

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

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**18 VAC 5 •22 Board of Accountancy Regulations**  
**Board of Accountancy**  
**Town Hall Action/Stage: 4933 / 8086**  
December 8, 2017

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

Definitions in the regulation of “providing services to the public” and “providing services to an employer” are repetitious of definitions listed in Code of Virginia § 54.1-4400. The Board proposes to replace the definitions with a citation to § 54.1-4400.

### **Result of Analysis**

The proposed amendment will not have a significant impact.

### **Estimated Economic Impact**

The proposed amendment would not affect requirements or interpretations. It may add a small amount of time for readers of the regulation seeking to understand the law.

### **Businesses and Entities Affected**

The proposed regulation affects CPA firms and CPAs. As of September 30, 2017, there were 27,842 persons who held Virginia CPAs licenses, and 1,179 entities or sole proprietors that held Virginia CPA firm licenses.<sup>1</sup> All or most CPA firms would qualify as small businesses.

### **Localities Particularly Affected**

The proposed amendment does not disproportionately affect particular localities.

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<sup>1</sup> Data source: Board of Accountancy

**Projected Impact on Employment**

The proposed amendment does not affect employment.

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

The proposed amendments does not affect the use and value of private property.

**Real Estate Development Costs**

The proposed amendment does not affect real estate development costs.

**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**

The proposed amendment does not significantly affect costs for small businesses.

**Alternative Method that Minimizes Adverse Impact**

The proposed amendment does not significantly adversely affect small businesses.

**Adverse Impacts:****Businesses:**

The proposed amendment does not significantly adversely affect businesses.

**Localities:**

The proposed amendments do not adversely affect localities.

**Other Entities:**

The proposed amendments do not significantly adversely affect other entities.

**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.