



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**3 VAC 5-70 – Other Provisions  
Alcoholic Beverage Control Board  
October 28, 2012**

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### **Summary of the Proposed Amendments to Regulation**

Pursuant to Chapter 728 of the 2011 Acts of the Assembly, the Alcoholic Beverage Control Board (ABC) proposes to amend its regulations so businesses that are licensed by ABC may get a prorated refund of their licensure fee if the business is destroyed by an act of God.

### **Result of Analysis**

Benefits likely outweigh costs for implementing these proposed changes.

### **Estimated Economic Impact**

Until legislation was passed in 2011, ABC was not authorized to provide a refund of licensure fees for any reason. Chapter 728 changed this by authorizing ABC to set a schedule for proration of license fees “if the place of business designated in the license is destroyed by an act of God, including but not limited to fire, earthquake, hurricane, storm, or similar natural disaster or phenomenon”. ABC now proposes this regulatory change to do just that. Under the proposed regulation, license fees will be refunded at a rate of 75% if a business is destroyed within the first three months of the license year; business owners will get 50% of their fee back if the business is destroyed in the second three months of the license year and will get 25% if their business is destroyed in the third three months of the license year. No license fees will be refunded if an affected business is destroyed in the final three months of the license year.

Because this regulation does not impose any additional burdens on licensees, no affected entity is likely to incur any costs on account of this proposed regulatory action. Affected business owners will benefit from being able to get a portion of their licensure fee back when their businesses are destroyed (rendering the license unusable and useless).

## **Businesses and Entities Affected**

ABC reports that approximately 16,000 businesses would be potentially affected by this proposed regulatory change; 90% 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.