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## Fast-Track Regulation Agency Background Document

<b>Agency name</b>	Virginia Department of Alcoholic Beverage Control
<b>Virginia Administrative Code (VAC) citation(s)</b>	3 VAC 5 -70
<b>Regulation title(s)</b>	Other Provisions
<b>Action title</b>	Transportation of alcoholic beverages; noncommercial permits; commercial carrier permits; refusal, suspension or revocation of permits; exceptions; out-of-state limitation not effected.
<b>Date this document prepared</b>	April 5, 2016

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Orders 17 (2014) and 58 (1999), and the *Virginia Register Form, Style, and Procedure Manual*.

### Brief summary

*Please provide a brief summary (preferably no more than 2 or 3 paragraphs) of the proposed new regulation, proposed amendments to the existing regulation, or the regulation proposed to be repealed. Alert the reader to all substantive matters or changes. If applicable, generally describe the existing regulation.*

The Alcoholic Beverage Control Board proposes to amend 3 VAC 5 - 70, OTHER PROVISIONS by amending existing regulation 3 VAC 5-70-10 to eliminate the requirement for the Board to issue a permit to commercial carriers engaged in the regular transportation of alcoholic beverages within or through the Commonwealth. The proposed amendment will add language to require motor carriers while transporting alcoholic beverages to have in their possession a bill of lading or other commercial memorandum describing the alcoholic beverages being shipped, the name and address of the consignor and consignee who lawfully may ship and receive such alcoholic beverages. The proposal also includes language to require a motor carrier transporting alcoholic beverages to make the bill of lading or commercial

memorandum available for inspection by Special Agents of the Board or any law enforcement Officer upon request.

### Acronyms and Definitions

*Please define all acronyms used in the Agency Background Document. Also, please define any technical terms that are used in the document that are not also defined in the “Definition” section of the regulations.*

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Motor Carrier – any person transporting property over the highways of the Commonwealth (ref §46.2-2100 of the Code of Virginia)

Board – The Virginia Alcoholic Beverage Control Board

Special Agent – an employee of the Department of Alcoholic Beverage Control designated as a law enforcement officer pursuant to 4.1-105.

Law Enforcement Officer – as defined in §9.1-101 of the Code of Virginia

### Statement of final agency action

*Please provide a statement of the final action taken by the agency including: 1) the date the action was taken; 2) the name of the agency taking the action; and 3) the title of the regulation.*

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On April 20, 2016, The Alcoholic Beverage Control Board adopted an amendment to 3 VAC 5-70, Other Provisions, amending the existing regulation 3 VAC 5-70-10, Transportation of alcoholic beverages; noncommercial permits; commercial carrier permits; refusal, suspension, or revocation of permits; exceptions; out-state-limitations not effected, to proceed under the fast track regulatory process.

### Legal basis

*Please identify the state and/or federal legal authority to promulgate this proposed regulation, including: 1) the most relevant citations to the Code of Virginia or General Assembly chapter number(s), if applicable; and 2) promulgating entity, i.e., agency, board, or person. Your citation should include a specific provision authorizing the promulgating entity to regulate this specific subject or program, as well as a reference to the agency/board/person’s overall regulatory authority.*

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Section 4.1-103 of the Code authorizes the Board to promulgate regulations in accordance with the Administrative Process Act (§ 2.2-4000 et seq. and § 4.1-111 of the ABC Act. This section of the Code also provides the Board with broad authority to do all acts necessary to carry out the purposes of Title 4.1.

Section 4.1-111 (A), of the Code further authorizes the Board the authority to amend or repeal regulations adopted by it in accordance with the Administrative Process Act (§ 2.2-4000 et seq)

Section 4.1-212 A 4 grants the Board the authority to issue permits for the transportation of alcoholic beverages within or through the Commonwealth.

### Purpose

*Please explain the need for the new or amended regulation. Describe the rationale or justification of the proposed regulatory action. Describe the specific reasons the regulation is essential to protect the health, safety or welfare of citizens. Discuss the goals of the proposal and the problems the proposal is intended to solve.*

The purpose of this proposal is to amend the current language of 3 VAC 5-70-10 B to eliminate the requirement for the agency to issue a permit to commercial carriers (now motor carriers) regularly engaged in the transportation of alcoholic beverages within or through the Commonwealth. The amendment adds language to require motor carriers transporting alcoholic beverages to have in their possession a bill of lading or other commercial document describing the alcoholic beverages being transported showing the names and addresses of the consignor and consignee who may lawfully ship and receive such shipment and requires that such documentation be provided to Special Agents of the Board or any law enforcement officer for inspection upon request.

Currently transportation permits are issued without cost. The agency has no electronic means to track these permits and as such they are not readily accessible to law enforcement agencies. The amended language will bring regulation into conformity with current practice of the agency of deeming shipments of alcoholic beverages to be legal provided the motor carrier has bill of lading or other commercial document in its possession that list the criteria cited above.

This proposed amendment will have no impact on the public's safety. The proposed amendment will provide law enforcement the ability to quickly determine the legality of the shipment of alcoholic beverages.

### Rationale for using fast-track process

*Please explain the rationale for using the fast-track process in promulgating this regulation. Why do you expect this rulemaking to be noncontroversial?*

This proposal is expected to be noncontroversial as it reduces a regulatory requirement on the transportation industry.

### Substance

*Please briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both. A more detailed discussion is provided in the "Detail of changes" section below.*

The proposed amendment eliminates the requirement for motor carriers to obtain a transportation permit to lawfully transport alcoholic beverages within or through the Commonwealth provided that they have a bill of lading or other commercial document in their possession while transporting alcoholic beverages.

### Issues

*Please identify the issues associated with the proposed regulatory action, including: 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions; 2) the primary advantages and disadvantages to the agency or the Commonwealth; and 3) other pertinent matters of interest to the regulated community, government officials, and the public. If there are no disadvantages to the public or the Commonwealth, please indicate.*

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The primary advantage for the agency and the transportation industry is to amend the current language of 3 VAC 5- 70-10 to bring it into conformance with standard practices of this industry and eliminate a regulatory burden on motor carriers. The agency benefits by not having to expend personnel resources in issuing these no cost permits.

There are no disadvantages to the public or the Commonwealth.

### Requirements more restrictive than federal

*Please identify and describe any requirement of the proposal which is more restrictive than applicable federal requirements. Include a rationale for the need for the more restrictive requirements. If there are no applicable federal requirements or no requirements that exceed applicable federal requirements, include a statement to that effect.*

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There are no requirements that are more restrictive than the proposed amendment.

### Localities particularly affected

*Please identify any locality particularly affected by the proposed regulation. Locality particularly affected means any locality which bears any identified disproportionate material impact which would not be experienced by other localities.*

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No locality is affected by this proposed regulatory action.

### Regulatory flexibility analysis

*Pursuant to § 2.2-4007.1B of the Code of Virginia, please describe the agency's analysis of alternative regulatory methods, consistent with health, safety, environmental, and economic welfare, that will accomplish the objectives of applicable law while minimizing the adverse impact on small business. Alternative regulatory methods include, at a minimum: 1) the establishment of less stringent compliance or reporting requirements; 2) the establishment of less stringent schedules or deadlines for compliance or reporting requirements; 3) the consolidation or simplification of compliance or reporting requirements; 4) the establishment of performance standards for small businesses to replace design or operational standards required in the proposed regulation; and 5) the exemption of small businesses from all or any part of the requirements contained in the proposed regulation.*

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This amendment reduces the regulatory requirements upon business from both a permitting and regulatory perspective. The process is simplified by no longer requiring the transportation entity to obtain a permit prior to shipments being made. The amendment would not require any additional documentation

to accompany the shipment other than that which is already required to be located upon the common carrier vehicle. The proposal has no adverse effect on small businesses.

## Economic impact

*Please identify the anticipated economic impact of the proposed new regulations or amendments to the existing regulation. When describing a particular economic impact, please specify which new requirement or change in requirement creates the anticipated economic impact.*

<b>Projected cost to the state to implement and enforce the proposed regulation, including: a) fund source / fund detail; and b) a delineation of one-time versus on-going expenditures</b>	None
<b>Projected cost of the new regulations or changes to existing regulations on localities.</b>	None
<b>Description of the individuals, businesses, or other entities likely to be affected by the new regulations or changes to existing regulations.</b>	Members of the motor carrier transportation industry.
<b>Agency’s best estimate of the number of such entities that will be affected. Please include an estimate of the number of small businesses affected.</b> Small business means a business entity, including its affiliates, that: a) is independently owned and operated and; b) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.	Unknown – but the proposal reduces a regulatory burden on members of the motor carrier industry.
<b>All projected costs of the new regulations or changes to existing regulations for affected individuals, businesses, or other entities. Please be specific and include all costs including: a) the projected reporting, recordkeeping, and other administrative costs required for compliance by small businesses; and b) specify any costs related to the development of real estate for commercial or residential purposes that are a consequence of the proposed regulatory changes or new regulations.</b>	If the proposal is adopted there will be a reduction in costs to the agency as current transportation permits are issued without cost.  The proposed amendment does not impose any additional administrative requirement on the motor carrier industry. Current industry practice is that motor carriers maintain documents of the cargo they are transporting in the vehicle.
<b>Beneficial impact the regulation is designed to produce.</b>	To eliminate an unnecessary regulatory requirement on motor carriers as well reducing the workload on agency personnel.

## Alternatives

*Please describe any viable alternatives to the proposal considered and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the action.*

Also, include discussion of less intrusive or less costly alternatives for small businesses, as defined in § 2.2-4007.1 of the Code of Virginia, of achieving the purpose of the regulation.

There are no other alternatives to amend the language in the regulation.

**Public participation notice**

*If an objection to the use of the fast-track process is received within the 30-day public comment period from 10 or more persons, any member of the applicable standing committee of either house of the General Assembly or of the Joint Commission on Administrative Rules, the agency shall: 1) file notice of the objections with the Registrar of Regulations for publication in the Virginia Register; and 2) proceed with the normal promulgation process with the initial publication of the fast-track regulation serving as the Notice of Intended Regulatory Action.*

**Periodic review and small business impact review report of findings**

*If this fast-track is the result of a periodic review/small business impact review, use this form to report the agency's findings. Please (1) summarize all comments received during the public comment period following the publication of the Notice of Periodic Review and (2) indicate whether the regulation meets the criteria set out in Executive Order 17 (2014), e.g., is necessary for the protection of public health, safety, and welfare, and is clearly written and easily understandable. In addition, as required by 2.2-4007.1 E and F, please include a discussion of the agency's consideration of: (1) the continued need for the regulation; (2) the nature of complaints or comments received concerning the regulation from the public; (3) the complexity of the regulation; (4) the extent to which the regulation overlaps, duplicates, or conflicts with federal or state law or regulation; and (5) the length of time since the regulation has been evaluated or the degree to which technology, economic conditions, or other factors have changed in the area affected by the regulation.*

Commenter	Comment	Agency response

The proposed amendment is not as a result of a periodic review.

**Family impact**

*Please assess the impact of this regulatory action on the institution of the family and family stability including to what extent the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.*

This regulatory action will have no negative impact on the institution of the family and family stability.

**Detail of changes**

*Please list all changes that are being proposed and the consequences of the proposed changes; explain the new requirements and what they mean rather than merely quoting the proposed text of the regulation. If the proposed regulation is a new chapter, describe the intent of the language and the expected impact. Please describe the difference between existing regulation(s) and/or agency practice(s) and what is being proposed in this regulatory action. If the proposed regulation is intended to replace an emergency regulation, please list separately: (1) all differences between the **pre-emergency** regulation and this proposed regulation; and 2) only changes made since the publication of the emergency regulation.*

For changes to existing regulation(s), use this chart:

<b>Current section number</b>	<b>Proposed new section number, if applicable</b>	<b>Current requirement</b>	<b>Proposed change, intent, rationale, and likely impact of proposed requirements</b>
3 VAC 5- 70-10		This regulation now requires that a common carrier (now motor carrier) regularly transporting alcoholic beverages within or through the Commonwealth obtain a transportation permit from the agency. In addition to the permit carriers are also required to have a bill of lading or other commercial document in the vehicle showing the types of alcoholic beverages being transported and the names and addresses of the consignor and consignee.	<p>The proposed amendment would eliminate the requirement for motor carries transporting alcoholic beverages within or through the Commonwealth to obtain a permit from the Board.</p> <p>The proposal would also add language to require motor carriers transporting alcoholic beverages to have in their possession a bill of lading or other commercial document describing the alcoholic beverages being transported, the names and addresses of the consignor and consignee. The motor carrier will also be required to make these documents available to Special Agents of the Board or any law enforcement officer for inspection upon request.</p> <p>The documents required by both the current regulatory language and proposed amendment are documents that accompany shipments of cargo by the industry.</p> <p>The likely impact will be the elimination of an unnecessary regulatory requirement on the motor carrier industry and decrease in the workload for agency personnel.</p>

If a new regulation is being promulgated, use this chart:

Section number	Proposed requirements	Other regulations and law that apply	Intent and likely impact of proposed requirements