Virginia Department of Planning and Budget

Economic Impact Analysis

18 VAC 110-20 Regulations Governing the Practice of Pharmacy
Department of Health Professions
Town Hall Action/Stage: 7005 / 11166 Fast-Track
September 3, 2026

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 17 (2026). 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 Board of Pharmacy (Board) proposes to add analytical laboratories to the list of entities that are exempt from the security alarm requirements contained in this regulation, in order to clarify the text and reflect current practice.

Background

This regulation establishes storage and security requirements for controlled substances registrants. One requirement is that if a facility is not staffed 24 hours a day, the facility must have a security alarm to detect a break-in. However, the regulation also provides exemptions from the alarm requirement for researchers, animal control officers, humane societies, animal shelters, certain alternative delivery sites, emergency medical services, and certain teaching institutions. According to the Department of Health Professions (DHP), these exemptions are provided because these groups do not have large amounts of controlled substances.

Currently, the regulatory text does not explicitly provide an exemption for analytical laboratories. However, DHP notes that five state analytic labs associated with the Department of Forensic Science (DFS), and one consolidated lab associated with the Department of General

[1] See Code § 2.2-4007.04 (A).

Services (DGS), have not been required to have a security system in practice under the Board's interpretation of Virginia laws. Furthermore, DHP states that DFS moved their central lab earlier this year. Subsequently, DFS called the Board's attention to the alarm requirement, pointing out that they never had to comply with that requirement at the old location. In response to the DFS inquiry, in this action the Board proposes to add analytical laboratories to the list of entities that are explicitly exempted from the security alarm requirement.

Estimated Benefits and Costs

The proposal would amend the text of the regulation to clarify and reflect the current practice that analytical laboratories are not subject to the security alarm requirement. Thus, no significant economic impact is expected from the proposed change other than clarifying the requirements for analytical laboratories and the readers of this regulation.

Businesses and Other Entities Affected

According to DHP, there are five state analytic labs associated with DFS, and one consolidated lab associated with DGS. No regulated entity appears to be disproportionately affected.

The Code requires DPB to assess whether an adverse impact may result from the proposed regulation.[2] 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.[3] As noted above, the proposal would mainly clarify an existing practice. Thus, no adverse impact is indicated.

Small Businesses[4] Affected:[5]

The proposed amendment does not adversely affect small businesses.

[2] See Code § 2.2-4007.04 (D).
[3] 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.
[4] 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."
[5] See Code § 2.2-4007.04 (A.2). and Code § 2.2-4007.1 (C).

Localities[6] Affected[7]

The proposed change does not create costs for localities, nor does it have a disproportionate impact on any particular locality.

Projected Impact on Employment

The proposal does not affect employment.

Effects on the Use and Value of Private Property

No effect on the use and value of private property nor on real estate development costs is expected.

[6] "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.
[7] Code § 2.2-4007.04 defines "particularly affected" as bearing disproportionate material impact.