



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 50-30 – The Board of Contractors Individual License and Certification Regulations

Department of Professional and Occupational Regulations

May 8, 2009

Summary of the Proposed Amendments to Regulation

The Board of Contractors proposes to amend its Individual License and Certification Regulations to repeal license duplication fees for tradesmen, allow tradesmen to hold an inactive license which is not subject to continuing education requirements and to allow water well system providers to use equivalent experience to meet eligibility criteria for Board certification.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Currently, tradesmen must pay a fee for each duplicate card that they request. For the first and second duplicate card, the fee is \$30; for the third duplicate card, the fee is \$45. If a licensee requests more than three duplicate cards, he may be referred to the Board for possible disciplinary action. The Department of Professional and Occupational Regulation (DPOR) reports that these fees, and possible disciplinary action, were put into regulation to discourage tradesmen who were getting multiple copies of their licenses and than allowing unlicensed individuals to use them. DPOR reports that duplicate license fees are no longer necessary because of online license verification and other electronic recordkeeping. Because of this, and because licenses are wallet-sized and printed with soy-based ink that are easily, and frequently, destroyed, the Board now proposes to repeal the fees and other language associated with license duplication. Tradesmen will benefit from this regulatory change as they will no longer have to pay a fee every time they manage to destroy a copy of their license.

Current regulations require all tradesmen to renew their licenses or certifications every two years. To renew, tradesmen must have completed continuing education (CE) that is required for their particular license or certification. Individuals who are licensed as liquefied gas fitters, for instance, must complete one hour of CE biennially; certified elevator mechanics must complete eight hours of CE biennially. Currently, tradesmen who are retired but still wish to keep their licenses must meet all renewal criteria even though the information gained from CE would be of academic interest only and the cost of CE represents an unnecessary expense.

The Board proposes to amend these regulations to allow for inactive licensure for retired tradesmen who take pride in their license status but do not want to pay, or cannot afford, the cost of completing CE. The Board will allow individuals who want to keep, but not use, their licenses or certifications to renew without completing required CE. Individuals who allow their licenses (or certifications) to go into inactive status will be able to reactivate them within three years by completing the CE required for the current licensing cycle. If an individual whose license has been inactive for more than three years wishes to work in his field again, he will have to meet initial licensure requirements. Neither the Board nor any regulated entity is likely to incur any costs on account of this proposed change. Retired tradesmen will benefit from being able to keep their licenses or certifications without having to bear the expense of completing CE.

Currently, applicants for certification as trainee, journeyman or master water well system providers must prove that they have practical experience under the supervision of a master water well system provider. This requirement does not make provision for individuals who gained their experience in jurisdictions that do not require certification to do this work (jurisdictions where there are no certified master water well systems providers). The Board proposes to amend these provisions to allow other, equivalent, experience to be used to meet certification requirements. This change will benefit all applicants who gained their experience in states that do not have a certified water well systems provider classification and who would not otherwise meet certification requirements. This change will also particularly benefit master water well systems providers who already practice in Virginia but who will not be able to gain enough experience during the grandfather period allowed by 2005 legislation to keep their master status after 2012. These individuals will be able to use experience gained before Virginia required certification to keep their master certification. These individuals will be spared the costs that

would be associated with losing their certifications which might include having to shut down their sole proprietor businesses.

Businesses and Entities Affected

DPOR reports that the Board currently licenses or certifies approximately 34,000 tradesmen and receives approximately 3,000 new applications each year. All of these individuals will be affected by these proposed regulations.

Localities Particularly Affected

No locality will be particularly affected by this proposed regulatory action.

Projected Impact on Employment

A greater number of water well systems providers may apply for certification because of the Board's proposal to allow equivalent experience to count toward certification requirements. If this happens, more individuals will likely be employed as water well systems providers in the Commonwealth.

Effects on the Use and Value of Private Property

To the extent that this regulatory action will allow current master water well systems providers to keep their certifications, the businesses owned by these individuals are more likely to maintain their value.

Small Businesses: Costs and Other Effects

Small businesses in the Commonwealth are unlikely to incur any costs on account of this regulatory action. Small business water well systems providers will likely benefit from proposed provisions that allow equivalent experience to count toward certification requirements.

Small Businesses: Alternative Method that Minimizes Adverse Impact

Small businesses in the Commonwealth are unlikely to incur any costs on account of this regulatory action.

Real Estate Development Costs

This regulatory action will likely have no effect on real estate development costs in the Commonwealth.

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 36 (06). 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.