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HOUSE BILL NO. 796
AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the House Committee on Appropriations
on _____)
(Patron Prior to Substitute—Delegate Hayes)

A BILL to amend and reenact § 54.1-113 of the Code of Virginia, to amend the Code of Virginia by adding sections numbered 54.1-202.1 and 54.1-2401.1, and to repeal § 54.1-2708.2 of the Code of Virginia, relating to professions and occupations; adjustment of fees by regulatory boards; recovery of disciplinary and monitoring costs.

Be it enacted by the General Assembly of Virginia:

1. That § 54.1-113 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding sections numbered 54.1-202.1 and 54.1-2401.1 as follows:

§ 54.1-113. Regulatory boards to adjust fees; certain transfer of moneys collected on behalf of health regulatory boards prohibited.

~~A. Following the close of any biennium, when the account for any regulatory board within the Department of Professional and Occupational Regulation maintained under § 54.1-308 shows that unspent and unencumbered revenue exceeds \$100,000 or 20 percent of the total expenses allocated to the regulatory board for the past biennium, whichever is greater, the regulatory board shall (i) distribute all such excess revenue to current regulants and (ii) reduce the fees levied by it for certification, licensure, registration, or permit and renewal thereof so that the fees are sufficient but not excessive to cover expenses.~~

~~B. Following the close of any biennium, when the account for *Annually*, any regulatory board within the Department of Professional and Occupational Regulation or the Department of Health Professions maintained under § 54.1-2505 shows expenses allocated to it for the past biennium to be more than 10 percent greater or less than moneys collected on behalf of the regulatory board, it shall *may* revise the fees levied by it for certification, licensure, registration, or permit and renewal thereof so that the fees are sufficient but not excessive to cover expenses. *Any regulatory board may adjust its fees to reflect up to one and one-half times the rate of inflation from the previous date that the dollar amount was established, as measured by the Consumer Price Index. No regulatory board may raise fees when the previous year's expenditures plus anticipated costs do not reasonably demonstrate a need to raise fees. Beginning July 1, 2028, except with respect to the Board of Medicine, no regulatory board within the Department of Professional and Occupational Regulation or the Department of Health Professions shall accumulate a fund balance larger than the previous renewal cycle's expenditures.*~~

33 ~~C.~~ B. Nongeneral funds generated by fees collected on behalf of the health regulatory boards and
34 accounted for and deposited into a special fund by the Director of the Department of Health Professions shall
35 be held exclusively to cover the expenses of the health regulatory boards, the Health Practitioners' Monitoring
36 Program, and the Department of Health Professions and shall not be transferred to any agency other than the
37 Department of Health Professions, except as provided in §§ 54.1-3011.1 and 54.1-3011.2.

38 C. *In order to appropriately maintain operating funds, the regulatory boards of the Department of*
39 *Professional and Occupational Regulation or the Department of Health Professions may amend regulations*
40 *to increase or decrease fees as needed and as demonstrated by the regulatory board maintained under such*
41 *department. Such regulations shall be exempt from the requirements of the Administrative Process Act*
42 *(§ 2.2-4000 et seq.), except to any extent that they may be specifically made subject to §§ 2.2-4030 and*
43 *2.2-4031. Such regulations shall, however, comply with the provisions of § 2.2-4103 of the Virginia Register*
44 *Act (§ 2.2-4100 et seq.). Any regulatory board that amends its fees pursuant to this subsection shall conduct a*
45 *public hearing prior to making such amendments. Thirty days prior to conducting such hearing, the*
46 *regulatory board shall give written notice to the public and the Secretary of Finance by mail or electronic*
47 *means of the date, time, and place of the hearing and publish notice of its intention to amend its fees in the*
48 *Virginia Register of Regulations. Such public notice and notice to the Secretary of Finance shall identify the*
49 *increase in fees to be considered by the regulatory board with reasonable specificity and shall include*
50 *evidence demonstrating the need for such fee increase. During the public hearing, members of the public*
51 *shall be given a reasonable opportunity to be heard prior to the final adoption of any regulatory amendments*
52 *regarding an increase in fees.*

53 D. *If, following a notice and hearing as described in subsection C, a regulatory board amends its fees, the*
54 *regulatory board shall report such amendments to the Department of Professional and Occupational*
55 *Regulation or the Department of Health Professions as applicable. The Department of Professional and*
56 *Occupational Regulation or the Department of Health Professions shall report on any such amendments to*
57 *the Chairs of the House Appropriations Committee and the Senate Finance and Appropriations Committee*
58 *annually by November 1, 2026 and annually thereafter.*

59 **§ 54.1-202.1. Recovery of disciplinary and monitoring costs.**

60 A regulatory board may recover reasonable administrative costs, not to exceed \$500, associated with
61 investigation, disciplinary proceedings, monitoring, and confirming compliance with any terms and
62 conditions imposed from any person who is (i) licensed, registered, certified, or issued a multistate or
63 compact licensure privilege by any regulatory board and (ii) issued a finding of a violation of law or

64 regulation from such regulatory board. All administrative costs recovered pursuant to this section shall be
65 paid to the regulatory board by the person licensed, registered, or certified or issued a multistate or compact
66 licensure privilege. Such administrative costs shall be deposited into the account of the regulatory board and
67 shall not constitute a fine or penalty. A regulatory board shall establish specific schedules of administrative
68 costs to be recovered pursuant to this section and shall publish such cost schedule prior to imposing any
69 costs on a regulant.

70 **§ 54.1-2401.1. Recovery of disciplinary and monitoring costs.**

71 A health regulatory board may recover reasonable administrative costs, not to exceed \$1,500, associated
72 with investigation, disciplinary proceedings, monitoring, and confirming compliance with any terms and
73 conditions imposed from any person who is (i) licensed, registered, permitted, certified, or issued a multistate
74 or compact licensure privilege by any health regulatory board and (ii) issued a finding of a violation of law
75 or regulation from such health regulatory board. All administrative costs recovered pursuant to this section
76 shall be paid to the health regulatory board by the person licensed, registered, permitted, certified, or issued
77 a multistate or compact licensure privilege. Such administrative costs shall be deposited into the account of
78 the health regulatory board and shall not constitute a fine or penalty. A health regulatory board shall
79 establish specific schedules of administrative costs to be recovered pursuant to this section and shall publish
80 such cost schedule prior to imposing any costs on a regulant.

81 **2. That § 54.1-2708.2 of the Code of Virginia is repealed.**