



Economic Impact Analysis Virginia Department of Planning and Budget

**3 VAC 5-70 – Other Provisions
Alcoholic Beverage Control Board
January 3, 2013**

Summary of the Proposed Amendments to Regulation

The Alcoholic Beverage Control Board (ABC) proposes to amend its regulations to 1) allow licensees to store records off-site, 2) allow banquet and special event licensees 90 to file required reports, 3) add importers, bottlers, brokers and wholesalers to the list of licensees who are permitted to host events at, and donate their products to, conventions or educational events, 4) clarify that each establishment is considered a separate licensee even in cases where one entity owns multiple establishments and 5) allow licensees to file required monthly activity reports electronically.

Result of Analysis

Benefits likely outweigh costs for implementing all proposed changes.

Estimated Economic Impact

Currently, ABC requires licensees to have records available for its agents to examine at any time between the hours of 9 a.m. to 5 p.m. and to provide records for examination within 24 hours if ABC requests them during any other times. ABC now proposes to amend this requirement so that licensees may store records off premises so long as they are electronically viewable during the hours set forth in current regulation. Licensees will likely benefit from this change as it allows them greater flexibility as to how and where they store records.

Current regulations require banquet and special event licensees to file reports with ABC no later than 30 days after their licensed event. ABC proposes to extend that time frame to 90 days. Licensees will benefit from having the extra time to file their reports. ABC does not

believe that allowing more time to file reports will harm any affected entity so benefits likely outweigh costs for this proposed change.

Current regulations allow beer and wine manufacturers to take certain actions during conventions, trade association gatherings and alcohol educational programs such as tastings or research activities. They may, for instance, host an event at, and/or donate alcoholic beverages to, such gatherings. ABC now proposes to allow alcoholic beverage importers, bottlers, brokers and wholesalers to also host events or donate alcoholic beverages as manufacturers do. Affected licensees will benefit from increased freedom to take part in activities that may result in greater name recognition and, presumably, greater future income for their businesses.

Current regulations allow lesser penalties for first time offences that are committed by any licensee but are silent as how this applies to individuals or business entities who own more than one business where alcohol beverages are sold. ABC proposes to add language that specifies that each business location counts as a separate licensee for the purposes of determining penalties. ABC representatives report that this language change reflects how current regulations are already enforced but adding this language to regulation will bring the benefit of added clarity for affected entities.

Current regulations require shipper and retailer licensees to file monthly activity reports. ABC proposes to specify that reports may be filed electronically or in paper form. This change will allow licensee greater flexibility in how they meet their regulatory requirements and may slightly lower their reporting costs (copying costs and postage) if they have the capacity to file reports electronically.

Businesses and Entities Affected

ABC reports that approximately 15,000 businesses would be potentially affected by these proposed regulatory changes; 70% of these entities would meet the Commonwealth's definition of small business.

Localities Particularly Affected

No locality will be particularly affected by this proposed regulatory action.

Projected Impact on Employment

This proposed regulatory action is unlikely to have any effect on employment in the Commonwealth.

Effects on the Use and Value of Private Property

These proposed regulatory changes are unlikely to affect the use or value of private property in the Commonwealth.

Small Businesses: Costs and Other Effects

No small business is likely to incur any costs on account of this regulatory action.

Small Businesses: Alternative Method that Minimizes Adverse Impact

No small business is likely to incur any costs on account of this regulatory action.

Real Estate Development Costs

This regulatory action will likely have no effect on real estate development costs in the Commonwealth.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the Board the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small

businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.