



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

HOUSE BILL NO. 1600

PRINTERS NO. 4107

PRIME SPONSOR: Mackenzie

### COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
General Fund; Corporation Bureau Restricted Account	See "Fiscal Impact"	See "Fiscal Impact"
Political Subdivision Funds	See "Fiscal Impact"	See "Fiscal Impact"

**SUMMARY:** House Bill 1600, Printer's Number 2974, provides for voluntary veterans' preference in private employment and an exemption for the payment of a business fee for a veteran-owned small business. The effective date of this legislation is 60 days after enactment.

**ANALYSIS:** This legislation adds a new Chapter 72 to Title 51 to provide for voluntary veterans' preference in private employment. The legislation will allow private employers to adopt and apply a veterans' preference employment policy. Should an employer choose to adopt a policy, the policy shall:

- Be in writing;
- Require each job posting to state that the employer has and applies the veteran's preference policy;
- Be provided to all employees annually and to all applicants at the time of hiring; and
- Be applied uniformly to employment decisions on hiring, promotion and retention.

Under the legislation, the preference will be given to a veteran, spouse of a disabled veteran or surviving spouse.

This legislation amends Title 51 (Military Affairs), Chapter 96 (Veteran-Owned Small Businesses), to provide for waiver of business start-up fees for veterans. The bill defines business fee as "a fee required to be paid to the Commonwealth or a political subdivision for starting or opening a business within this Commonwealth. The term does not include a fee for maintaining licensure or other requirement for continuing to operate a business."

A veteran must provide the Department of Military and Veteran's Affairs or licensing authority of a political subdivision with proof of the veteran's status using any of the following copies of identification: Federal DD-214 form; Federal NGB-22 form; or a valid Federal Veteran's Administration Card. The bill also sets penalties for a person trying to fraudulently obtain or use a business fee exemption, which will be a misdemeanor of the third degree.

The legislation directs the Department of State or political subdivision, in consultation with other Commonwealth agencies, to determine an applicant's status as a veteran. The Department of State also shall determine the total number of exemptions issued on an annual basis and submit a report to the chairs of the relevant committees in both the House of Representatives and the Senate.

**FISCAL IMPACT:** The waiver exempting related business fees would result in the loss of revenue to both the General Fund and the agency's Corporation Bureau Restricted Account. For example, it costs \$125 to register a domestic corporation, LLC or LLP and \$70 to register a fictitious name with these fees being split between the General Fund (70%) and the Corporation Bureau Restricted Account (30%). The overall loss in revenue would be determined by the number of fee exemptions approved.

The waiver exempting related business fees for political subdivision would also result in revenue loss to those political subdivisions. The overall loss in revenue would be determined by the number of fee exemptions approved.

It is expected that the Department of State and Department of General Services can handle the duties as outlined in the bill as part of their existing operations.

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House Appropriations Committee (R)

**DATE:** October 26, 2016

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*