

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

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S.163 An act relating to housing safety and rehabilitation –

Proposal of Amendment from House Committee on General, Housing, and Military Affairs with further amendment by Ways and Means

<https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Ways%20and%20Means/Bills/S.163/S.163~David%20Hall~As%20Recommended%20by%20House%20Committee%20on%20General,%20Housing%20and%20Military%20Affairs~5-17-2019.pdf>

<https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Ways%20and%20Means/Bills/S.163/W~David%20Hall~S.163%20-%20Ways%20and%20Means%20Amendment~5-17-2019.pdf>

The bill proposes to adopt miscellaneous housing proposals relating to health and safety, rehabilitation, and weatherization. The following are sections of the bill that have potential fiscal implications. Yet, many of the provisions of this bill, as passed by the Senate, are contingent upon the appropriation of funds in fiscal year 2020.

Sec.	Issue	Description	Fiscal Impact	Dept.
1	Duties of Department of Health	Adds two new statutory duties to the Department of Health	-----	VDH
2	Rental Housing Safety; Inspection Reports	Increases penalty threshold for each uncorrected violation past deadline from \$100 to \$200 per day.	Additional revenue yet to be determined	
3	Judicial Bureau; Jurisdiction		-----	Judiciary
4	Department of Housing and Community Development; Collection of Rental Housing Data.	The department shall design and implement a comprehensive rental housing data management system.	Contingent upon appropriation (as per Sec.6). Est. \$50,000 to \$100,000 to implement. If no appropriation, DHCD will propose timeline (Staff time - can be covered within current budget).	DHCD
5	Rental Housing Health and Safety enforcement System; Recommendations; Report	The department of Health and Department of Public Safety shall develop recommendations for the design and implementation of a comprehensive system for the professional enforcement of State rental house health and safety laws.	Staff time. No additional appropriation needed.	VDH, DPS
6	Duties contingent upon funding	<i>Sec. 4 and Sec. 12 are contingent upon appropriations.</i>		DHCD
		Requires the Department of Health to provide training, guidance and support	Contingent upon appropriation of funds for	VDH

		to local health officers and municipalities.	one additional FTE. Est. cost of new position is \$100,000 (salary and benefits).	
7	Office of Professional Regulation	Technical correction	-----	OPR
8	Residential contractors	Registration requirements	Staff time	
		Fees: Deposited into the Professional Regulatory Fee Fund (3 V.S.A. § 24). Individual registrant: \$50.00 Business Organization: \$250.00	Est. Revenue = \$690,000 to \$800,000 biennially. Number of potential registrants is not known at this time and estimate above is based on contractor populations in other states scaled to Vermont's population (see appendix for analysis).	
9	Creation of two positions within the Office of Professional Regulation	Funding necessary to support these positions shall be derived from the Professional Regulatory Fee Fund and not the General fund.	Est. cost of new positions is \$200,000 (salary and benefits for both combined). Fees won't start being collected until 4/1/2020. OPR says there is enough money in the fund to cover positions up front.	OPR
10	Implementation	OPR may begin collecting applications on Dec. 1, 2019 and the initial registration term shall begin on Apr. 1, 2020.		
11	Secretary of State; Status Report		-----	
12	Rental Housing Incentive Program	To provide funding to regional non-profit housing partner organizations to provide incentive grants to private landlords for the rehabilitation and improvement of existing rental stock.	Contingent upon funding (as per Sec. 6). The total amount available for grants are yet to be determined.	DHCD
13	State Treasurer Recommendation for Financing of Affordable Housing Initiative	On or before 1/15/2020, the State Treasurer shall evaluate options for funding and financing affordable housing in the State. Report shall also include a legislative proposal to implement the recommendations proposed in the report.	Staff time. No additional appropriation needed.	Treasurer
14	Effective Date	7/1/2019		

VDH = Vermont Department of Health
OPR = Office of Professional Regulation

DHCD = Department of Housing and Community Development
DPS = Department of Public Safety

Note: Sections 1, 2, 3, 5, and 13 were also included in the Senate proposal of amendment for H.132 – An act relating to adopting protections against housing discrimination for victims of domestic and sexual violence.

S.163 Fiscal Note Appendix - Survey of States with Contractor registration requirements

Joint Fiscal Office, 5-17-2019

*** This is not a comprehensive survey of all contractor registration states***

Connecticut

2018 population: 3,572,665

Requires certificates of registration for the following:

- Home improvement contractors - \$120 biennially¹
- New home construction contractors - \$240 biennially²

Home Improvement Contractors

Individuals – 8,065

Businesses – 15,595

New Home Construction Contractors

Individuals – 336

Businesses – 2,269

Total

Individuals – 8,401

Businesses – 17,864

Iowa

2018 population: 3,156,145

Requires contractors that do business in Iowa and make more than \$2,000 per year to register with the State and pay a \$50 fee. Contractors are required to select a NAICS code that encompasses the contracting activities upon registering³.

236115 New Single-Family housing construction –	509
236116 New Multi-family housing construction –	42
236117 New Housing-for-sale Builders –	61
236118 Residential Remodelers –	2,804
238130 Framing contractors –	173
238140 Masonry contractors –	327
238150 Glass/Glazing contractors –	87
238160 Roofing contractors –	673
238170 Siding contractors –	134
238310 Drywall/insulation contractors –	294
238320 Painting/wall covering contractors –	528
238330 Flooring contractors –	241
238340 Tile/Terrazzo contractors –	42
238350 Finish carpentry contractors –	1,123
230000 Other/undefined –	<u>2,277</u>
Total	9,315

¹ https://www.cga.ct.gov/current/pub/Chap_400.htm

² https://www.cga.ct.gov/current/pub/Chap_399a.htm

³ https://www.iowadivisionoflabor.gov/sites/authoring.iowadivisionoflabor.gov/files/new.crapp_.pdf

Alaska

2018 population: 737,438

Requires licensing for three types of contracting activities⁴:

- Handyman contractor – does not advertise services and performs less than \$10,000 of work annually. \$250 biennially
- General Contractor
 - With residential endorsement – oversees new home construction or performs work at a value greater than 25% of the overall value of the structure⁵. \$350 for registering as contractor and \$350 for residential endorsement.
 - Without residential endorsement - \$350 fee for general contractor license.
- Specialty contractor – registration required for work that requires the use of not more than three trades. \$350 licensing fee.

Handyman licensees	299
Contractor w/ endorsement	1,062
Contractor w/o endorsement	2,472
Specialty Contractors	<u>2,950</u>
Total	6,783

Montana

2018 population: 1,062,305

Requires registration for contracting activities as follows⁶:

- Construction contractors – engaged in construction industry and has employees, or is manager-managed LLC, or corporation. \$70 biennial fee
- Independent contractor – independently established trade, occupation, profession or business, free from control/direction of hiring agent, and not covered by MT worker’s compensation policy. \$125 biennial fee

Construction contractors (business)	5,146
Independent contractors (individual)	<u>5,587</u>
Total	10,733

Estimating the Vermont experience

Potential Vermont contractors when other states are scaled to Vermont population⁷:

• VT contractors based on CT –	Individuals 1,400	Businesses 3,000	Total 4,400
• VT contractors based on IA ⁸ –	Individuals 500	Businesses 1,200	Total 1,700
• VT contractors based on AK –	Individuals 1,700	Businesses 3,700	Total 5,400
• VT contractors based on MT–	Individuals 3,200	Businesses 3,000	Total 6,200

Utilizing an average of registered contractors in other states and scaling down to Vermont’s population, the potential number of contractor registrants in Vermont may be approximately:

Individuals	1,300 – 1,500	(potential biennial revenue \$65,000 to \$75,000)
Businesses	2,500 – 2,900	(potential biennial revenue \$625,000 to \$725,000)

⁴ <https://www.commerce.alaska.gov/web/cbpl/ProfessionalLicensing/ConstructionContractors.aspx>

⁵ <https://www.commerce.alaska.gov/web/Portals/5/pub/con4027.pdf>

⁶ <http://erd.dli.mt.gov/work-comp-regulations/montana-contractor>

⁷ Estimates rounded down to nearest hundred. Potential revenue calculated using proposed contractor fees in S.163 of \$50 for individuals and \$250 for businesses.

⁸ Iowa and Alaska ratio of individuals and businesses is based on Connecticut ratio.