



# Virginia Department of Planning and Budget **Economic Impact Analysis**

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**2VAC 5-290 Breeder Sheep Grade Standards**  
**Department of Agriculture and Consumer Services**  
**Town Hall Action/Stage: 6437 / 10289**  
May 28, 2024

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The Department of Planning and Budget (DPB) 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 19. The analysis presented below represents DPB’s best estimate of the potential economic impacts as of the date of this analysis.<sup>1</sup>

## **Summary of the Proposed Amendments to Regulation**

The Commissioner of the Department of Agriculture and Consumer Services proposes to repeal 2VAC 5-290 *Breeder Sheep Grade Standards* in its entirety.

## **Background**

The *Breeder Sheep Grade Standards* establish criteria by which the Virginia Department of Agriculture and Consumer Services (VDACS) is to appraise breeding stock’s suitability for breeding purposes and the desirability of their progeny. The appraisal service is not required. VDACS has not received a request from industry to evaluate breeder sheep in recent years. As such, the agency has determined that the regulation is no longer needed.

## **Estimated Benefits and Costs**

VDACS contacted sheep industry stakeholders during the summer of 2023 to inquire into whether the industry would have concerns with the repeal of this regulation. Sheep industry

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<sup>1</sup> Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis 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.

stakeholders did not present any concerns to the agency. Thus, the repeal of this regulation would not likely have a substantive impact.

### **Businesses and Other Entities Affected**

As described above, the repeal of the regulation would not likely have a substantive impact. If anyone would be affected, it would be sheep farmers.<sup>2</sup>

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.<sup>3</sup> An adverse impact is indicated if there is any increase in net cost or reduction in net benefit for any entity, even if the benefits exceed the costs for all entities combined.<sup>4</sup> As described above, the repeal of the regulation would not likely increase cost or reduce benefit for any entity. Thus, no adverse impact is indicated.

### **Small Businesses<sup>5</sup> Affected:<sup>6</sup>**

The proposed repeal of the regulation does not appear to adversely affect small businesses.

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<sup>2</sup> The number of sheep farmers was not provided by the agency.

<sup>3</sup> Pursuant to Code § 2.2-4007.04(D): 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.

<sup>4</sup> Statute does not define “adverse impact,” state whether only Virginia entities should be considered, nor indicate whether an adverse impact results from regulatory requirements mandated by legislation. As a result, DPB has adopted a definition of adverse impact that assesses changes in net costs and benefits for each affected Virginia entity that directly results from discretionary changes to the regulation.

<sup>5</sup> 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.”

<sup>6</sup> 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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**Localities<sup>7</sup> Affected<sup>8</sup>**

The Counties of Augusta, Rockingham, Washington, and Highland are among the areas of the Commonwealth with the largest inventory of sheep. Nevertheless, as described above, the repeal of the regulation would not likely have substantive impact.

**Projected Impact on Employment**

The proposed repeal of the regulation does not appear to affect total employment.

**Effects on the Use and Value of Private Property**

The proposed repeal of the regulation does not appear to affect the use and value of private property or real estate development costs.

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<sup>7</sup> “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

<sup>8</sup> § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.