

Office of Regulatory Management
Economic Review Form

Agency name	Virginia Department of Health
Virginia Administrative Code (VAC) Chapter citation(s)	12VAC5-125
VAC Chapter title(s)	Regulations for Bedding and Upholstered Furniture Inspection Program
Action title	Amend Regulations Following Periodic Review
Date this document prepared	February 6, 2023
Regulatory Stage (including Issuance of Guidance Documents)	Final

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<ul style="list-style-type: none"> ● Following the conclusion of the proposed regulatory stage, the agency proposes to finalize the proposed regulatory language for the Bedding and Upholstered Furniture Inspection Program (Regulations). ● This final regulatory action will further amend Definitions (12VAC5-125-10). This section was amended to provide clarification of terms and usage of terms throughout the regulations, resolve conflicts with statutory definitions, and to conform with the Virginia Register of Regulations Form, Style, and Procedure Manual (RSM). <p>There are no direct or indirect monetized costs or benefits associated with this change.</p> <ul style="list-style-type: none"> ● This final regulatory action will further clarify Exemptions (12VAC5-125-40). This section outlines the exemptions to the Regulations. <p>There are no direct or indirect monetized costs or benefits associated with this change.</p>
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- **This final regulatory action will clarify the requirements necessary to obtain a license or permit and the steps necessary to maintain a license or permit (12VAC5-125-50 and 12VAC5-125-55).**

There are no direct or indirect monetized costs or benefits associated with this change.

- **This final regulatory action will reorganize and rephrase required language on law labels for products. In addition, the amended language will update and modernize language, and to improve clarity and sentence structure. This amendment was at the request of industry. Law label requirements (12VAC5-125-90).**

There are no direct or indirect monetized costs or benefits associated with this change.

- **This final regulatory action will amend Secondhand bedding and upholstered furniture (12VAC5-125-100). This section adds language to clarify when reupholstered and renovated items must be sanitized. In addition, the amendment removes brand names, outlines general process by which a person may apply for approval of sanitizing product and restructures this section for ease of understanding.**

There are no direct or indirect monetized costs or benefits associated with this change.

- **This final regulatory action will amend Fees (12VAC5-125-180). This section will adjust importers' and distributors' fees to a sliding scale; the more manufacturers/URNs they import or distribute from, the higher the fee.**

The sliding scale fee schedule will maintain current budget-neutral fee revenue.

To construct the proposed fee schedule, 2018 Importer and Distributor accounts were analyzed for distributions of the number of licenses held by each discrete entity; various fee schedules were modeled on this distribution until an ideal schedule was selected. This schedule has the least total fee change for entities, results in neutral revenue, and reflects the cost to the agency of administering each account. Currently, these entities pay \$100 per license; one license corresponds to one Manufacturer Uniform Registry Number (URN) from which they

	<p>import or distribute. In the new schedule, all URNs from which they import or distribute from will be tied to a singular Importer or Distributor license with one fee. A sliding scale was selected to reduce mid-year administrative burden to industry when Importers and Distributors add new Manufacturer URNs to their license. The proposed fee schedule will allow this flexibility and will result in negligible income difference compared to the current fee schedule (modeled outcome with 2018 licenses: \$212,600 under current schedule vs. \$216,180 for new schedule). Creation of a fee exemption for single-employee Renovators and Reupholsterers is not expected to have a significant fiscal impact to the agency. The agency has no estimate of how many permit holders will qualify for this exemption, but total revenue for these permit types is less than 1% of all fee revenues (\$4,500 of \$695,865 for active accounts at time of 2018 analysis).</p> <p>Importers and Distributors will see significant costs savings from only having to maintain one license, but these costs cannot be generalized, as they will vary on the individual business's size and internal structure. Currently, these entities pay \$100 per license, and entities maintain 1-84 licenses each.</p> <p>The majority of the fees are unchanged, with implementation of a sliding fee scale, Importers and Distributors will pay a slightly higher license fee. Contacted stakeholders with the largest increased fees report satisfaction with this proposal, as administrative savings associated with only having one license to maintain more than offset the fee increase. The agency presented these fees to industry at a national conference and in a public webinar and have received no objections to the slight increases. Reupholsterers and Renovators with no additional employees (one-individual business) will be exempt from the \$25 fee.</p> <ul style="list-style-type: none"> • In addition to substantive changes mentioned above, a number of style and form changes are also being made to conform the language to the RSM and Virginia Administrative Code. <p>There are no direct or indirect monetized costs or benefits associated with this change.</p>
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(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$0.00	(b) \$0.00

(3) Net Monetized Benefit	N/A
(4) Other Costs & Benefits (Non-Monetized)	<ul style="list-style-type: none"> <p>• This final regulatory action will further amend Definitions (12VAC5-125-10). This section was amended to provide clarification of terms and usage of terms throughout the regulations, resolve conflicts with statutory definitions, and to conform with the RSM.</p> <p>Non-Monetized Costs: There are no costs (non-monetized) associated with this change.</p> <p>Non-Monetized Benefits: Non-monetized benefit associated with the proposed changes includes improved application of regulations and increased ease of understanding.</p> <p>• This final regulatory action will further clarify Exemptions (12VAC5-125-40). This section outlines the exemptions to the Regulations.</p> <p>Non-Monetized Costs: There are no costs (non-monetized) associated with this change.</p> <p>Non-Monetized Benefits: Non-monetized benefits associated with the proposed change includes improved application of regulations, increased ease of understanding, and alignment of regulatory text with amendments found in HB 2173 of the 2023 General Assembly Session.</p> <p>• This final regulatory action will clarify the requirements necessary to obtain a license or permit and the steps necessary to maintain a license or permit (12VAC5-125-50 and 12VAC5-125-55).</p> <p>Non-Monetized Costs: There are no costs (non-monetized) associated with this change.</p> <p>Non-Monetized Benefits: Non-monetized benefits associated with the proposed changes includes an improved application process.</p> <p>• This final regulatory action will reorganize and rephrase required language on law labels for products. In addition, the amended language will update and modernize language, and to improve clarity and sentence structure. This amendment was at the request of industry. Law label requirements (12VAC5-125-90).</p>

Non-Monetized Costs: There are no costs (non-monetized) associated with this change.

Non-Monetized Benefits: Non-monetized benefits associated with the proposed changes will ease the burden to manufacturers (optional labeling) and assist the public understanding regarding reprocessed materials in bedding and upholstered furniture products. Industry will not have to maintain compliance with certain law label requirements that are not required elsewhere in the country, and that do not impact public health.

- **This final regulatory action will amend Secondhand bedding and upholstered furniture (12VAC5-125-100). This section adds language to clarify when reupholstered and renovated items must be sanitized. In addition, the amendment removes brand names, outlines general process by which a person may apply for approval of sanitizing product and restructures this section for ease of understanding.**

Non-Monetized Costs: There are no costs (non-monetized) associated with this change.

Non-Monetized Benefits: Non-monetized benefits associated with the proposed changes includes an improved application process.

- **This final regulatory action will amend Fees (12VAC5-125-180). This section will adjust importers' and distributors' fees to a sliding scale; the more manufacturers/URNs they import or distribute from, the higher the fee.**

Non-Monetized Costs: There are no costs (non-monetized) associated with this change.

Non-Monetized Benefits: Non-monetized benefits associated with the proposed changes includes an improved application process.

- **In addition to substantive changes mentioned above, a number of style and form changes are also being made to conform the language to the RSM and Virginia Administrative Code.**

Non-Monetized Costs: There are no costs(non-monetized) associated with this change.

	<p>Non-Monetized Benefits: Non-monetized benefits associated with the proposed changes includes conformance to the RSM and increased readability and understanding of regulatory requirements.</p>
(5) Information Sources	N/A

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	<ul style="list-style-type: none"> • The Regulations outline health, safety, and licensure/permitting requirements for mattresses, box-springs, pillows, comforters, cushions, and all upholstered furniture, including products designed for infants and small children in addition to administrative processes, inspection, and enforcement. The Regulations also provide standards for the sale of secondhand bedding to the people of the Commonwealth. <p>Direct Monetized Costs: Total revenue from licenses and permits (majority from companies outside the United States) is approximately \$650,000 a year.</p> <p>Direct Monetized Benefits: There are no direct monetized benefits associated with this retaining the regulations as is.</p> <p>Indirect Monetized Costs: There are no indirect monetized costs associated with retaining the regulations as is.</p> <p>Indirect Monetized Benefits: There are no indirect monetized benefits associated with retaining the regulations as is.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$650,000.00	(b) \$00.00
(3) Net Monetized Benefit	\$0(status quo would retain the current costs associated with administering the program which are outlined in 2(a))	
(4) Other Costs & Benefits (Non-Monetized)	Non-Monetized Costs: There are no costs(non-monetized) associated with retaining the regulations as is.	

	Non-Monetized Benefits: There are no benefits(non-monetized) associated with retaining the regulations as is.
(5) Information Sources	N/A

Table 1c: Costs and Benefits under Alternative Approach(es)

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<ul style="list-style-type: none"> ● Alternative options are limited as standards for upholstered furniture and bedding are mandated by statute (Article 7, Section 32.1-212 et seq. of the Code of Virginia). ● Direct Monetized Costs: No direct monetized costs were identified under an alternative approach as the Virginia Department of Health is mandated to promulgate standards as outlined in state law. The proposed language represents the least burdensome or intrusive standard to maintain health, safety, welfare, and environment of Commonwealth. ● Direct Monetized Benefits: No direct monetized benefits were identified under an alternative approach as the Virginia Department of Health is mandated to promulgate standards as outlined in state law. The proposed language represents the least burdensome or intrusive standard to maintain health, safety, welfare, and environment of Commonwealth. ● Indirect Monetized Costs: No indirect monetized costs were identified under an alternative approach as the Virginia Department of Health is mandated to promulgate standards as outlined in state law. The proposed language represents the least burdensome or intrusive standard to maintain health, safety, welfare, and environment of Commonwealth. ● Indirect Monetized Benefits: No indirect monetized benefits were identified under an alternative approach as the Virginia Department of Health is mandated to promulgate standards as outlined in state law. The proposed language represents the least burdensome or intrusive standard to maintain health, safety, welfare, and environment of Commonwealth. 	
<p>(2) Present Monetized Values</p>	<p>Direct & Indirect Costs</p>	<p>Direct & Indirect Benefits</p>

	(a) \$0.00	(b) \$0.00
(3) Net Monetized Benefit	0	
(4) Other Costs & Benefits (Non-Monetized)	<ul style="list-style-type: none"> ● Non-Monetized Costs: There are no costs(non-monetized) identified under an alternative approach as the Virginia Department of Health is mandated to promulgate standards as outlined in state law. The proposed language represents the least burdensome or intrusive standard to maintain health, safety, welfare, and environment of Commonwealth. ● Non-Monetized Benefits: There are no benefits(non-monetized) identified under an alternative approach as the Virginia Department of Health is mandated to promulgate standards as outlined in state law. The proposed language represents the least burdensome or intrusive standard to maintain health, safety, welfare, and environment of Commonwealth. 	
(5) Information Sources	N/A	

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Monetized Costs: There are no direct monetized costs to local partners associated with this change.</p> <p>Direct Monetized Benefits: There are no direct monetized benefits to local partners associated with this change.</p> <p>Indirect Monetized Costs: There are no indirect monetized costs to local partners associated with this change.</p> <p>Indirect Monetized Benefits: There are no indirect monetized benefits to local partners benefits associated with this change.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$0.00	(b) \$0.00

(3) Other Costs & Benefits (Non-Monetized)	<p>Non-Monetized Costs: There are no costs(non-monetized) to local partners associated with retaining the regulations as is.</p> <p>Non-Monetized Benefits: There are no benefits(non-monetized) to local partners associated with retaining the regulations as is.</p>
(4) Assistance	N/A
(5) Information Sources	N/A

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Monetized Costs: There are no direct monetized costs to families associated with this change.</p> <p>Direct Monetized Benefits: There are no direct monetized benefits to families associated with this change.</p> <p>Indirect Monetized Costs: There are no indirect monetized costs to families associated with this change.</p> <p>Indirect Monetized Benefits: There are no indirect monetized benefits to families associated with this change.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$0.00	(b) \$0.00
(3) Other Costs & Benefits (Non-Monetized)	<p>Non-Monetized Costs: There are no costs(non-monetized) to families associated with the proposed change.</p> <p>Non-Monetized Benefits: There are no benefits(non-monetized) to families associated with the proposed change.</p>	
(4) Information Sources	N/A	

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p>Direct Monetized Costs: There are no direct monetized costs to small businesses associated with this change.</p> <p>Direct Monetized Benefits: There are no direct monetized benefits to small businesses associated with this change.</p> <p>Indirect Monetized Costs: There are no indirect monetized costs to small businesses associated with this change.</p> <p>Indirect Monetized Benefits: There are no indirect monetized benefits to small businesses associated with this change.</p>	
<p>(2) Present Monetized Values</p>	<p>Direct & Indirect Costs</p>	<p>Direct & Indirect Benefits</p>
	<p>(a) 0.00</p>	<p>(b) \$0.00</p>
<p>(3) Other Costs & Benefits (Non-Monetized)</p>	<p>Non-Monetized Costs: There are no costs(non-monetized) to small businesses associated with the proposed change.</p> <p>Non-Monetized Benefits: There are no benefits(non-monetized) to small businesses associated with the proposed change.</p>	
<p>(4) Alternatives</p>	<p>The agency is unable to determine any equally effective alternatives that would reduce regulatory burden on small businesses. The proposed amendments in the final regulatory action should eliminate nationwide conflicts, streamline administrative processes, and increase the clarity of health and safety standards for facilities that sell used bedding and upholstered furniture.</p>	
<p>(5) Information Sources</p>	<p>N/A</p>	

Changes to Number of Regulatory Requirements

For each individual VAC Chapter amended, repealed, or promulgated by this regulatory action, list (a) the initial requirement count, (b) the count of requirements that this regulatory package is adding, (c) the count of requirements that this regulatory package is reducing, (d) the net change in the number of requirements. This count should be based upon the text as written when this stage was presented for executive branch review. Five rows have been provided, add or delete rows as needed. In the last row, indicate the total number for each column.

Table 5: Total Number of Requirements

	Number of Requirements			
Chapter number	Initial Count	Additions	Subtractions	Net Change
125	18	1(Agency)		+1
TOTAL				