

Department of Planning and Budget 2019 Fiscal Impact Statement

1. **Bill Number:** SB1774

House of Origin Introduced Substitute Engrossed
 Second House In Committee Substitute Enrolled

2. **Patron:** Edwards

3. **Committee:** General Laws and Technology

4. **Title:** Board for Contractors; requirements for licensure; certification of automatic fire sprinkler.

5. **Summary:** Creates the classification of fire sprinkler contractor for the purpose of licensure by the Board for Contractors (the Board). The bill also creates a certification for automatic fire sprinkler inspectors and prohibits any person from conducting inspections of automatic fire sprinkler systems unless he maintains or is accompanied by a person who maintains a Level II or higher NICET certification. The bill requires the Board to promulgate regulations requiring continuing education and knowledge of the Statewide Fire Code as prerequisites for certification renewal as an automatic fire sprinkler inspector. The provisions of the bill mandating NICET certification have a delayed effective date of July 1, 2021.

6. **Budget Amendment Necessary:** No.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2019	\$0	0.0	n/a
2020	\$6,200	0.0	NGF
2021	\$0	0.0	n/a
2022	\$0	0.0	n/a
2023	\$0	0.0	n/a
2024	\$0	0.0	n/a
2025	\$0	0.0	n/a

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2019	\$0	n/a
2020	\$29,250	NGF
2021	\$26,000	NGF
2022	\$23,500	NGF
2023	\$23,500	NGF
2024	\$23,500	NGF
2025	\$23,500	NGF

- 8. Fiscal Implications:** This bill increases the administrative and regulatory responsibilities of the Department of Professional and Occupational Regulation (DPOR) by requiring the establishment of a mandatory certification program for automatic fire sprinkler inspectors by the Board for Contractors (Board). DPOR estimates that 425 to 500 individuals would be required to obtain certification, based on the nearly 400 contractor businesses currently licensed with the fire sprinkler contracting (SPR) specialty designation.

Expenditure Impact: This legislation will increase the workload of the staff supporting the Board including payment processing, application review and approval, form design, and system configuration. Current resources can be utilized to complete the additional workload. Two additional board meetings in FY 2020 are needed to develop the regulations and establish the program. Travel related expenses for the board meetings would be approximately \$6,200.

The provisions of the bill that mandate NICET certification have a delayed effective date of July 1, 2021 (subsection A and C of § 54.1-1147). The delayed effective date does not apply to section B of 54.1-1147. Section B requires certification which is to begin in FY 2020. So individuals would start applying in FY 2020, as reflected in the revenue impact table, above. Regulations are to be in place by December 1, 2019, so the expenditures related to developing regulations would need to be in FY 2020, as reflected in the expenditure impact table, above. The last part of the bill regarding regulations states “That the Board for Contractors (the Board) shall promulgate regulations to implement (i) the provisions of this act that shall become effective in due course, with such regulations to become effective no later than December 1, 2019, and (ii) the provisions of this act that shall become effective on July 1, 2021, with such regulations to become effective no later than July 1, 2021.” The regulations effective no later than July 1, 2021, apply to sections A and C.

Revenue Impact: In accordance with the provisions of Section 54.1-113 (Callahan Act), Code of Virginia, licensing fees are established at rates adequate to cover a program's operating costs and a proportionate share of agency support costs. Approximately 425 individuals are anticipated to apply and obtain certification as an automatic fire sprinkler inspector in the first two years, beginning in FY 2020, under certification regulations exempt from most provisions of the Administrative Process Act to be effective no later than December 31, 2019. The cost to the regulant is anticipated to be \$130 to apply for a certification and \$90 to renew the certification every two years. Total additional revenue is estimated to be \$29,250 in FY 2020, \$26,000 in FY 2021 and about \$23,500 annually thereafter, based on 225 applications in FY 2020, 200 applications in FY 2021 and a combination of 25 new applications and 225 renewals in each subsequent year.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Professional and Occupational Regulation.

10. Technical Amendment Necessary: No.

11. Other Comments: None.