

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

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ORIGINAL

Bill Number: SB 823 S1

Patron: Bagby

Bill Title: Regulation of contractors; solar installation companies; sale, lease, loan, or power purchase of solar energy systems; civil penalty.

Bill Summary: Authorizes the Board for Contractors (the Board) to require specific contract provisions and disclosures relating to the sale, lease, or power purchase agreement for a residential solar energy system, as defined in the bill. The bill requires a sale, lease, or power purchase agreement for a residential solar energy system to have a written contract that includes specific provisions related to the solar installation company, system design and performance or production guarantees, and information related to invoices and payments. The bill includes several mandatory disclosures to be included with a sale, lease, or power purchase agreement for a residential solar energy system. A willful violation of the provisions of the bill is subject to a civil penalty of no more than \$2,000 per violation and no more than \$5,000 per customer or purchaser. The bill also directs the Board to adopt regulations and update existing regulations to implement the provisions of the bill by January 1, 2027. The remaining provisions of the bill have a delayed effective date of January 1, 2027.

Budget Amendment Necessary: No

Items Impacted: None

Explanation: This bill impacts the Department of Professional and Occupational Regulation (DPOR) and Department of Housing and Community Development (DHCD); however, the magnitude is indeterminate.

Fiscal Summary: It is anticipated that the bill will result in an indeterminate increase in expenditures for DPOR's Board for Contractors, which may result in an increase to fees. Penalties for violations would be deposited to the Low-to-Moderate Income Solar Loan and Rebate Fund within DHCD; the number of violations and amount of revenue are indeterminate.

Fiscal Analysis: The bill sets out certain provisions and disclosures that must be included in any contract for the sale, lease, or power purchase agreement for a residential solar energy system. Enforcement of the bill is assigned to DPOR's Board for Contractors, even if no individual or firm involved in the transaction is otherwise regulated by the Board. The bill directs the Board to issue regulations by January 1, 2027.

Because the Board does not currently have jurisdiction over anyone who does not hold a license issued by the Board, this could represent a significant expansion of the Board's duties. The number of individuals and firms currently engaged in the activities regulated by the bill in the Commonwealth is not known. The bill does not provide a mechanism for the Board to recover costs associated with implementation of this bill from the individuals subject to its requirements. If the Board incurs significant expenses related to developing and enforcing the regulations, it may be necessary for the Board to raise fees for its existing regulants and additional appropriation may be necessary to expend any resulting revenue.

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Individuals who violate the terms of the bill would be subject to a fine of up to \$2,500 per violation, not to exceed \$5,000 per customer or purchaser, which would be deposited to DHCD's Low-to-Moderate Income Solar Loan and Rebate Fund. Because number of violations is unknown, the amount of revenue for the fund is indeterminate.

Other: This bill is similar to HB 1439.