

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: HB160

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

2. Patron: Mundon King

3. Committee: General Laws

4. Title: Virginia Residential Landlord and Tenant Act; landlord obligations; tenant safety.

5. Summary: Requires a landlord who owns more than four rental dwelling units, or more than a 10 percent interest in more than four rental dwelling units, to require all employees and applicants for employment to submit to fingerprinting and provide personal descriptive information to be forwarded along with the employee's or applicant's fingerprints through the Central Criminal Records Exchange and the Federal Bureau of Investigation for the purpose of obtaining criminal history record information regarding such employee or applicant. The bill allows a landlord to disqualify from employment any person who has been convicted of or found guilty of, or entered a plea of guilty or nolo contendere to, regardless of adjudication, a violent crime committed in any jurisdiction. The bill also provides that a landlord must (i) establish written policies and procedure for the storage and management of, access to, and return of all keys for each rental dwelling unit; (ii) regulate the secure storage of and access to unissued keys; and (iii) maintain a written log for the issuance and return of all keys. Finally, pursuant to the bill, all relevant landlords must submit certain information on a quarterly basis to the Department of Housing and Community Development to prove compliance with the provisions outlined in the bill.

6. Budget Amendment Necessary: Yes, to Items 114 and 429 of HB30/SB30 as introduced.

7. Fiscal Impact Estimates: Preliminary.

7a.1.Expenditure Impact: Department of Housing and Community Development - Item 114

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023	\$250,000	1	GF
2024	\$235,000	1	GF
2025	\$235,000	1	GF
2026	\$235,000	1	GF
2027	\$235,000	1	GF
2028	\$235,000	1	GF
2029	\$235,000	1	GF

7a.2 Expenditure Impact: Virginia Department of State Police – Item 429

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023	\$1,388,084	16	GF

2024	\$1,303,092	16	GF
2025	\$1,303,092	16	GF
2026	\$1,303,092	16	GF
2027	\$1,303,092	16	GF
2028	\$1,303,092	16	GF
2029	\$1,303,092	16	GF

- 8. Fiscal Implications:** Both the Department of Housing and Community Development (DHCD) and the Virginia Department of State Police (VSP) anticipate incurring a general fund expenditure impact as a result of this bill.

This bill requires that DHCD establish and maintain an electronic database to collect and retain documentation that certifies that certain landlords are in compliance with the requirements of §§ 55.1-1209.1 and 55.1-1209.2, created by the bill, regarding criminal history records checks for all employees and required tracking of the keys for each rental dwelling unit. Based on similar database administration, DHCD anticipates initial costs for database development of approximately \$100,000. The department also anticipates the need to hire one full-time position at \$150,000, including salary, benefits, and operating expenses, to manage the database and process the information collected. DHCD estimates ongoing maintenance costs of the database to be \$85,000 starting in FY 2024. As such, a budget amendment of \$250,000 and one position in FY 2023 from the general fund, and \$235,000 and one position in FY 2024 and the out-years from the general fund is necessary to carry out the provisions of this bill.

This bill requires that landlords who own more than four rental dwelling units or more than a 10 percent interest in more than four dwelling units must conduct fingerprint-based background checks on current employees and on any applicants for employment. Currently, fingerprint-based criminal history background checks are processed through VSP's Civil and Applicant Records Exchange (CARE) and Biometrics Records Section (BRS). VSP used a 2017 survey by Avail.com of the Realtor.com network, along with 2020 US Census data, to estimate the potential number of landlords in Virginia with more than four rental dwelling units or more than a 10 percent interest in more than four dwelling units. VSP's estimate totals 66,254 landlords. VSP also estimates that each of these landlords employ at least two people, which may result in 132,509 fingerprint-based background checks. Based on the amount of electronic fingerprint cards that can be processed a year, VSP anticipates the need of seven program support technicians and seven fingerprint technicians to handle the potential increase in volume. Further, VSP anticipates that one agency management analyst and one fingerprint technician supervisor will be required to supervise the new positions. As such, VSP anticipates the need of a budget amendment of \$1.4 million and 16 positions in FY 2023 and \$1.3 million and 16 positions in FY 2024 and the out-years from the general fund to implement this bill.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Housing and Community Development; Department of State Police.

- 10. Technical Amendment Necessary:** No.

11. Other Comments: None.