

Office of Regulatory Management
Economic Review Form

Agency name	Commissioner of Agriculture and Consumer Services
Virginia Administrative Code (VAC) Chapter citation(s)	N/A
Guidance document title(s)	Virginia Hemp Product Civil Penalty Matrix
Action title	Amend guidance document to reflect certain amendments to the Industrial Hemp Law that became effective on November 15, 2024
Date this document prepared	October 11, 2024
Regulatory Stage (including Issuance of Guidance Documents)	Amendment to guidance document

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p>The current guidance document directs the Department of Agriculture and Consumer Services’ determination of civil penalties for certain violations of the Industrial Hemp Extract Intended for Human Consumption article of the Virginia Food and Drink Law. Section 3.2-5145.2:1 of the Law authorizes the Commissioner of Agriculture and Consumer Services (Commissioner) to assess a civil penalty not to exceed \$10,000 for each day certain violations of the Law occur.</p> <p>The proposed amendments to the guidance document will direct the Department of Agriculture and Consumer Services’ determination of civil penalties for certain violations of Article 4 (§§ 3.2-4122 through 3.2-4126) of the Industrial Hemp Law, which pertains to regulated hemp products (“Regulated Hemp Products Law”). In accordance with the second enactment of Chapters 744 and 794 of the 2023 Acts of Assembly, this article became effective on November 15, 2024. The Regulated Hemp Products Law authorizes the Commissioner to assess a civil penalty not to exceed \$10,000 for each day violations of the article, including failure to obtain a regulated hemp product retail facility registration, occur.</p> <p>The direct costs associated with the proposed amendments to the guidance document will be the civil penalty amounts assessed to businesses that are in violation of the Regulated Hemp Products Law. The total civil penalties assessed will vary based on the number of violations and the nature of the violations observed during inspections.</p> <p>There are no monetizable direct benefits or indirect costs or benefits associated with this guidance document.</p>	
<p>(2) Present Monetized Values</p>	<p>Direct & Indirect Costs</p>	<p>Direct & Indirect Benefits</p>
	<p>(a) Cannot be determined</p>	<p>(b) 0</p>
<p>(3) Net Monetized Benefit</p>	<p>Cannot be determined</p>	
<p>(4) Other Costs & Benefits (Non-Monetized)</p>	<p>The entities subject to the requirements set forth in the Regulated Hemp Products Law will benefit from the clarity this guidance document provides. The amendments to the guidance document outline specific violations and their corresponding civil penalty amount.</p>	

	The civil penalties authorized by the Virginia Food and Drink Law and outlined in the current guidance document appear to motivate businesses manufacturing or selling edible hemp products to comply with the law. The agency anticipates the civil penalties authorized by the Regulated Hemp Products Law will serve as similar motivation for businesses that are selling edible or smokable hemp products and are required to obtain a facility registration. The public benefits from the absence and removal from the marketplace of violative hemp products.
(5) Information Sources	N/A

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	There are no monetizable direct or indirect costs or benefits associated with not amending this guidance document.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Net Monetized Benefit	N/A	
(4) Other Costs & Benefits (Non-Monetized)	Without the proposed amendments to this guidance document, the entities subject to the provisions of the Regulated Hemp Products Law will not know the amount of each civil penalty associated with specific violations of the Law.	
(5) Information Sources		

Table 1c: Costs and Benefits under Alternative Approach(es)

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>The proposed amendments to this guidance document could establish different civil penalty amounts based on the listed violations of the Regulated Hemp Products Law.</p> <p>The direct costs would be the civil penalty amounts assessed to businesses in violation of the Regulated Hemp Product Law. The total civil penalties assessed will vary based on the number of violations and the nature of the violations observed during inspections.</p> <p>There are no monetizable direct benefits or indirect costs or benefits associated with this alternative approach.</p>
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(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Cannot be determined	(b) 0
(3) Net Monetized Benefit	Cannot be determined	
(4) Other Costs & Benefits (Non-Monetized)	<p>The agency has proposed civil penalty amounts that it expects will encourage registration of retailers of edible or smokable hemp products as well as the sale of these products in compliance with the Regulated Hemp Products Law.</p> <p>The public benefits from the absence or removal from the marketplace of hemp products sold in violation of the law. Lower civil penalties would not provide the same incentive to comply with Virginia law. Alternatively, higher civil penalties are not needed to encourage compliance.</p>	
(5) Information Sources	N/A	

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>The proposed amendments to this guidance document will have no impact on local partners. Civil penalties are assessed and collected by VDACS.</p> <p>There are no monetizable direct or indirect costs or benefits associated with the proposed amendments to this guidance document.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) 0	(b) 0
(3) Other Costs & Benefits (Non-Monetized)	The proposed amendments to this guidance will have no other cost or benefit to local partners.	

(4) Assistance	N/A
(5) Information Sources	

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	The proposed amendments to this guidance document will have no monetizable direct or indirect cost or benefit to families.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) 0	(b) 0
(3) Other Costs & Benefits (Non-Monetized)	The proposed amendments to this guidance document will have no other cost or benefit to families.	
(4) Information Sources		

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>The direct costs associated with the proposed amendments to the guidance document will be the civil penalty amounts assessed to businesses that are in violation of the Regulated Hemp Products Law. The total civil penalties assessed will vary based on the number of violations and the nature of the violations observed during inspections.</p> <p>There are no monetizable direct benefits or indirect costs or benefits associated with this guidance document.</p>
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(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Cannot be determined	(b) 0
(3) Other Costs & Benefits (Non-Monetized)	The entities subject to the provisions of the Regulated Hemp Products Law, some of which may be small businesses, will benefit from clarity provided by this guidance document's documentation of each violation's specific civil penalty amount.	
(4) Alternatives	There are not any reasonable alternatives that would make the regulatory burden on small businesses more equitable compared to larger businesses.	
(5) Information Sources		

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
N/A	(M/A):	0	0	0	0
	(D/A):	9	0	0	0
	(M/R):	0	0	0	0
	(D/R):	3	0	0	0
				Grand Total of Changes in Requirements:	(M/A): 0
					(D/A): 0
					(M/R): 0
					(D/R): 0

Key:

Please use the following coding if change is mandatory or discretionary and whether it affects externally regulated parties or only the agency itself:

(M/A): Mandatory requirements mandated by federal and/or state statute affecting the agency itself

(D/A): Discretionary requirements affecting agency itself

(M/R): Mandatory requirements mandated by federal and/or state statute affecting external parties, including other agencies

(D/R): Discretionary requirements affecting external parties, including other agencies

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved*	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases
N/A	N/A	N/A	N/A	N/A

Other Decreases or Increases in Regulatory Stringency (if applicable)

VAC Section(s) Involved*	Description of Regulatory Change	Overview of How It Reduces or Increases Regulatory Burden
Amendments to the guidance document to reflect the civil penalty authorized by the	In the absence of the amendments to this guidance document, the entities subject to the provisions of the	Regulated entities will benefit from the clarity provided by the amended guidance document's documentation of

Regulated Hemp Products Law	Regulated Products Law will not know the amount of each civil penalty associated with specific violations of the law	each violation’s specific civil penalty amount.
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Length of Guidance Documents (only applicable if guidance document is being revised)

Title of Guidance Document	Original Word Count	New Word Count	Net Change in Word Count
Virginia Hemp Product Civil Penalty Matrix (formerly, Virginia Industrial Hemp Extract Intended for Human Consumption Law Civil Penalty Matrix)	1,355	1,847	+492

*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).