



Economic Impact Analysis Virginia Department of Planning and Budget

3 VAC 5-70 – Delivery Permit Records and Reports
Alcoholic Beverage Control Board
October 2, 2008

Summary of the Proposed Amendments to Regulation

Pursuant to Chapters 99 and 799 of the 2007 Acts of the General Assembly, the Alcoholic Beverage Control Board (ABC) proposes to promulgate a new regulation for a new, statute-created, delivery permit.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

In 2007, the General Assembly passed legislation that allowed wineries, farm wineries and breweries, as well as wine and beer retailers, to apply for delivery permits. These permits normally allow delivery of up to four cases of wine and/or beer to a customer at one time; the statute allows delivery of more than four cases of beer and/or wine so long as the permittee notifies ABC in writing at least one day before the delivery is made. By statute, permittees must verify that anyone accepting delivery of wine or beer is at least 21 years old. Permittees must also collect state wine or beer and sales taxes and forward tax monies to the appropriate state agency, maintain delivery records and report deliveries to ABC on a monthly basis.

Earlier this year, ABC promulgated an emergency regulation to implement these statutory changes. This proposed regulation, once promulgated, will replace the emergency regulation that is set to expire on January 2, 2009.

This proposed regulation does not vary in any substantive way from its originating statute except that it lists the information that permittees must include in their monthly reports to ABC.

These reports must include:

- The number of containers delivered,
- Volume of each container delivered,
- Brand of each container delivered,
- Names and addresses of recipients of each delivery,
- Signature of any recipients and
- The price charged for the wine or beer delivered.

All of the information that ABC is asking permittees to include is likely necessary to verify that permittees are in compliance with the Code of Virginia; Having the number of containers listed in reports, for instance, will allow ABC to verify that permittees are not delivering more than four cases of wine and/or beer at a time to anyone person without notifying ABC in writing before delivery. Consequently, regulated entities are unlikely to incur any additional costs on account of this proposed regulation. Regulated entities are likely to benefit from knowing exactly what they are expected to report to ABC as this will reduce the chances of them accidentally failing to comply with their lawful obligations.

Businesses and Entities Affected

ABC reports that over 7,000 businesses in Virginia are eligible to apply for delivery permits but only 241 businesses have applied for and received such permits.

Localities Particularly Affected

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

Projected Impact on Employment

This regulatory action will likely have no impact on employment in the Commonwealth.

Effects on the Use and Value of Private Property

This regulatory action will likely have no effect on the use or value of private property in the Commonwealth.

Small Businesses: Costs and Other Effects

Small businesses in the Commonwealth are unlikely to incur any costs on account of this regulatory action.

Small Businesses: Alternative Method that Minimizes Adverse Impact

Small businesses in the Commonwealth are unlikely 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 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.