



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

24 VAC 20-121 Driver Training Schools Regulations

Department of Motor Vehicles

Town Hall Action/Stage: 6468 / 10335

July 31, 2024

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.¹

Summary of the Proposed Amendments to Regulation

The Department of Motor Vehicles (DMV) proposes to eliminate the requirement that driver training schools provide a minimum of ten square feet per student attending at any given time.

Background

The regulation specifies that driver training schools must comply with federal, state and local health, fire and building code requirements. According to DMV, there are sections of the Uniform Statewide Building Code (USBC) that govern the number of individuals that can be in a given area of a business. The agency believes that this is sufficient to effectively regulate space per student.

Estimated Benefits and Costs

Given USBC requirements and since no instructional requirements are proposed to be amended or repealed, the proposal to eliminate the requirement that driver training schools

¹ 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.

provide a minimum of ten square feet per student attending at any given time is not likely to have substantial impact.

Businesses and Other Entities Affected

The proposed amendment potentially affects the 324 licensed driver training schools.² According to DMV, all or almost all are small businesses.

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.³ 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.⁴ The proposed amendment neither increases costs nor reduces benefits. Thus, no adverse impact is indicated.

Small Businesses⁵ Affected:⁶

The proposed amendment does not adversely affect small businesses.

Localities⁷ Affected⁸

The proposed amendment neither disproportionately affects particular localities nor introduces costs for local governments.

² Data source: DMV.

³ 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.

⁴ 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.

⁵ 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.”

⁶ 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.

⁷ “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.

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

Projected Impact on Employment

The proposed amendment does not affect total employment.

Effects on the Use and Value of Private Property

The proposed amendment neither substantively affects the use and value of private property nor affects real estate development costs.