

Department of Planning and Budget 2021 Fiscal Impact Statement

1. Bill Number: SB1389

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Lewis

3. Committee: General Laws and Technology

4. Title: Property; required disclosures for buyer to exercise due diligence; flood risk report.

5. Summary: Requires the Department of Conservation and Recreation (the Department) to (i) develop, maintain, and update on its public website a statewide database and an official map of any parcel of real property in the Commonwealth and (ii) make available on its website a copy of a flood risk report for each parcel of real property in the Commonwealth, the details of which are outlined in the bill. The bill adds obtaining a flood risk report from the Department to the list of things a purchaser is advised to exercise due diligence on when purchasing a property. The bill also provides that an owner of residential real property located in the Commonwealth who has actual knowledge that the dwelling unit is a repetitive risk loss structure, as defined in the bill, shall disclose such fact to the purchaser on a form provided by the Real Estate Board on its website.

The bill has a delayed effective date of January 1, 2022. The provisions of the bill are contingent on funding in a general appropriation act.

6. Budget Amendment Necessary: Yes, to Items 373 and 375 of HB1800/SB1100.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021			
2022	\$828,950	2	GF
2023	\$672,792	5	GF
2024	\$672,792	5	GF
2025	\$672,792	5	GF
2026	\$672,792	5	GF
2027	\$672,792	5	GF

7b. Revenue Impact: N/A

8. Fiscal Implications: It is anticipated that this bill will have an expenditure impact on the Department of Conservation and Recreation (DCR). No impact is anticipated to the Department of Professional and Occupational Regulation.

The bill requires DCR to develop, maintain, and update on its public website a statewide database and an official map of any parcel of real property in the Commonwealth. In addition, the bill requires the department to make available on its website a copy of a flood risk report for each parcel of real property in the Commonwealth. DCR's preliminary estimate to fully implement this legislation includes both initial database development and implementation costs, and ongoing costs to support the program post-implementation. DCR anticipates the cost of contracting to develop the database at a one-time cost of \$500,000. Costs for hosting and storing the database are estimated at \$50,000. In addition to these costs in the first year (FY 2022), the agency will require two additional FTEs to support a Database Administrator and an Applications Developer at a cost of \$278,950 (\$170,000 in salaries, \$85,536 in benefits and \$23,414 in VITA and other agency overhead expenses) to manage this project. The total appropriation estimated to be required in FY 2022 is \$828,950. While the bill has an effective date of January 1, 2022, the agency believes it will require these resources at the start of FY 2022 to ensure the program can begin on January 1, 2022.

In FY 2023 and beyond, the agency anticipates a cost of \$278,950 for continuation of the Database Administrator and Applications Developer positions. In addition to these positions, DCR anticipates requiring another three FTEs at a cost of \$343,842 (\$195,000 in salaries, \$113,721 in benefits and \$35,121 in VITA and other agency overhead expenses). These positions are required to ensure the accuracy of the information in the database and to conduct the continual updating of records. These positions would be responsible for (i) ensuring the most current FEMA maps are utilized; (ii) ensuring that the property maps used in the database match local government tax parcel records; and (iii) providing the required flood risk report. Annual ongoing database hosting and storage costs are anticipated at \$50,000. The total anticipated resources needed in FY 2023 and beyond is \$672,792 and five positions.

The provisions of the bill are contingent on funding in a general appropriation act.

9. Specific Agency or Political Subdivisions Affected: Department of Conservation and Recreation; Department of Professional and Occupational Regulation.

10. Technical Amendment Necessary: No.

11. Other Comments: None.