



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

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**18 VAC 15-30 – Lead-Based Paint Activities Regulations**  
**Department of Professional Occupational Regulation**  
April 11, 2014

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

The proposed change will allow the Board for Asbestos, Lead and Home Inspectors (the Board) to charge more than \$75 to a candidate taking the lead licensure examination.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

Current regulation contains a \$75 exam fee cap that prevents the Board from passing on the actual cost of the lead licensure test to candidates taking the exam. According to the Department of Professional Occupational Regulation (DPOR), this cap has been in place since 1995 and is no longer reflective of the actual costs of the test. In 2013, DPOR was unable to procure a third party vendor to administer the test for \$75 or less. In fact, DPOR contracted with a vendor after a competitive negotiation process in accordance with the Virginia Public Procurement Act for \$150 per test. Since the Board cannot collect more than \$75 from candidates, the Board has been paying for the remaining \$75 from its own budget. Without the proposed removal of the cap, the Board will continue to incur deficits from administering its licensure examinations. In the first three months of 2014, the Board administered 15 lead examinations. For these examinations, the Board paid \$2,250 to the vendor but collected only \$1,125 from candidates, resulting in a deficit of \$1,125 from this activity.

The Board proposes to remove the current \$75 exam fee cap so as to be able to adjust the exam fee in accordance with the competitively negotiated contract. The proposed language would allow the Board, for example, to charge \$150 to a candidate currently taking the exam.

The proposed change is expected to help the Board collect the revenues it needs to support the administration of its exam while imposing additional costs on individuals taking the exam. In addition, since this change will allow the Board to pass on the true exam costs to candidates who are taking the exam as opposed to using its revenues from elsewhere to finance this particular activity, an improvement in the allocative efficiency of the Board's resources may be expected. For example, an exam fee less than the actual cost is likely to result in more candidates taking the exam than the optimal number of candidates. Conversely, if the Board is using, let's say, renewal fees to finance its deficiency from the initial licensure exam, fewer than the optimal number of renewal applications would be expected. In short, the proposed change would allow the Board to charge fees for services commensurate with their true costs and achieve a more efficient allocation of the Board's resources.

### **Businesses and Entities Affected**

The proposed change will primarily affect the Board and candidates taking the lead licensure exam. Approximately, 80 individuals take the test per year.

### **Localities Particularly Affected**

The regulation is not expected to affect any locality more than others.

### **Projected Impact on Employment**

While the proposed change will moderately increase costs associated with becoming a lead professional, it is unlikely to significantly affect employment.

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

While the proposed change will moderately increase costs associated with becoming a lead professional and have a negative impact on their profitability and asset values, it is unlikely to be significant. Conversely, increased revenues from initial exam candidates would reduce the need to finance the exam cost from other regulants and may have a small positive impact on them.

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

Most of the candidates taking the lead exam are expected to be affiliated with small businesses. The cost and other affects on small businesses are the same as discussed above.

## Small Businesses: Alternative Method that Minimizes Adverse Impact

There is no known alternative that minimizes the small adverse impact expected.

## Real Estate Development Costs

Since the proposed change will moderately increase costs associated with becoming a lead professional, there may be a very small increase in cost of renovating a building with lead paint.

## Legal Mandate

**General:** The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the *Code of Virginia* and Executive Order Number 14 (2010). Section 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:

- the projected number of businesses or other entities to whom the proposed 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.

**Small Businesses:** If the proposed regulation will have an adverse effect on small businesses, § 2.2-4007.04 requires that such economic impact analyses include:

- an identification and estimate of the number of small businesses subject to the proposed regulation,
- 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,
- a statement of the probable effect of the proposed regulation on affected small businesses, and
- a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

Additionally, pursuant to § 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 (JCAR) is notified at the time the proposed regulation is submitted to the *Virginia Register of Regulations* for publication. This analysis shall represent DPB's best estimate for the purposes of public review and comment on the proposed regulation.

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