



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: 6470 / 10337

Date

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 certain general instructor licensing requirements from the regulation, including the requirement for a Class A instructor to have a high school diploma or equivalent.

Background

DMV proposes to remove the following requirements:

- That driving records must exhibit the individual's name, the driver's license number, the date of issue, the issuing jurisdiction, the date of expiration and notations of any convictions, license withdrawals, suspensions, revocations, cancellations, disqualifications or restrictions.
- That instructor applicants and those licensed to teach in-vehicle instruction to report any traffic accidents related to driving within 15 days.

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.

- That Class A driving instructors have a high school diploma or equivalent. Class A training is for drivers of commercial motor vehicles.

Estimated Benefits and Costs

According to DMV, it already has all of the driving record required elements mentioned in its computer system. Thus, eliminating the elements of the driving records requirement would have no impact beyond perhaps reducing potential confusion by readers of the regulation.

Concerning the requirement that instructor applicants and licensed instructors report traffic accidents, the agency states that it does not need to know about accidents that do not result in convictions, and that it is notified through its systems of convictions. To the extent that instructor applicants and licensed instructors have been reporting this information, the removal of this requirement would benefit them in that it would save them the time involved in reporting.

Persons without a high school diploma or equivalent who wish to become a Class A driving instructor would benefit from the proposal to no longer require the degree or its equivalent to gain such licensure. Specifically, they save the time and other required resources to gain the diploma or its equivalent. Removing this burden may result in a small increase in the number of persons who gain Class A driving instructor licensure. To the extent that there is an increase in the supply of licensed Class A driving instructors, some commercial motor vehicle driving schools may benefit from increased ease in finding qualified instructors.

Businesses and Other Entities Affected

The proposed amendments potentially affect the 324 licensed driver training schools and their instructors, as well as applicants for driving instructor licensure.² Persons without a high school diploma or equivalent who wish to become a Class A driving instructor would be particularly affected. According to DMV, all or almost all licensed driver training schools 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

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

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 amendments do not adversely affect small businesses.

Localities⁷ Affected⁸

The proposed amendments neither disproportionately affect particular localities nor introduce costs for local governments.

Projected Impact on Employment

There may be a moderate increase in employed Class A driving instructors.

Effects on the Use and Value of Private Property

To the extent that there is an increase in the supply of licensed Class A driving instructors, some commercial motor vehicle driving schools may encounter reduced hiring costs, which may moderately increase their value. The proposed amendments do not affect real estate development costs.

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.