

26104433D

SENATE BILL NO. 823

Offered January 23, 2026

A BILL to amend and reenact § 54.1-1102 of the Code of Virginia and to amend the Code of Virginia by adding in Article 1 of Chapter 11 of Title 54.1 a section numbered 54.1-1117.1, relating to regulation of contractors; solar installation companies; sale, lease, loan, or power purchase of solar energy systems; civil penalty.

Patron—Bagby

Referred to Committee on General Laws and Technology

Be it enacted by the General Assembly of Virginia:

1. That § 54.1-1102 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Article 1 of Chapter 11 of Title 54.1 a section numbered 54.1-1117.1 as follows:

§ 54.1-1102. Board for Contractors membership; offices; meetings; seal; record.

A. The Board for Contractors shall be composed of 16 members as follows: one member shall be a licensed Class A general contractor; the larger part of the business of one member shall be the construction of utilities; the larger part of the business of one member shall be the construction of commercial and industrial buildings; the larger part of the business of one member shall be the construction of single-family residences; the larger part of the business of one member shall be the construction of home improvements; one member shall be a subcontractor as generally regarded in the construction industry; one member shall be in the business of sales of construction materials and supplies; one member shall be a local building official; one member shall be a licensed plumbing contractor; one member shall be a licensed electrical contractor; one member shall be a licensed heating, ventilation and air conditioning contractor; one member shall be a certified elevator mechanic or a licensed elevator contractor; one member shall be a certified water well systems provider; one member shall be a professional engineer licensed in accordance with Chapter 4 (§ 54.1-400 et seq.); and two members shall be nonlegislative citizen members. The terms of the Board members shall be four years.

The Board shall meet at least once each year and at such other times as may be deemed necessary. Annually, the Board shall elect from its membership a chairman and a vice-chairman to serve for a one-year term. Nine members of the Board shall constitute a quorum.

B. The Board shall promulgate regulations not inconsistent with statute necessary for the licensure of contractors and tradesmen and the certification of backflow prevention device workers, and for the relicensure of contractors and tradesmen and for the recertification of backflow prevention device workers, after license or certificate suspension or revocation. The Board shall include in its regulations a requirement that as a condition for initial licensure as a contractor, the designated employee or a member of the responsible management personnel of the contractor shall have successfully completed a Board-approved basic business course, which shall not exceed eight hours of classroom instruction. In addition, the Board shall (i) require a contractor to appropriately classify all workers as employees or independent contractors, as provided by law and (ii) provide that any contractor who is found to have intentionally misclassified any worker is subject to sanction by the Board.

C. The Board may shall adopt regulations requiring all Class A, B, and C residential contractors, excluding subcontractors to the contracting parties and those who engage in routine maintenance or service contracts, to use legible written contracts including the following terms and conditions:

1. General description of the work to be performed;
2. Fixed price or an estimate of the total cost of the work, the amounts and schedule of progress payments, a listing of specific materials requested by the consumer and the amount of down payment;
3. Estimates of time of commencement and completion of the work; and
4. Contractor's name, address, office telephone number and license or certification number and class.

In transactions involving door-to-door solicitations, the Board may require that a statement of protections be provided by the contractor to the homeowner, consumer or buyer, as the case may be.

D. In transactions involving a sale, lease, loan, or power purchase agreement for a solar energy system, the Board shall require specific contract provisions and disclosures relating to such sale, lease, loan, or power purchase agreement that a solar installation company is required to include pursuant to § 54.1-1117.1. For the purposes of this subsection, "lease," "loan," "power purchase agreement," "solar energy system," and "solar installation company" have the same meanings as provided in § 54.1-1117.1.

E. The Board shall adopt a seal with the words "Board for Contractors, Commonwealth of Virginia." The Director shall have charge, care and custody of the seal.

F. The Director shall maintain a record of the proceedings of the Board.

59 **§ 54.1-1117.1. Sale, lease, loan, or power purchase agreement for solar energy system; required**  
60 **provisions and disclosures; civil penalty.**

61 A. As used in this section:

62 "Lease" means an agreement that arranges for the design, permitting, and installation of a solar energy  
63 system owned by a party other than the residential customer, in the form of a bailment or lease for the use of  
64 personal property by an individual primarily for personal, family, or household purposes, for a period  
65 exceeding four months and for a total contractual obligation not exceeding the applicable threshold amount,  
66 whether or not the lessee has the option to purchase or otherwise become the owner of the property at the  
67 expiration of the lease.

68 "Loan" means an agreement between a residential customer and an authorized lender for the financing of  
69 a solar energy system to be designed, permitted, and installed by the solar installation company.

70 "Power purchase agreement" means a contract that arranges for the design, permitting, and installation  
71 of a solar energy system owned by a party other than the residential customer where the electric energy  
72 generated by the system is sold to the residential customer.

73 "Solar energy system" means a residential solar energy system mounted on a residential structure or  
74 installed on the ground of a residential property.

75 "Solar installation company" means a company that engages with residential customers to sell or install  
76 residential solar energy systems, or to install solar energy systems owned by third parties from which  
77 customers lease solar energy systems or purchase electric energy generated by such systems. "Solar  
78 installation company" does not include (i) a third-party owner of solar energy systems or a solar energy  
79 system financing company that does not sell or install solar energy systems or (ii) individuals who self-install  
80 solar energy systems.

81 B. Any sale, lease, loan, or power purchase agreement for a solar energy system shall require the  
82 execution of a written contract that includes the following in at least 10-point font:

83 1. The name, address, telephone number, email address, and state contractor license number of the solar  
84 installation company and third party providing the lease, as applicable;

85 2. If the solar installation company will be using subcontractors known at the time the contract is  
86 executed, the name, address, telephone number, email address, and state contractor license number of each  
87 subcontractor used. If information on subcontractors is not available at the time of executing the written  
88 contract, the installer shall be required to provide such information to the customer within five business days  
89 of contracting with any subcontractor;

90 3. Information on the amounts and schedule for progress payments, including a specific statement of the  
91 down payment amount;

92 4. Solar energy system design assumptions, including system size, estimated first year production,  
93 estimated annual system production degradation, presence of energy storage, energy storage capacity,  
94 maximum power output of energy storage, and energy storage model information. If there are equipment  
95 substitutions that differ from the contracted system design, the solar installation company shall notify the  
96 customer within five business days;

97 5. Payment due dates, the manner in which the customer will receive invoices, and how to pay for the  
98 lease or loan of the solar energy system or the purchase of power from the solar energy system;

99 6. Any one-time or recurring fees, including the circumstances triggering any late fees, estimated solar  
100 energy system removal fees, Uniform Commercial Code notice removal and refiling fees, internet connection  
101 fees, and Automated Clearing House fees;

102 7. A description of any performance or production guarantees; and

103 8. The right to cancel the contract, without penalty, within five business days of contract execution.

104 C. A contract for the sale of a solar energy system shall also include the total cost of the system.

105 D. A lease shall also include the following information:

106 1. The term and amount of monthly payments under the lease, including any payment increases and the  
107 date of the first increase; and

108 2. The total number of payments and estimated payments over the term of the lease.

109 E. A power purchase agreement shall also include the following information:

110 1. The term and amount of monthly payments under the power purchase agreement, including any  
111 payment increases and the date of the first increase;

112 2. Rates applicable for the first year under the power purchase agreement; and

113 3. The total number of payments and estimated payments over the term of the power purchase agreement.

114 F. Any sale, lease, loan, or power purchase agreement for a solar energy system shall require the  
115 following written disclosures in at least 10-point font:

116 1. Whether and to what extent maintenance and repairs are included, and any solar energy system  
117 maintenance costs for which the customer will be responsible.

118 2. The following statement shall be included with the description of the system and shall be separately  
119 acknowledged by the customer: "I understand that comparable equipment may be installed. Such comparable  
120 equipment shall be substantially similar equipment to the proposed solar energy system and will not result in

121 a reduction of the estimated first year production by more than five percent, a decrease in the solar energy  
122 system's kilowatts-AC and kilowatts-DC size, or an increase in the purchase price for the solar energy  
123 system."

124 3. A description of the workmanship warranty that covers repairs for any damage to the customer's  
125 residential property in connection with the solar energy system installation.

126 4. For a lease, whether the cost of removal of the solar energy system is included in the contract.

127 5. A brief description of the basis for any savings estimates that were provided to the customer or  
128 purchaser, if applicable, which shall include the applicable electric utility rates for service, assumptions for  
129 increases to future rates for electric service, estimated solar energy system production, and the availability of  
130 programs that provide utility compensation for excess energy generated by the solar energy system at the  
131 time of contract execution.

132 6. Information concerning the retention and ownership of any renewable energy credits associated with  
133 the solar energy system.

134 7. The individual or entity responsible for obtaining electric interconnection approval for the solar energy  
135 system.

136 8. A notice that the customer or purchaser has the right to cancel the contract, without penalty, within five  
137 business days of contract execution, including the date and time at which such right expires and the method  
138 for canceling the contract.

139 9. The following statement: "The assumptions used to estimate savings such as utility rates may change.  
140 There may be fees and standby and demand charges that cannot be offset with solar energy, and excess  
141 electricity sent back to the grid may be credited at rates below what you pay for electricity. For further  
142 information regarding rates, you may contact your local utility or the State Corporation Commission. Tax  
143 and other state and federal incentives are subject to change or termination by executive, legislative, or  
144 regulatory action, which may impact savings estimates. Please read your contract carefully for more details."

145 10. If applicable, whether the owner or lessor of the solar energy system will be submitting a fixture filing  
146 for the system.

147 11. If applicable, information regarding transferability of the loan or lease and any conditions for lease  
148 transfers in connection with a customer selling their home.

149 G. All disclosures required by subsection F shall be provided to the customer or purchaser either through  
150 a separate document, signed by the customer or purchaser prior to the execution of the written contract, or  
151 through disclosures that are included as a cover sheet to the written contract.

152 H. If the Board finds that a person has willfully engaged in an act or practice in violation of this section,  
153 the Board may recover a civil penalty of no more than \$2,500 per violation and no more than \$5,000 per  
154 customer or purchaser to be remitted to the Low-to-Moderate Income Solar Loan and Rebate Fund. For the  
155 purposes of this subsection, prima facie evidence of a willful violation may be shown when the Board notifies  
156 the alleged violator by certified mail that an act or practice is a violation of this chapter, and the alleged  
157 violator, after receipt of such notice, continues to engage in the act or practice.

158 I. Any person associated with the sale, lease, loan, power purchase agreement, or financing agreement for  
159 a solar energy system, or installation of a solar energy system, may be held jointly and severally liable for an  
160 act or practice in violation of this section.

161 **2. That, by January 1, 2027, the Board for Contractors (the Board) shall adopt regulations and update**  
162 **existing regulations to implement the provisions of this act, including by issuing a disclosure form to be**  
163 **provided in any transaction involving installers for a sale, lease, or power purchase agreement for a**  
164 **residential solar energy system, as defined in § 54.1-1117.1 of the Code of Virginia, as created by this**  
165 **act.**

166 **3. That the provisions of the first enactment of this act shall become effective on January 1, 2027.**