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## Fast-Track Regulation Agency Background Document

<b>Agency name</b>	Board for Contractors
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	18VAC50-22 18VAC50-30
<b>VAC Chapter title(s)</b>	Board for Contractors Regulations (18VAC50-22) Individual License and Certification Regulations (18VAC50-30)
<b>Action title</b>	Board for Contractors Fee Adjustment
<b>Date this document prepared</b>	December 11, 2024

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Order 19 (2022) (EO 19), any instructions or procedures issued by the Office of Regulatory Management (ORM) or the Department of Planning and Budget (DPB) pursuant to EO 19, the Regulations for Filing and Publishing Agency Regulations (1 VAC 7-10), and the *Form and Style Requirements for the Virginia Register of Regulations and Virginia Administrative Code*.

### Brief Summary

*Provide a brief summary (preferably no more than 2 or 3 paragraphs) of this regulatory change (i.e., new regulation, amendments to an existing regulation, or repeal of an existing regulation). Alert the reader to all substantive matters. If applicable, generally describe the existing regulation.*

The Board for Contractors (“the Board”) is amending its regulations to adjust license application, renewal, reinstatement, and other miscellaneous fees for contractor licenses and individual licenses and certifications.

The Department of Professional and Occupational Regulation (“DPOR”) is funded almost entirely from revenue collected for fees associated with applications for license, renewal, examination, and other miscellaneous fees. DPOR does not receive general fund money. The Board must establish fees adequate to support the costs of the Board’s operations as well as a proportionate share of DPOR’s operations. It is expected that the Board will exhaust its cash reserve in fiscal year 2026.

DPOR is self-supporting and must collect adequate revenue to support its mandated and approved activities and operations. Fees must be established at amounts that will provide that revenue. A portion of

fee revenue collected on behalf of the various boards is used to fund DPOR's authorized special revenue appropriation. The Board has no other source of revenue from which to fund its operations.

### Acronyms and Definitions

*Define all acronyms used in this form, and any technical terms that are not also defined in the "Definitions" section of the regulation.*

"DPOR" means Department of Professional and Occupational Regulation.

"LULA" means Limited Use/Limited Application.

"RBEA" means Residential Building Energy Analyst.

### Statement of Final Agency Action

*Provide a statement of the final action taken by the agency including: 1) the date the action was taken; 2) the name of the agency taking the action; and 3) the title of the regulation.*

On October 22, 2024, the Board voted to amend the Board for Contractors Regulations and the Individual License and Certification Regulations.

### Mandate and Impetus

*Identify the mandate for this regulatory change and any other impetus that specifically prompted its initiation (e.g., new or modified mandate, petition for rulemaking, periodic review, or board decision). For purposes of executive branch review, "mandate" has the same meaning as defined in the ORM procedures, "a directive from the General Assembly, the federal government, or a court that requires that a regulation be promulgated, amended, or repealed in whole or part."*

*Consistent with Virginia Code § 2.2-4012.1, also explain why this rulemaking is expected to be noncontroversial and therefore appropriate for the fast-track rulemaking process.*

This proposed regulatory action is mandated by the following sections of the Code of Virginia. To comply with these statutes, the Board evaluates its current and projected financial position, and determines the type of fees and amounts to be established for each fee that will provide revenue sufficient to cover its expenses.

Section 54.1-201 of the Code of Virginia states, in part:

A. The powers and duties of regulatory boards shall be as follows:

- 4. To levy and collect fees for certification or licensure and renewal that are sufficient to cover all expenses for the administration and operation of the regulatory board and a proportionate share of the expenses of the Department of Professional and Occupational Regulation and the Board for Professional and Occupational Regulation.

Section 54.1-304 of the Code of Virginia states, in part:

In the performance and discharge of his duties with respect to the regulatory boards, the Director shall:

3. Collect and account for all fees prescribed to be paid into each board and account for and deposit the moneys so collected into a special fund from which the expenses of the Board, regulatory boards, and the Department shall be paid.

Section 54.1-308 of the Code of Virginia states, "The compensation of the Director and the employees within the Department, including the compensation of the members of each board, shall be paid out of the total funds collected and charged to the accounts of the respective boards. The Director shall maintain a separate account for each board showing the moneys collected on its behalf and the expenses allocated to each board."

Section 54.1-113 of the Code of Virginia ("the Callahan Act") provides the authority for regulatory boards to adjust fees and states in part:

- A. Following the close of any biennium, when the account for any regulatory board within the Department of Professional and Occupational Regulation maintained under § 54.1-308 shows that unspent and unencumbered revenue exceeds \$100,000 or 20 percent of the total expenses allocated to the regulatory board for the past biennium, whichever is greater, the regulatory board shall (i) distribute all such excess revenue to current regulants and (ii) reduce the fees levied by it for certification, licensure, registration, or permit and renewal thereof so that the fees are sufficient but not excessive to cover expenses.

These code sections require the Department to:

- pay expenses of each board and the Department from revenues collected;
- establish fees adequate to provide sufficient revenue to pay expenses;
- account for the revenues collected and expenses charges to each board; and
- revise fees as necessary to ensure that revenue is sufficient but not excessive to cover all expenses.

To comply with these requirements, the Department:

- accounts for the revenue collected for each board distinctly;
- accounts for direct board expenses for each board, and allocates a proportionate share of agency operating expenses to each board;
- reviews the actual and projected financial position of each board biennially to determine whether revenues are adequate, but not excessive, to cover reasonable and authorized expenses for upcoming operating cycles; and
- recommends adjustments to fees to respond to changes and projections in revenue trends and operating expenses.

Fee adjustments are mandatory in accordance with these code sections. The Board exercises discretion on how the fees are adjusted by determining the amount of adjustment for each fee type. If projected revenue collections are expected to be more than sufficient to cover expenses for upcoming operating cycles, decreases in fees are recommended. If projected revenue collections are expected to be inadequate to cover operating expenses for upcoming operating cycles, increases in fees are recommended.

On October 22, 2024, the Board reviewed its current and projected financial position and authorized an adjustment to license application, renewal, reinstatement, and other miscellaneous fees so that fees are sufficient, but not excessive, to cover expenses.

This action is expected to be non-controversial. Fee adjustment actions for DPOR regulatory boards seldom receive negative comment from the regulated community and the public.

## Legal Basis

*Identify (1) the promulgating agency, and (2) the state and/or federal legal authority for the regulatory change, including the most relevant citations to the Code of Virginia and Acts of Assembly chapter number(s), if applicable. Your citation must include a specific provision, if any, authorizing the promulgating agency to regulate this specific subject or program, as well as a reference to the agency's overall regulatory authority.*

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The promulgating agency is the Board for Contractors. Chapter 11 of Title 54.1 of the Code of Virginia enumerates the legal authority for the Board to administer licensure of contractor firms and the licensure and certification of tradesman and other construction professionals.

Section 54.1-1102 of the Code of Virginia states, in part:

B. The Board shall promulgate regulations not inconsistent with statute necessary for the licensure of contractors and tradesmen and the certification of backflow prevention device workers, and for the relicensure of contractors and tradesmen and for the recertification of backflow prevention device workers, after license or certificate suspension or revocation.

In addition, § 54.1-1146 of the Code of Virginia states, in part:

The Board shall adopt regulations necessary to establish procedures and requirements for the ... (ii) licensing of individuals and firms to engage in residential building energy analysis...

Further, § 54.1-201 of the Code of Virginia provides, in part:

A. The powers and duties of regulatory boards shall be as follows:

1. To establish the qualifications of applicants for certification or licensure by any such board, provided that all qualifications shall be necessary to ensure either competence or integrity to engage in such profession or occupation.

5. To promulgate regulations in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) necessary to assure continued competency, to prevent deceptive or misleading practices by practitioners and to effectively administer the regulatory system administered by the regulatory board. The regulations shall not be in conflict with the purposes and intent of this chapter or of Chapters 1 (§ 54.1-100 et seq.) and 3 (§ 54.1-300 et seq.) of this title.

**Purpose**

*Explain the need for the regulatory change, including a description of: (1) the rationale or justification, (2) the specific reasons the regulatory change is essential to protect the health, safety or welfare of citizens, and (3) the goals of the regulatory change and the problems it is intended to solve.*

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The General Assembly has charged the Board with the responsibility for regulating those who engage, or offer to engage, in contracting work in Virginia by requiring that such persons obtain a contractor license from the Board.

Likewise, the General Assembly has charged the Board with the responsibility for regulating those who (i) engage, or offer to engage in, work as a tradesman (electrician, plumber, and HVAC technician), gas fitter, liquefied petroleum gas fitter, or natural gas fitter provider; (ii) engage in the drilling, installation, maintenance, or repair of a water well or water well system; (iii) engage in, or offer to engage in, work as an elevator mechanic or accessibility mechanic; (iv) engage in, or offer to engage in, work as a residential

building energy analyst; (v) present themselves as a certified backflow prevention device worker; and (vi) perform or offer to perform inspections of automatic fire sprinkler systems, by requiring that such individuals obtain the appropriate licensure or certification.

The goal of this regulatory change is to adjust the Board’s fees. The Board must establish fees adequate to support the costs of the Board operations and a proportionate share of DPOR’s operations. Current fees do not provide adequate revenue for those costs.

DPOR is funded almost entirely from revenue collected for fees associated with applications for licensure, renewal, examination, and other miscellaneous fees. DPOR does not receive general fund money. DPOR is self-supporting and must collect adequate revenue to support its mandated and approved activities and operations. Fee revenue collected on behalf of the various boards is used to fund DPOR’s authorized special revenue appropriation.

The Board has no other source of revenue from which to fund its operations. As detailed in the “Issues” section, failure to adjust fees may result in several disadvantages to the public, the regulated community, and the Commonwealth.

## Substance

*Briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both. A more detailed discussion is provided in the “Detail of Changes” section below.*

The Board reviewed the fees listed in the Board’s regulations and based on projected revenues and expenses, developed a fee schedule that meets the requirements of the applicable statutes while being the least burdensome to the licensee population.

The proposed fee adjustments to the Board for Contractors Regulations (18VAC50-22) are outlined below:

FEE TYPE	CURRENT FEE	NEW FEE	\$ CHANGE
<b>APPLICATION FEE</b>			
Class A Contractor	\$360	\$480	+\$120
Class B Contractor	\$345	\$460	+\$115
Class C Contractor	\$210	\$280	+\$70
RBEA Firm	\$210	\$280	+\$70
Temporary Contractor A	\$410	\$550	+\$140
Temporary Contractor B	\$395	\$530	+\$135
Temporary Contractor C	\$260	\$350	+\$90
<b>RENEWAL</b>			
Class A Contractor*	\$240	\$320	+\$80
Class B Contractor*	\$225	\$300	+\$75
Class C Contractor*	\$195	\$260	+\$65
RBEA Firm	\$195	\$260	+\$65
<b>REINSTATEMENT</b>			
Class A Contractor***	\$490	\$655**	+\$165
Class B Contractor***	\$460	\$615**	+\$155
Class C Contractor***	\$405	\$540**	+\$135
RBEA Firm	\$405	\$540	+\$135
<b>ADD/CHANGE APPLICATIONS</b>			

Change Qualified Individual/Designated Employee	\$110	\$150	+\$40
Add/Amend Specialty Designation	\$110	\$150	+\$40

\*A \$30 Recovery Fund Assessment is also required with each contractor license renewal.

\*\*Includes renewal fee listed in 18VAC50-22-140.

\*\*\* The Recovery Fund assessment specified in 18VAC50-22-140 is also required to reinstate a contractor license. The fees listed do not include the assessment.

The proposed fee adjustments to the Individual License and Certification Regulations (18VAC50-30) are outlined below:

FEE TYPE	CURRENT FEE	NEW FEE	\$ CHANGE
<b>APPLICATION FEE</b>			
Tradesman (with or without examination)	\$130	\$175	+\$45
Tradesman by Card Exchange	\$95	\$130	+\$35
Liquefied Petroleum Gas Fitter	\$130	\$175	+\$45
Natural Gas Fitter Provider	\$130	\$175	+\$45
Backflow Prevention Device Worker	\$130	\$175	+\$45
Elevator Mechanic Certification	\$130	\$175	+\$45
Certified Accessibility Mechanic	\$130	\$175	+\$45
Certified Automatic Fire Sprinkler Inspector	\$130	\$175	+\$45
Water Well Systems Provider Certification	\$130	\$175	+\$45
RBEA Individual	\$130	\$175	+\$45
LULA Endorsement	\$65	\$90	+\$25
Additional Tradesman Designation	\$90	\$120	+\$30
<b>RENEWAL</b>			
Tradesman	\$135	\$180	+\$45
Liquefied Petroleum Gas Fitter	\$135	\$180	+\$45
Natural Gas Fitter Provider	\$135	\$180	+\$45
Backflow Prevention Device Worker	\$90	\$120	+\$30
Elevator Mechanic Certification	\$90	\$120	+\$30
Certified Accessibility Mechanic	\$90	\$120	+\$30
Certified Automatic Fire Sprinkler Inspector	\$90	\$120	+\$30
Water Well Systems Provider	\$90	\$120	+\$30
RBEA Individual	\$90	\$120	+\$30
<b>REINSTATEMENT*</b>			
Tradesman	\$185	\$250	+\$65
Liquefied Petroleum Gas Fitter	\$185	\$250	+\$65
Natural Gas Fitter Provider	\$185	\$250	+\$65
Backflow Prevention Device Worker	\$140	\$190	+\$50
Elevator Mechanic Certification	\$140	\$190	+\$50
Certified Accessibility Mechanic	\$140	\$190	+\$50
Water Well Systems Provider	\$140	\$190	+\$50
RBEA Individual	\$140	\$190	+\$50

**Issues**

*Identify the issues associated with the regulatory change, including: 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions; 2) the primary advantages and disadvantages to the agency or the Commonwealth; and 3) other pertinent matters of interest to the regulated community, government officials, and the public. If there are no disadvantages to the public or the Commonwealth, include a specific statement to that effect.*

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The Code of Virginia establishes the Board as the state agency that oversees licensure of contractor firms and the licensure and certification of tradesman and other construction professionals providing services in Virginia. The Board's primary mission is to protect the citizens of the Commonwealth by prescribing requirements for minimal competencies; by prescribing standards of conduct and practice; and by imposing penalties for not complying with the regulations. Further, the Code of Virginia establishes through statute, the Board's authority to levy and collect fees adequate to cover the Board's associated expenses.

DPOR's finance staff analyzed the Board's financial position and determined that additional funds are needed to ensure the Board has sufficient revenue to cover expenses. The Board is currently operating at a \$1 million deficit and is expected to exhaust its cash reserve in fiscal year 2026. The Board's costs have increased by 12% overall in the last five (5) years and by 16% since the last fee change in 2010. Other major drivers of increased costs are associated with staffing, facility, and information technology related costs, which have all increased.

The following primary advantages of the regulatory change are:

- Continued services. With the change, there will be no delays in processing applications and issuing licenses to applicants who are required to obtain credentials to engage in contracting.
- Maintained public protection. DPOR will be effective in ensuring that contracting services are performed in a manner that protects the public health, safety, and welfare of citizens of the Commonwealth of Virginia.

There are no disadvantages to the public or the Commonwealth in adjusting the Board's fees as detailed. The adjusted fees allow the Board to meet the requirements of applicable statutes, while being the least burdensome to the Board's regulant population.

Disadvantages of not allowing this regulatory change are as follows:

- Reduction of services. Reduction in services will result in delays in issuing licenses, creating barriers to applicants' and licensees' ability to work, and will decrease DPOR's effectiveness in ensuring that licensees conduct their activities in a manner adequate to protect the public health, safety, and welfare. Because the regulatory activities conducted by the Board are mandated by statute, this is not considered a viable alternative.
- Obtain a Treasury loan to fund operations. Without increased revenue, DPOR may have to request a loan from the general fund to cover the Board's deficit and supplement its ongoing operations. Obtaining a loan will only provide a short-term solution and will only delay the need for fee increases. When eventually implemented, fee increases will need to be even greater to provide for loan repayment.
- Supplement Board activities with general funds. DPOR does not currently receive general fund revenue and doing so will require a change in the Code of Virginia and the Appropriation Act. DPOR's Boards are intended to be self-funding pursuant to §§ 54.1-113, 54.1-201, 54.1-304(3),



and 54.1-308 of the Code of Virginia. Use of general funds to support Board operations does not appear to be an appropriate use of taxpayer dollars.

**Requirements More Restrictive than Federal**

*Identify and describe any requirement of the regulatory change which is more restrictive than applicable federal requirements. Include a specific citation for each applicable federal requirement, and a rationale for the need for the more restrictive requirements. If there are no applicable federal requirements, or no requirements that exceed applicable federal requirements, include a specific statement to that effect.*

There are no applicable federal requirements.

**Agencies, Localities, and Other Entities Particularly Affected**

*Consistent with § 2.2-4007.04 of the Code of Virginia, identify any other state agencies, localities, or other entities particularly affected by the regulatory change. Other entities could include local partners such as tribal governments, school boards, community services boards, and similar regional organizations. "Particularly affected" are those that are likely to bear any identified disproportionate material impact which would not be experienced by other agencies, localities, or entities. "Locality" can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulation or regulatory change are most likely to occur. If no agency, locality, or entity is particularly affected, include a specific statement to that effect.*

Other State Agencies Particularly Affected

No other state agencies are particularly affected.

Localities Particularly Affected

No localities are particularly affected.

Other Entities Particularly Affected

No other entities are particularly affected.

**Economic Impact**

*Consistent with § 2.2-4007.04 of the Code of Virginia, identify all specific economic impacts (costs and/or benefits), anticipated to result from the regulatory change. When describing a particular economic impact, specify which new requirement or change in requirement creates the anticipated economic impact. Keep in mind that this is the proposed change versus the status quo.*

**Summary:**

This regulatory change amends the Board for Contractors ("the Board") regulation to adjust license application, renewal, reinstatement, and other miscellaneous fees for contractor licenses.

The financial division within DPOR analyzed the Board's financial position and determined that additional funds are needed to ensure the Board has sufficient revenue to cover expenses. The Board is currently operating at a \$1 million deficit and is expected to exhaust its cash reserve in fiscal year 2026.



Without the proposed fee increases, services offered by the Board will be interrupted causing delays in the processing and issuance of licenses and certifications. In turn, DPOR may become ineffective in maintaining the protection of the health, safety, and welfare of the public. Increasing fees will ensure DPOR and the Board continue operation without interruption and without requiring a loan or money from the general fund.

As of October 1, 2024, the Board for Contractors has 88,350 regulants. This includes Class A, B, and C Contractors, Tradesmen/Certificate holders, Residential Building Energy Analyst Firms, and Residential Building Energy Analysts. All of these individuals and firms will be affected by the regulatory change.

Contractor licenses and Residential Building Energy Analyst Firm licenses are issued to entities. It is likely that many of these firms meet the definition of "small business" as defined in § 2.2-4007.1 of the Code of Virginia. Additionally, tradesmen licenses and certificates are issued to individuals who may own or be employed by a small business, who will also be affected by the regulatory change.

In summation, all regulants of the Board will be affected by this regulatory change. Contractor licenses and Residential Building Energy Analyst Firm licenses are issued to entities. It is likely that many of these firms meet the definition of "small business" as defined in § 2.2-4007.1 of the Code of Virginia. Additionally, tradesmen licenses and certificates are issued to individuals who may own or be employed by a small business.

**Impact on State Agencies**

<i>For your agency:</i> projected costs, savings, fees or revenues resulting from the regulatory change, including: a) fund source / fund detail; b) delineation of one-time versus on-going expenditures; and c) whether any costs or revenue loss can be absorbed within existing resources	Costs related to this regulatory change are in the form of fees only. Regulants will experience a roughly 33% increase in fees associated with application for, renewal, reinstatement, and maintenance of licenses. There are no anticipated costs associated with reporting, recordkeeping, or other administrative costs.
<i>For other state agencies:</i> projected costs, savings, fees or revenues resulting from the regulatory change, including a delineation of one-time versus on-going expenditures.	There are no anticipated costs, fees, or revenues of other state agencies resulting from this regulatory change.
<i>For all agencies:</i> Benefits the regulatory change is designed to produce.	There are no projected benefits to other state agencies.

**Impact on Localities**

*If this analysis has been reported on the ORM Economic Impact form, indicate the tables (1a or 2) on which it was reported. Information provided on that form need not be repeated here.*

Projected costs, savings, fees or revenues resulting from the regulatory change.	There are no anticipated costs to localities because of the regulatory changes.
Benefits the regulatory change is designed to produce.	There are no anticipated benefits to localities because of the regulatory changes.

**Impact on Other Entities**

*If this analysis has been reported on the ORM Economic Impact form, indicate the tables (1a, 3, or 4) on which it was reported. Information provided on that form need not be repeated here.*

<p>Description of the individuals, businesses, or other entities likely to be affected by the regulatory change. If no other entities will be affected, include a specific statement to that effect.</p>	<p>As of October 1, 2024, the Board for Contractors has 88,350 regulants. This includes Class A, B, and C Contractors, Tradesmen/Certificate holders, Residential Building Energy Analyst Firms, and Residential Building Energy Analysts. All of these individuals and firms will be affected by the regulatory change. The regulatory change will also affect applicants for licensure or certification. Contractor licenses and Residential Building Energy Analyst Firm licenses are issued to entities. It is likely that many of these firms meet the definition of "small business" as defined in § 2.2-4007.1 of the Code of Virginia. Additionally, tradesmen licenses and certificates are issued to individuals who may own or be employed by a small business.</p>
<p>Agency's best estimate of the number of such entities that will be affected. Include an estimate of the number of small businesses affected. Small business means a business entity, including its affiliates, that:</p> <ul style="list-style-type: none"> <li>a) is independently owned and operated and;</li> <li>b) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.</li> </ul>	<p>All regulants of the Board will be affected by this regulatory change. Contractor licenses and Residential Building Energy Analyst Firm licenses are issued to entities. The regulatory change will also affect applicants for licensure or certification. It is likely that many of these firms meet the definition of "small business" as defined in § 2.2-4007.1 of the Code of Virginia. Additionally, tradesmen licenses and certificates are issued to individuals who may own or be employed by a small business.</p>
<p>All projected costs for affected individuals, businesses, or other entities resulting from the regulatory change. Be specific and include all costs including, but not limited to:</p> <ul style="list-style-type: none"> <li>a) projected reporting, recordkeeping, and other administrative costs required for compliance by small businesses;</li> <li>b) specify any costs related to the development of real estate for commercial or residential purposes that are a consequence of the regulatory change;</li> <li>c) fees;</li> <li>d) purchases of equipment or services; and</li> <li>e) time required to comply with the requirements.</li> </ul>	<p>Costs related to this regulatory change are in the form of fees only. Regulants will experience a roughly 33% increase in fees associated with application for, renewal, reinstatement, and maintenance of licenses. There are no anticipated costs associated with reporting, recordkeeping, or other administrative costs.</p>
<p>Benefits the regulatory change is designed to produce.</p>	<p>The fee increases that are presented in this regulatory action are being proposed to ensure the Board does not exhaust its cash reserve. It is anticipated that the fee increases will generate additional revenue which will be utilized for continued and uninterrupted Board operation.</p> <p>Without the proposed fee increases, services offered by the Board will be interrupted causing delays in the processing and issuance of licenses and certifications. In turn, DPOR may become ineffective in maintaining the protection of the health, safety, and welfare of the public.</p>

## Alternatives to Regulation

*Describe any viable alternatives to the regulatory change that were considered, and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the regulatory change. Also, include discussion of less intrusive or less costly alternatives for small businesses, as defined in § 2.2-4007.1 of the Code of Virginia, of achieving the purpose of the regulatory change.*

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Contractor licenses issued under these regulations 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. Individual licenses and certifications, though not issued to business entities, are issued to individuals who are likely to be owners or employees of business entities that meet the definition of "small business" as defined in § 2.2-4007.1 of the Code of Virginia. No less intrusive or less costly alternatives to achieve the purpose of the regulatory change were identified.

*If this analysis has been reported on the ORM Economic Impact form, indicate the tables on which it was reported. Information provided on that form need not be repeated here.*

## Regulatory Flexibility Analysis

*Consistent with § 2.2-4007.1 B of the Code of Virginia, describe the agency's analysis of alternative regulatory methods, consistent with health, safety, environmental, and economic welfare, that will accomplish the objectives of applicable law while minimizing the adverse impact on small business. Alternative regulatory methods include, at a minimum: 1) establishing less stringent compliance or reporting requirements; 2) establishing less stringent schedules or deadlines for compliance or reporting requirements; 3) consolidation or simplification of compliance or reporting requirements; 4) establishing performance standards for small businesses to replace design or operational standards required in the proposed regulation; and 5) the exemption of small businesses from all or any part of the requirements contained in the regulatory change.*

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Contractor licenses issued under these regulations are issued to business entities. Many contractor 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. Individual licenses and certifications, though not issued to business entities, are issued to individuals who are likely to be owners or employees of business entities that meet the definition of "small business" as defined in § 2.2-4007.1 of the Code of Virginia.

As mandated by the General Assembly, the Board protects the public health, safety, and welfare, in part, by establishing through regulation the minimum qualifications for entry into the profession and minimum standards to assure continued competency.

These proposed amendments do not pose an unreasonable administrative or financial burden. The enabling statutes establishing the licensing programs covered by this regulation provide no exemption for small businesses; therefore, there are no such exemptions contained in the proposed change.

*If this analysis has been reported on the ORM Economic Impact form, indicate the tables on which it was reported. Information provided on that form need not be repeated here.*

## Public Participation

*Indicate how the public should contact the agency to submit comments on this regulation, and whether a public hearing will be held, by completing the text below.*

*Consistent with § 2.2-4011 of the Code of Virginia, if an objection to the use of the fast-track process is received within the 30-day public comment period from 10 or more persons, any member of the applicable standing committee of either house of the General Assembly or of the Joint Commission on Administrative Rules, the agency shall: 1) file notice of the objections with the Registrar of Regulations for publication in the Virginia Register and 2) proceed with the normal promulgation process with the initial publication of the fast-track regulation serving as the Notice of Intended Regulatory Action.*

If you are objecting to the use of the fast-track process as the means of promulgating this regulation, please clearly indicate your objection in your comment. Please also indicate the nature of, and reason for, your objection to using this process.

The Board is providing an opportunity for comments on this regulatory proposal, including but not limited to (i) the costs and benefits of the regulatory proposal, (ii) any alternative approaches, (iii) the potential impacts of the regulation, and (iv) the agency's regulatory flexibility analysis stated in that section of this background document.

Anyone wishing to submit written comments for the public comment file may do so through the Public Comment Forums feature of the Virginia Regulatory Town Hall web site at: <https://townhall.virginia.gov>.

Comments may also be submitted by mail, email or fax to:

Cameron Parris  
 Regulatory Operations Administrator  
 9960 Mayland Drive, Suite 400  
 Richmond, VA 23233  
[Contractors@dpor.virginia.gov](mailto:Contractors@dpor.virginia.gov)  
 (866) 430-1033 (fax)

In order to be considered, comments must be received by 11:59 pm on the last day of the public comment period.

A public hearing will not be held following the publication of this stage.

### Detail of Changes

*List all regulatory changes and the consequences of the changes. Explain the new requirements and what they mean rather than merely quoting the text of the regulation. For example, describe the intent of the language and the expected impact. Describe the difference between existing requirement(s) and/or agency practice(s) and what is being proposed in this regulatory change. Use all tables that apply, but delete inapplicable tables.*

*If an existing VAC Chapter(s) is being amended or repealed, use Table 1 to describe the changes between existing VAC Chapter(s) and the proposed regulation. If existing VAC Chapter(s) or sections are being repealed and replaced, ensure Table 1 clearly shows both the current number and the new number for each repealed section and the replacement section.*

**Table 1: Changes to Existing VAC Chapter(s)**

Current chapter-section number	New chapter-section number, if applicable	Current requirements in VAC	Change, intent, rationale, and likely impact of new requirements

22-100	N/A	<p>This section establishes the application fees for initial Class A, B, and C license applications, temporary licenses, RBEA firm licenses, the qualified individual exam, and Class A and B exams.</p> <p>See the fee chart below for current application fee requirements.</p>	<p>See the fee chart below for the amended fee schedule for application fees.</p> <p>The amended fee schedule includes increased fees for:</p> <ul style="list-style-type: none"> <li>• Initial Class A, B, and C license applications;</li> <li>• RBEA firm license applications; and</li> <li>• Temporary license applications.</li> </ul> <p>The section is revised to remove provisions related to examinations and examination fees. These provisions are unnecessary, as section -80 contains provisions for the administration of required examinations and the fees for such examinations.</p> <p>The fee schedule meets the requirements of the applicable statutes while being the least burdensome to the licensee population.</p>
22-140	N/A	<p>This section establishes the fees for renewal of licenses.</p> <p>See the fee chart below for current renewal requirements.</p>	<p>See the fee chart below for the amended fee schedule for renewal fees.</p> <p>Language is added to the fee chart regarding a \$30 Recovery Fund assessment for renewal of contractor licenses. This is a payment that is currently required for renewal of contractor licenses, but which is not reflected in the regulation.</p> <p>Provisions regarding temporarily reduced fees for renewal of licenses are removed.</p> <p>The fee schedule meets the requirements of the applicable statutes while being the least burdensome to the licensee population.</p>
22-170	N/A	<p>This section establishes the fees for reinstatement of licenses.</p> <p>See the fee chart below for current renewal requirements.</p>	<p>See the fee chart below for the amended fee schedule for reinstatement fees.</p> <p>Language is added to the fee chart regarding the Recovery Fund assessment for renewal of contractor licenses. This is a payment that is currently required for reinstatement of contractor licenses, but which is not reflected in the regulation.</p>

			<p>Provisions regarding temporarily reduced fees for reinstatement of licenses are removed.</p> <p>The fee schedule meets the requirements of the applicable statutes while being the least burdensome to the licensee population.</p>
22-250	N/A	<p>This section establishes the fees for change applications (Designated Employee, Qualified Individual) and addition of specialty applications.</p> <p>See the fee chart below for current change/addition applications.</p>	<p>See the fee chart below for the amended fee schedule for change/addition applications.</p> <p>The fee schedule meets the requirements of the applicable statutes while being the least burdensome to the licensee population.</p>
22-9998	N/A	<p>This section contains forms used to administer the regulation.</p>	<p>The forms section is revised to update forms to reflect the proposed adjusted fees.</p>
30-90	N/A	<p>This section establishes the application fees for the following individual licenses and certificates:</p> <ul style="list-style-type: none"> <li>• Original tradesmen (by examination, without examination, and by card exchange;</li> <li>• Liquefied petroleum gas fitter;</li> <li>• Natural gas fitter provider;</li> <li>• Backflow prevention device worker;</li> <li>• Elevator mechanic;</li> <li>• Certified accessibility mechanic;</li> <li>• Certified automatic fire sprinkler inspector;</li> <li>• Water well systems provider;</li> <li>• Limited use/limited application endorsement; and</li> <li>• RBEA analyst.</li> </ul> <p>See the fee chart below for current application fee requirements.</p>	<p>See the fee chart below for the amended fee schedule for application fees.</p> <p>The amended fee schedule includes increased fees for the following applications:</p> <ul style="list-style-type: none"> <li>• Original tradesmen;</li> <li>• Liquefied petroleum gas fitters;</li> <li>• Natural gas fitter providers;</li> <li>• Backflow prevention device workers;</li> <li>• Elevator mechanic certifications;</li> <li>• Certified accessibility mechanics;</li> <li>• Certified automatic fire sprinkler inspectors;</li> <li>• Water well systems provider certifications;</li> <li>• LULA endorsements; and</li> <li>• RBEA analysts.</li> </ul> <p>Provisions in the fee schedule for liquefied petroleum gas fitters and natural gas fitter providers are consolidated with the provisions for licensure of tradesman. Current agency practice is to treat these gas fitter licenses as other tradesman licenses. This change is made to reflect current agency practice.</p> <p>The fee schedule meets the requirements of the applicable statutes</p>

			while being the least burdensome to the licensee population.
30-120	N/A	<p>This section establishes the fees for renewal of individual licenses and certifications.</p> <p>The section also provides for the expiration of licenses and certificates. Tradesman licenses expire three (3) years from the last day of the month in which they were issued. All other licenses and certifications expire two (2) years from the last day of the month in which they were issued.</p> <p>See the fee chart below for current renewal requirements.</p>	<p>See the fee chart below for the amended fee schedule for renewal fees.</p> <p>The section is revised to provide that licenses for liquefied petroleum gas fitters and natural gas fitter providers expire three (3) years from the last day of the month in which they were issued. Current agency practice is to treat these gas fitter licenses as other tradesman licenses, including issuing these licenses for a three-year term of licensure. This change is made to reflect current agency practice.</p> <p>Provisions in the fee schedule for liquefied petroleum gas fitters and natural gas fitter providers are consolidated with the provisions for renewal of tradesman licenses. Current agency practice is to treat these gas fitter licenses as other tradesman licenses, including payment of the same renewal fee as tradesman licensees. This change is made to reflect current agency practice.</p> <p>Provisions regarding temporarily reduced fees for renewal of licenses and certifications are removed.</p> <p>The fee schedule meets the requirements of the applicable statutes while being the least burdensome to the licensee population.</p>
30-130	N/A	<p>This section establishes the fees for reinstatement of individual licenses and certifications.</p> <p>See the fee chart below for current renewal requirements.</p>	<p>See the fee chart below for the amended fee schedule for reinstatement fees.</p> <p>Provisions in the fee schedule for liquefied petroleum gas fitters and natural gas fitter providers are consolidated with the provisions for reinstatement of tradesman licenses. Current agency practice is to treat these gas fitter licenses as other tradesman licenses, including payment of the same reinstatement fee as tradesman licensees. This change is made to reflect current agency practice.</p> <p>Provisions regarding temporarily reduced fees for reinstatement of licenses and certifications are removed.</p>



			The fee schedule meets the requirements of the applicable statutes while being the least burdensome to the licensee population.
30-9998	N/A	This section contains forms used to administer the regulation.	The forms section is revised to update forms to reflect the proposed adjusted fees and to add application forms for Universal License Recognition.

**Fees Under 18VAC50-22**

**Application Fees (18VAC50-22-100)**

Fee Type	Current Fee	New Fee	Change
Class A Contractor	\$360	\$480	+\$120
Class B Contractor	\$345	\$460	+\$115
Class C Contractor	\$210	\$280	+\$70
RBEA Firm	\$210	\$280	+\$70
Temporary Class A Contractor	\$410	\$550	+\$140
Temporary Class B Contractor	\$395	\$530	+\$135
Temporary Class C Contractor	\$260	\$350	+\$90

**Renewal Fees (18VAC50-22-140)**

Fee Type	Current Fee	New Fee	Change
Class A Contractor*	\$240	\$320	+\$80
Class B Contractor*	\$225	\$300	+\$75
Class C Contractor*	\$195	\$260	+\$65
RBEA Firm	\$195	\$260	+\$65

\*A \$30 Recovery Fund Assessment is also required with each contractor license renewal.

**Reinstatement Fees (18VAC50-22-170)**

Fee Type	Current Fee	New Fee	Change
Class A Contractor***	\$490	\$655**	+\$165
Class B Contractor***	\$460	\$615**	+\$155
Class C Contractor***	\$405	\$540**	+\$135
RBEA Firm	\$405	\$540	+\$135

\*\*Includes renewal fee listed in 18VAC50-22-140.

\*\*\*The Recovery Fund assessment specified in 18VAC50-22-140 is also required to reinstate a contractor license. The fees listed do not include the assessment.

**Add/Change Application Fees (18VAC50-22-250)**

Fee Type	Current Fee	New Fee	Change
Change Qualified Individual/Designated Employee	\$110	\$150	+\$40
Add Specialty Designation	\$110	\$150	+\$40

**Fees Under 18VAC50-30**

**Application Fees (18VAC50-30-90)**

Tradesman (with or without examination)	\$130	\$175	+\$45
Tradesman by Card Exchange	\$95	\$130	+\$35
Liquefied Petroleum Gas Fitter	\$130	\$175	+\$45
Natural Gas Fitter Provider	\$130	\$175	+\$45
Backflow Prevention Device Worker	\$130	\$175	+\$45
Elevator Mechanic Certification	\$130	\$175	+\$45
Certified Accessibility Mechanic	\$130	\$175	+\$45
Certified Automatic Fire Sprinkler Inspector	\$130	\$175	+\$45
Water Well Systems Provider Certification	\$130	\$175	+\$45
RBEA Individual	\$130	\$175	+\$45
LULA Endorsement	\$65	\$90	+\$25
Additional Tradesman Designation	\$90	\$120	+\$30

**Renewal Fees (18VAC50-30-120)**

Tradesman	\$135	\$180	+\$45
Liquefied Petroleum Gas Fitter	\$135	\$180	+\$45
Natural Gas Fitter Provider	\$135	\$180	+\$45
Backflow Prevention Device Worker	\$90	\$120	+\$30
Elevator Mechanic Certification	\$90	\$120	+\$30
Certified Accessibility Mechanic	\$90	\$120	+\$30
Certified Automatic Fire Sprinkler Inspector	\$90	\$120	+\$30
Water Well Systems Provider	\$90	\$120	+\$30
RBEA Individual	\$90	\$120	+\$30

**Reinstatement Fees (18VAC50-30-130)**

Tradesman	\$185	\$250*	+\$65
Liquefied Petroleum Gas Fitter	\$185	\$250*	+\$65
Natural Gas Fitter Provider	\$185	\$250*	+\$65
Backflow Prevention Device Worker	\$140	\$190*	+\$50
Elevator Mechanic Certification	\$140	\$190*	+\$50
Certified Accessibility Mechanic	\$140	\$190*	+\$50
Water Well Systems Provider	\$140	\$190*	+\$50
RBEA Individual	\$140	\$190*	+\$50

\*Includes renewal fee listed in 18VAC50-30-120.