



Economic Impact Analysis Virginia Department of Planning and Budget

3 VAC 5-50 – Retail Operations
Alcoholic Beverage Control Board
August 3, 2010

Summary of the Proposed Amendments to Regulation

Pursuant to §4.1-111 of the Code of Virginia, The Alcoholic Beverage Control Board (ABC) proposes to amend its regulations that govern retail operations to require that alcoholic energy drinks be displayed adjacent to other alcoholic beverages and not adjacent to non-alcoholic beverages.

Result of Analysis

The benefits likely exceed the costs for this proposed change.

Estimated Economic Impact

Current regulations are silent as to the placement in stores of alcoholic energy drinks. The Virginia General Assembly passed a law in 2009 that requires alcoholic energy drinks to be displayed near other alcoholic beverages and at a distance from non-alcoholic beverages. ABC now proposes to amend its retail operations regulations to add this requirement. To the extent that alcoholic energy drinks have been displayed near non-alcoholic drinks, ABC licensees may incur some minimal costs for moving these products to a legislatively approved area of their store. These costs are likely outweighed by the benefits that will accrue to consumers who will be less likely to inadvertently buy an alcoholic beverage when it was not their intention to do so. Additionally, this change may reduce the chances that minors would be able to purchase alcohol by reducing confusion of retail clerks as to what is an alcoholic beverage and what is not.

Businesses and Entities Affected

ABC estimates that approximately 6,500 licensees are subject to the requirements of these regulations. ABC further estimates that approximately 90% of these licensees meet the legislative definition for small businesses.

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.