



Economic Impact Analysis Virginia Department of Planning and Budget

13 VAC 5-31 – Virginia Amusement Device Regulations Board of Housing and Community Development November 9, 2002

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G 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. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The General Assembly mandates in §36-98.3 of the Code of Virginia that the Virginia Board of Housing and Community Development promulgate regulations pertaining to the construction, maintenance, operation, and inspection of amusement devices.

The regulation proposes to (1) limit the permit fee charged by the local building department to operate an amusement device to a maximum of \$150 per site when the inspection is done by private inspectors, and (2) regulate go-karts through the adoption of new referenced standards,

The proposed regulation also makes clarifications to the existing regulation, including clarifying that the provisions of the Uniform Statewide Building Code will apply to amusement devices to the extent that they are not superseded by this regulation and clarifying that appeals regarding amusement devices can be made to the State Building Code Technical Review Board following a final determination by the local board of building code appeals.

Estimated Economic Impact

Under current policy, fees charged by local building departments include the issuance or renewal of a permit and any associated inspections. If the owner of the amusement device chooses to have the inspection done by a private inspector, the fees charged for the issuance or renewal of a permit is 50% of what it would have been if the local building official had carried out the inspection. The proposed regulation seeks to impose a maximum \$150 that local building departments can charge for the issuance or renewal of a permits for amusement devices operating on any one site when the inspection is done by a private inspector. The net economic impact of the proposed change will depend on the average cost per site incurred by DHCD in issuing or renewing permits. If it is greater that \$150, owners and operators of amusement devices will benefit at the expense of DHCD. If it is less than or equal to \$150, the proposed change will provide cost savings to the owners and operators while imposing no additional cost on DHCD.

The proposed regulation updates standards for the regulation of amusement devices to the latest editions of the American Standards Institute and American Society for Testing and Materials. As a result of updating the regulation to national standards, inspections and permits are required of owners and operators of go-karts. The proposed change would impose additional costs of inspections and permits on the owners and operators of go-karts. Additional cost could also be incurred in retraining amusement device inspectors. The net economic impact would depend on whether the additional safety benefits from the proposed change are greater or less than the additional costs incurred. Since there is little or no data on injuries and deaths related to the operation of go-karts, no specific estimate of the net economic impact of this change is possible at this time.

Businesses and Entities Affected

The proposed changes to the regulation could potentially affect owners and operators of go-karts in Virginia. It could also affect the 344 amusement device inspectors certified to operate in Virginia.

Localities Particularly Affected

The proposed changes to the regulation affect localities throughout the Commonwealth.

Projected Impact on Employment

The proposed changes to the regulation will have no significant impact on employment in Virginia. As a result of updating standards, amusement device inspectors may now be required to go through additional training in order to get certified.

Effects on the Use and Value of Private Property

The \$150 cap on permit fees could potentially reduce the cost of operating amusement parks or other sites with multiple rides. The incorporation of new standards would impose an additional cost on go-kart owners and operators of having inspections and applying for permits. The potential impact on property values is not known because the increased compliance cost must be balanced against the benefit to the go-kart industry of having a reputation for safe operation.