

Summary of the Proposed Amendments to Regulation

The Board for Architects, Professional Engineers, Land Surveyors, Certified Interior Designers and Landscape Architects (Board) proposes numerous changes primarily to reduce the burdens on regulants and to clarify the regulation.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

This regulation applies to architects, professional engineers, land surveyors, certified interior designers, and landscape architects as well as businesses offering the services of these professionals. The Board proposes numerous changes generally to reduce the burdens on regulants and to clarify the regulation. The substantive provisions are discussed below.

One of the proposed changes will consolidate treatment of various categories of business formations under one single category. Current regulation has separate fees, language, and requirements for professional corporations, foreign corporations, professional limited liability corporations, and foreign professional limited liability companies. The Board proposes to consolidate the regulatory language and the fees under only one category for all types of business

entities. There is no known logical reason to distinguish the fees and language among entities based on their business formation. The proposed change will reduce the regulatory language and bring consistency among all business entities. The current and proposed fee structure is as follows:

	Current Professional Corporation	Current Professional Limited Liability Company	Current Any Other Business Type	Proposed for All Business Types
Registration	\$30	\$100	\$100	\$90
Branch Office Registration	\$30	\$50	\$50	\$45
Registration Renewal/2 years	\$25	\$50	\$50	\$45
Branch Office Registration Renewal/2 years	\$25	\$50	\$50	\$45

The proposed single fee schedule for all business formation types is budget neutral. The Board staff estimates that in fiscal year 2020 there would be 374 new business applications and 3,516 business renewals including branch offices. Of the new businesses 18% would pay a higher fee and 82% would pay a lower fee. Of the renewals 25% would pay a higher fee and 75% would pay a lower fee.

Another substantive proposed change is to revise what is considered full-time for determining length of experience. Under the proposed regulation, thirty hours per week will be considered full-time. Thirty-five hours per week is considered full-time under the current regulation. Reducing the amount of hours considered full-time will make it easier for applicants to meet the experience requirements.

The proposed regulation will also allow a landscape architect applicant to qualify for a license by obtaining a minimum of 48 months of experience under the direct control and

personal supervision of a licensed architect, professional engineer, or land surveyor. Under the current regulation, an applicant is required to have at least 12 of the 36 required months of experience under the direct supervision of a certified or licensed landscape architect. The proposed regulation makes it possible to obtain a license without any direct supervision of a landscape architect albeit it requires an additional 12 months of supervision. According to the Department of Professional Occupational Regulation (DPOR), the population of certified or licensed landscape architects is limited. The experience requirement has been a barrier to licensure as they could not obtain credit for experience they acquired in a practice or under an individual that did not have a licensed or certified landscape architect. The addition of this provision will provide an additional avenue for an applicant to meet the experience requirement. Since licensure applicants still must complete all landscape architecture-specific education requirements, applicants taking advantage of the proposed new experience option should be well-qualified to practice safely.

Another proposed change will provide additional options to applicants who have been living and practicing in the United States in addition to taking Test of English as a Foreign Language (TOEFL) to demonstrate their competency in English. TOEFL has been considered a barrier to licensure or certification for comity applicants. Currently, applicants whose primary language has not always been English, or who have not graduated from a college or university in which English is the medium of instruction, are required to take the TOEFL. Under the proposed changes, other evidence such as significant academic or work experience in English may be acceptable as determined by the Board.

Two proposed changes are related to references. First, the proposed regulation will require submission of three references from land surveyor licensure applicants to align their application requirements with the other professions. Second, the proposed regulation will allow two of the landscape architect references to be from a professional engineer, an architect or a land surveyor. Currently, all references are required to be from landscape architects. These changes will align reference requirements across different professions; make sure assertions of land surveyors are accurate; and make it easier to obtain references for landscape architects.

The proposed amendments will incorporate in the regulation language allowing engineers-in-training and surveyors-in-training to sit for the fundamentals exam prior to

submitting a licensure application to the Board. According to DPOR, this reflects current Board practice since January 1, 2014. The proposed process is also in line with what is occurring in other states. The engineer-in-training and surveyors-in-training designations will not be issued until applicants have met the Board's requirements. This change gives more flexibility to the applicants.

Overall, the proposed changes discussed above will reduce the burdens on regulants by making it easier to register businesses and to meet experience and other requirements. There are numerous other less substantive or non-substantive changes not discussed above that will also provide additional regulatory relief or improve the clarity of the language.

Businesses and Entities Affected

There are 4,412 businesses, 7,309 architects, 28,510 professional engineers, 1,364 land surveyors, 125 photogrammetrists, and 899 landscape architects regulated under these rules.

Localities Particularly Affected

There are no localities particularly affected.

Projected Impact on Employment

No significant impact on total employment is expected.

Effects on the Use and Value of Private Property

No significant impact on the use and value of private property is expected.

Real Estate Development Costs

No impact on real estate development costs is expected.

Small Businesses:

Definition

Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

Costs and Other Effects

Most of the 4,412 registered businesses are small with the exception of several. The proposed change in business registration fees is budget neutral. Of the new

businesses 18% would pay a higher fee and 82% would pay a lower fee. Of the renewals 25% would pay a higher fee and 75% would pay a lower fee.

Alternative Method that Minimizes Adverse Impact

No net adverse impact on small businesses is expected.

Adverse Impacts:

Businesses:

The proposed amendments do not have a significant adverse impact on businesses.

Localities:

The proposed amendments will not adversely affect localities.

Other Entities:

The proposed amendments will not adversely affect other entities.

Legal Mandates

General: The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order Number 17 (2014). Code § 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: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

Adverse impacts: Pursuant to Code § 2.2-4007.04(C): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) 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, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 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 shall be notified.