

Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



Virginia Department of Planning and Budget Economic Impact Analysis

3 VAC 5-70 – Other Provisions
Virginia Department of Alcoholic Beverage Control
Town Hall Action/Stage: 4566/7567
November 11, 2016

Summary of the Proposed Amendments to Regulation

The Alcoholic Beverage Control Board (Board) proposes to amend its Other Provisions regulation to eliminate the requirement that commercial carriers engaged in the regular transport of alcoholic beverages within or through Virginia obtain a Board permit for such transportation. Instead of requiring a permit, the Board proposes to allow carriers to use bills of lading¹ or other commercial memorandum describing what is being shipped and the addresses and names of who is shipping the alcohol and who is receiving it.

Result of Analysis

Benefits outweigh costs for all proposed changes.

Estimated Economic Impact

Current regulation requires commercial carriers who will be transporting alcohol in or through Virginia to first obtain a permit from the Board to do so. This permit allows the Board to know what is being shipped and allows special agents of the board and law enforcement officers to check shipments when necessary to ensure that the permit matches the cargo. Although there is no fee charged to commercial carriers for Board issued permits, they still incur time costs for obtaining this extra document. The Board also incurs costs for staff time to issue such permits.

¹ A bill of lading is a document issued by a carrier or his agent to acknowledge receipt of cargo for shipment.

The Board proposes to eliminate the requirement that commercial carriers obtain a permit and instead let them use bills of lading and other commercial memorandum that they would have in their possession as a matter of course when completing the commercial transaction of shipping cargo in the same manner that permits are now used. Commercial carriers will be required to have this documentation in their possession and present it to special agents of the Board or law enforcement officers if asked. Since carriers already have documentation of their shipments for verification of receipt and delivery of cargo, no entities are likely to incur costs on account of this proposed regulation. Both commercial carriers and Board staff are likely to see small saving for time not spent on obtaining or issuing permits.

Businesses and Entities Affected

These proposed regulatory changes will affect all commercial carriers who transport alcoholic beverages in or through the Commonwealth of Virginia.

Localities Particularly Affected

No locality is likely to be particularly affected by these proposed regulatory changes.

Projected Impact on Employment

These proposed regulatory changes are unlikely to affect employment in the Commonwealth.

Effects on the Use and Value of Private Property

These proposed regulatory changes are unlikely to affect the use or value of private property in the Commonwealth.

Real Estate Development Costs

These proposed regulatory changes are unlikely to affect real estate development costs in the Commonwealth.

Small Businesses:

Definition

Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

Costs and Other Effects

No small businesses will be adversely affected by these proposed regulatory changes.

Alternative Method that Minimizes Adverse Impact

No small businesses will be adversely affected by these proposed regulatory changes.

Adverse Impacts:

Businesses:

No businesses will be adversely affected by these proposed regulatory changes.

Localities:

Localities in the Commonwealth are unlikely to see any adverse impacts on account of these proposed regulatory changes.

Other Entities:

No other entities are likely to be adversely affected by these proposed changes.

Legal Mandates

General: The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order Number 17 (2014). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

Adverse impacts: Pursuant to Code § 2.2-4007.04(C): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

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