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SENATE BILL NO. 823  
AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the Senate Committee on General Laws and Technology  
on \_\_\_\_\_)  
(Patron Prior to Substitute—Senator Bagby)

*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, or power purchase of solar energy systems; civil penalty.*

**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

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

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

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

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

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

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

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

58 **§ 54.1-1117.1. Sale, lease, or power purchase agreement for solar energy system; required provisions**  
59 **and disclosures; civil penalty.**

60 A. *As used in this section:*

61 *"Lease" means an agreement that arranges for the design, permitting, and installation of a solar energy*

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

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

70 *"Solar energy system" means a residential solar energy system mounted on a residential structure or*  
71 *installed on the ground of a residential property.*

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

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

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

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

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

89 *4. Solar energy system design assumptions, including system size, estimated first year production,*  
90 *estimated annual system production degradation, presence of energy storage, energy storage capacity,*  
91 *maximum power output of energy storage, and energy storage model information. If there are equipment*  
92 *substitutions that differ from the contracted system design, the solar installation company shall notify the*

93 *customer within five business days;*

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

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

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

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

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

102 *D. A lease shall also include the following information:*

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

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

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

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

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

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

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

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

115 *2. The following statement shall be included with the description of the system and shall be separately*  
116 *acknowledged by the customer: "I understand that comparable equipment may be installed. Such comparable*  
117 *equipment shall be substantially similar equipment to the proposed solar energy system and will not result in*  
118 *a reduction of the estimated first year production by more than five percent, a decrease in the solar energy*  
119 *system's kilowatts-AC and kilowatts-DC size, or an increase in the purchase price for the solar energy*  
120 *system."*

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

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

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

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

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

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

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

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

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

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

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

- 155 **2. That, by January 1, 2027, the Board for Contractors (the Board) shall adopt regulations and update**  
156 **existing regulations to implement the provisions of this act, including by issuing a disclosure form to be**  
157 **provided in any transaction involving installers for a sale, lease, or power purchase agreement for a**  
158 **residential solar energy system, as defined in § 54.1-1117.1 of the Code of Virginia, as created by this**  
159 **act.**
- 160 **3. That the provisions of the first enactment of this act shall become effective on January 1, 2027.**