



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

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**18 VAC 15-60 – Mold Inspector and Remediator Regulations  
Board of Asbestos, Lead, and Home Inspectors  
April 13, 2010**

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### **Summary of the Proposed Amendments to Regulation**

Pursuant to the Chapter 358 of the 2009 Acts of Assembly, the proposed regulations establish rules for mold remediators and inspectors.

### **Result of Analysis**

There is insufficient data to accurately compare the magnitude of the benefits versus the costs. Detailed analysis of the benefits and costs can be found in the next section. A different design would likely yield the same benefits at lower cost for at least one proposed change.

### **Estimated Economic Impact**

Pursuant to the Chapter 358 of the 2009 Acts of Assembly, the proposed regulations establish rules for mold remediators and inspectors under the authority of Board of Asbestos, Lead, and Home Inspectors (the Board).

Currently, mold inspection and remediation activities in Virginia are unregulated. The proposed regulations establish initial requirements for licensure, standards of practice and conduct, and continuing education requirements for mold inspectors and remediators as mandated by the Chapter 358 of the 2009 Acts of Assembly.

Mold remediator workers and supervisors will be required to successfully complete a minimum of a 16-hour or 24-hour initial training for licensure, respectively. Similarly, the mold inspectors will be required to complete a minimum of a 24-hour initial training. Remediator supervisors and inspectors will also be required to complete an 8-hour continuing education annually. And, remediator workers will be required to complete an 8-hour continuing education biannually.

The main economic effect of the proposed regulations will be on the individuals wishing to be licensed as mold remediator workers, mold remediator supervisors, and mold inspectors. These individuals will have to devote between 16 and 24 hours of their time for initial licensure and 8 hours annually or biannually to maintain their good standing. The cost of initial training may vary from \$100 to \$500. The cost of continuing education courses is estimated to be between \$150 and \$300. Also, the applicants will be required to pay a license fee of \$25 every year. According to the Department of Professional and Occupation Regulation (DPOR), approximately 500 to 1000 individuals may be interested in seeking licensure for remediator worker, supervisor, or inspector. Although the regulations introduce costs for licensure, individuals would not be interested in incurring these costs if the expected benefits to them did not exceed the costs.

Some of the other economic effects of the proposed changes are expected to be on the consumers. According to DPOR, these regulations will assure a minimum standard of competency and discourage the solicitation of unscrupulous work practices in the mold industry. However, the proposed regulations will also create an entry barrier into mold remediation and inspection market and may reduce competition. Reduced competition is usually associated with higher prices when compared to the prices in more competitive markets. Also, the licensees may be able to pass more successfully their training, licensure, and continuing education costs onto consumers in a less competitive market.

The creation of a new licensure program will increase the activities of the board and consequently its administrative expenses. DPOR estimates approximately \$7,761 will be needed annually for four additional board meeting expenses.

Generally, protection of public health is one of the driving reasons for establishing regulations. For example, the same board regulates asbestos and lead which carry significant health risks to humans. In this case, however, there appears to be lack of scientific evidence establishing a strong link between mold and serious health risks. Probably because of the lack of scientific evidence, mold remediation remains an unregulated activity in most states and in federal government. According to DPOR, only Texas and Louisiana have regulatory mold remediation programs. Thus, it is not clear whether the public health benefits of the proposed mold remediation regulations would be significant to justify the costs of compliance.

Given that the public health benefits of the proposed regulations may be in suspect and that the board is mandated to establish regulations, it may be worthwhile to consider reducing the length of the annual and biannual continuing education classes which would reduce the compliance costs without a corresponding reduction in public health benefits.

### **Businesses and Entities Affected**

The proposed regulations will affect between 500 and 1000 individuals who may be interested in obtaining a license for mold remediation and inspection.

### **Localities Particularly Affected**

The proposed regulations apply throughout the Commonwealth.

### **Projected Impact on Employment**

Compliance costs associated with licensing may increase mold remediation and inspection prices and reduce the demand for such services. Reduction in demand for services could in turn decrease demand for labor. On the other hand, the regulation of a new activity will demand more time from the board members and its administrative staff. The board will have additional four meetings annually and a part time staff member will be needed to handle daily activities associated with mold remediation and inspection licensure.

### **Effects on the Use and Value of Private Property**

The proposed regulations do not have a direct effect on the use and value of private property. However, the proposed regulations are expected to improve profit margins of mold remediation and inspection providers due to reduced competition. Higher profit margins would have a positive impact on the asset value of mold remediation and inspection businesses.

Also, prolonged mold presence could cause structural damage to homes and buildings. Depending on the extent to which the proposed regulations actually discourage the use of remediation and inspection services due to higher prices, a corresponding effect on the value of homes and buildings may occur.

## **Small Businesses: Costs and Other Effects**

Most of the businesses who may be interested in mold remediation and inspection are believed to be small businesses. Thus, all of the effects discussed above apply to small businesses.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

The proposed regulations will introduce compliance costs on those who are interested in obtaining a mold remediation or inspection license. While it is not possible to completely eliminate all of the compliance costs, it appears that reducing the number of annual continuing education hours required would mitigate the adverse impact.

## **Real Estate Development Costs**

The proposed regulations do not have any direct impact on real estate development costs.

## **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 107 (09). Section 2.2-4007.H 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. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.