

April 10, 2009

Eric L. Olson
Executive Director
Board for Contractors
9960 Mayland Drive
Richmond, Virginia 23233

Dear Mr. Olson:

On behalf of the nearly 5000 business members of the Home Builders Association of Virginia (HBAV), I appreciate this opportunity to comment on the proposed fee increases for contractor license issuance and renewal contained at 18VAC50-22-100 et al. HBAV represents the development industry in Virginia, which is comprised of a large number of contractors. As a result HBAV's members will be negatively impacted by this fee increase. For that reason HBAV opposes the fee increase and believes the Board for Contractors should implement cost-cutting strategies prior to the increase in fees.

I. The Board and Department of Planning and Budget Erroneously Concluded that the Fee Increases are Insignificant.

In the supporting documents accompanying the regulatory language, the Department notes that the fee increases are small and represent an insignificant increase in cost to the contractor. HBAV disagrees with this statement. In these trying financial times, seemingly insignificant sums of money can be the difference between being open for business and padlocks on the doors for even the most established contracting firm. Housing starts in Virginia have decreased in Virginia from 49,000 in 2005 when the fees were last increase to just over 18,000 in 2008 and show no signs of increasing for 2009.

II. The Department has Failed to Implement Prudent Budget Cuts to Account for Revenue Shortfalls.

Furthermore, contained within the Agency Background Document supporting the request for the fee increase, the Department provides a snapshot of current financial status and projected financial status over the next two biennia. In the next four fiscal years, the Department anticipates an increase in expenditures of approximately \$1 million per year.

Over the last several years the regulated community has experienced a well documented decline in business. Many if not all of the licensees have had to make very difficult decisions in these troubling times to cut budgets and cut staff. It is only appropriate that

the agency responsible for regulating that industry should take the same responsible step of cutting their budget to mirror the downturn in the market.

The Board increased licensure fees in 2005. In the last two biennial budget cycles since the last fee increase, the Department's expenses have increased by approximately \$1 million per year while revenues continue to decline. In their supporting documents the Department notes that budget cuts were not considered for fear of a decrease in services. HBAV asserts that a reduction in services is appropriate. Given the record low level of housing starts, and the significant impact the economy has had on the housing market and building industry, the call for services from the Board should be diminished for the next several years.

For the reasons stated in Sections I and II above HBAV encourages the Board to reject the increases in licensure application and renewal fees.

III. Regulatory Statement of an Assessment on Licensure Renewal for the Transaction Recovery Fund by Regulation at 18VAC50-22-140 and 18VAC 50-22-170 is Unnecessary and May Violate Statute.

Beyond the financial burden placed upon the contracting industry, HBAV believes that the Board for Contractors is enacting regulations beyond their statutory authority. According to Code Section 54.1-1119 the Director must notify the Board whenever Transaction Recovery Fund balance dips below \$400,000 in the, and the Board then must assess an appropriate amount upon each regulant at the time of the renewal of their license. Each regulant must be notified by mail of the special assessment. Once the fund has risen above the \$400,000 minimum balance, the special assessments must cease. Placing the requirement for a \$50 assessment in the regulation is both unnecessary and violates section 54.1-1119 by making a special assessment a permanent regular assessment. HBAV encourages the Board to delete any reference to an assessment for the Transaction Recovery Fund from the license renewal sections.

HBAV believes that this fee increase for contractor licensure is poorly timed, and irresponsible given the current financial climate. HBAV asks that you abandon this regulatory action.

Sincerely,

Barrett Hardiman
Vice President of Regulatory Affairs