



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

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**Fiscal Analysis:** This statement is preliminary. Fiscal impact estimates associated with this bill and other legislation with similar requirements may overlap and may not be fully additive due to shared implementation activities.

The number of cases requiring review and investigation is not known at this time. However, DOLI does not have staff that specialize in stay-or-pay agreements. According to DOLI, stay-or-pay contracts are prevalent in certain industries and occupations, particularly technical fields, such as engineering. Additionally, DOLI anticipates that because of the breadth of the bill's definition, the lack of existing enforcement precedent, and the clustering of these agreements in specialized occupations, the department may experience a high volume of compliance questions and complaints regarding applicability, statutory exceptions, retaliation protections, and penalty exposure.

DOLI indicates that approximately 7.6 percent of workers nationwide have entered into stay-or-pay contracts. DOLI applied this estimate to Virginia's workforce of approximately 4.3 million workers to estimate that roughly 326,800 workers in Virginia may be impacted by the bill. With these assumptions, and based on experience in other enforcement areas, DOLI estimates that if five percent of the 326,800 workers potentially impacted by the bill (16,340 workers) seek technical assistance or file initial complaints, and three percent of those require formal investigation and enforcement action, the department will investigate 490 cases annually.

Based on existing benchmarks in the department's payment of wage enforcement area, a compliance officer can complete approximately 100-150 investigations annually. Similar activity in the new stay-or-pay enforcement area would result in the need for two or three additional compliance officers. The annual cost of a compliance officer position is \$137,907. The cost of two positions would be \$275,814.

In addition to new personal services costs, DOLI anticipates needing general fund support to translate documents for client contacts. It is anticipated that this bill will result in an increase in the volume of claims, requiring an additional \$2,925 in language services costs per year.

Finally, DOLI anticipates incurring one-time and ongoing information technology expenses. It is anticipated that developing a module within the department's system of record to track complaints, investigations, etc. associated with the new enforcement activities provided for in this bill will cost \$991,487 in FY2027. The ongoing annual maintenance costs are estimated at \$45,000.

Under this bill, paragraph F of § 40.1-28.7:12, Code of Virginia, states that an employer who violates this prohibition as determined by the Commissioner shall be subject to a civil penalty of \$1,000 for each violation. Civil penalties owed under these subsections are paid to the Commissioner for deposit to the general fund. DOLI is unable to estimate the amount of revenue that may be generated from these penalties.

**Other:** None.