

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: SB565

Patron: Sturtevant

Bill Title: Virginia Contractor Transaction Recovery Fund; claim limits; license threshold amounts.

Bill Summary: Expands the scope of Chapters 127 and 133 of the Acts of Assembly of 2025, which increased certain claim limits and license threshold amounts, to apply to any claimant who filed a verified claim with the Director of the Department of Professional and Occupational Regulation on or after June 6, 2024, for recovery from the Virginia Contractor Transaction Recovery Fund and whose claim was thereafter approved by the Board for Contractors.

Budget Amendment Necessary: No

Items Impacted: None

Explanation: This bill involves the Department of Professional and Occupational Regulation (DPOR); however, no budget action is needed.

Fiscal Summary: It is anticipated that the bill may result in an indeterminate expenditure increase.

Fiscal Analysis: Chapters 127 and 133, 2025 Acts of Assembly, increased the maximum recovery payment from the Virginia Contractor Transaction Recovery Fund from \$20,000 to \$30,000, and the maximum aggregate recovery against any one contractor from \$40,000 to \$100,000 during any biennium. That bill became effective July 1, 2025. This bill would retroactively apply the higher amounts to claims filed on or after June 6, 2024 if those claims are approved by the Board.

Existing law (54.1-1123) directs the Board to pay any claim, in part or in whole, that exceeds the available resources of the Fund. The Fund is sustained by application fees (\$25) and renewal fees (\$50) paid by contractors, and included \$0.6 million of interest income set aside for administration as of 2025. Over the past ten years, the Fund has paid on average 66 claims totaling \$793,000 per year. The Fund does not receive any general fund support. The Code (54.1-1119) directs that fees be increased if the Fund balance falls below \$400,000. Updated balances are not yet available for 2026, but as of 2025, the Fund balance was \$4 million.

Other: None.