

Fiscal Analysis: The bill permits regulatory boards within DPOR and DHP to amend fee-setting regulations. The bill provides an exemption from the requirements of the Administrative Process Act, but requires that the boards provide thirty days' notice and hold a public hearing before adjusting fees, and if the fees are to be increased, to provide evidence justifying the amount. The bill limits the amount of any fee increase to one and a half times the rate of inflation, as measured by the CPI, from the date of the most recent fee increase. It is anticipated that higher fees will result in additional revenue. The amount will vary by board and is cumulatively indeterminate.

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

The bill requires DPOR and DHP to monitor fee increases by regulatory boards and report them annually to chairs of specified legislative committees by November 1st. It is anticipated that the reports can be produced within existing resources.

The bill also allows boards within DPOR and DHP to recover reasonable administrative costs from regulated individuals resulting from disciplinary proceedings in which the individual is found to have violated a law or regulation from such board. The bill limits the maximum amount recoverable to \$500 for DPOR boards and \$1,500 for DHP boards. The bill repeals a provision allowing the Board of Dentistry to recover up to \$5,000. The revenue would be deposited to the impacted board and would not be considered a fine or penalty. Because the number of violations cannot be predicted, the amount of revenue is indeterminate. DHP anticipates that by shifting the cost of disciplinary proceedings to respondents, it may be possible to reduce fees.

The bill repeals a portion of § 54.1-113, also known as the Callahan Act, which requires DPOR's boards to review balances at the close of each biennium, and if balances exceed \$100,000 or 20 percent of total biennial expenses, to reduce fees and distribute the excess balances to current regulants. Since 2019, budget language has directed DPOR not to distribute excess balances but instead hold them in reserve to offset the costs of organizational restructuring and upgrades to information technology systems.

This impact statement is preliminary and may be updated if additional information becomes available.

Other: This bill is the companion to HB 796.