



Economic Impact Analysis Virginia Department of Planning and Budget

24 VAC 35-60– Ignition Interlock Regulations
Commission on Virginia Alcohol Safety Action Program
March 23, 2009

Summary of the Proposed Amendments to Regulation

Commission on Virginia Alcohol Safety Action Program proposes to establish regulations for the ignition interlock program that has been operating since 1994. While most of the proposed rules have already been followed in practice, a number of new fees are proposed.

Result of Analysis

There is insufficient data to accurately compare the magnitude of the benefits versus the costs.

Estimated Economic Impact

The Code of Virginia¹ requires persons with certain DUI convictions to have installed an ignition interlock device on their vehicles as a condition of restricted driving privileges. Installation, maintenance, and certification of ignition interlock systems have been administered without regulations since 1994 based on the language in the Code of Virginia, interlock RFP and vendor contract. The proposed regulations will establish rules addressing the ignition interlock program.

According to the Commission on Virginia Alcohol Safety Action Program (VASAP) the proposed regulations, for the most part, have already been followed in practice. The parts of the proposed regulations that address policy and procedures already in effect are not expected to create any immediate economic impact as they have been already in place since 1994. Probably the main economic effect of these changes will be the ease of access to and improved clarity of the policies and procedures regarding ignition interlock program. Among others, the proposed

¹ Section 18.2-271.1

regulations address issues such as approval, cancellation, suspension, and revocation of manufacturers, services providers, and ignition interlock devices; device specifications; device installation procedures; calibration and monitoring visits; device removal; maintenance of records and reporting by service providers.

VASAP indicates that the main change included in the regulations is the establishment of numerous fees. The proposed fees are a \$250 application fee, a contract review fee, a service center fee, a fee for VASAP, and a fee for local serving ASAP.² With the exception of the application fee, the amounts of fees are not specified in the proposed regulations.

The \$250 application fee will be collected from vendors wishing to conduct business in Virginia to cover the costs of processing required paperwork, evaluating potential vendors, and contracting. The total revenues generated by this fee will depend on the number of vendor applications which is not expected to be many.

Even though the amount of the contract review fee is not specified in the regulations, VASAP is planning to collect \$250 annually from vendors to cover the costs of overseeing them to ensure their compliance with the state law, agency regulations, and their contract. Similarly, the total revenues from this fee will depend on the number of vendors doing business in Virginia which is not expected to be many.

The planned amount of the service center fee is \$75 annually per facility to cover the costs of yearly compliance audits and site visits. This fee will be paid by the vendor. There were a total of 23 service facilities in 2008 which implies that \$1,725 would have been collected from the vendor.

The proposed changes also establish a fee for VASAP on each offender. The planned fee for VASAP is \$10 per month per offender with an ignition interlock device installed until the device is removed. Last year there were 4,137 devices installed in Virginia which would result in approximately \$496,440 in annual revenues (assuming no devices were uninstalled and all were installed at the beginning of the year).

Finally, proposed changes establish a monthly fee for local ASAP on each offender. In practice, a \$5 fee has been sent to local ASAP to cover their administrative costs for this

program. Although not specified in the regulations, VASAP plans to increase this fee from \$5 per month to \$10 per month per offender with an ignition interlock device installed until the device is removed. This fee would generate the same amount of revenues as the previous fee discussed.

In general, collecting revenues from the entities who are responsible for generating costs would prevent economic externalities and help support the free market dynamics working toward an efficient allocation of economic resources. However, the proposed regulations with the exception of one fee do not specify the amount of fees that will eventually be imposed. Thus, there is not enough information on whether the fees imposed in practice will be commensurate with the costs they intended to cover and be economically beneficial.

Businesses and Entities Affected

The proposed regulations apply to ignition interlock manufacturers, vendors, service providers, and offenders with an ignition interlock installed on their vehicles. In 2008, there were 4,137 devices installed in Virginia by one vendor with 23 facilities.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

Since most of the regulations proposed have already been in effect in practice, no significant economic effect is expected upon promulgation of these already enforced provisions. The proposed establishment of fees, on the other hand, could have an impact on the demand for labor through changing compliance costs and new revenues. However, the proposed regulations do not specify the amount of fees. Also, who will eventually end up paying the proposed fees cannot be determined from the limited information available. It may or may not be possible for service providers to pass on the fees to the offenders, or the vendor depending on the specifics of the contractual arrangements or other market factors.

² The proposed regulations do not address the installation and monthly monitoring fee that will be paid by the offender to the service provider.

Effects on the Use and Value of Private Property

While the ignition interlock program has a direct effect on the use and value of vehicles, the main change in the proposed regulations is the establishment of authority to impose fees which are not believed to have a direct effect on the use and value of private property. The additional fees imposed may affect the asset value of the service centers or the vendor depending on who will eventually absorb the additional fees.

Small Businesses: Costs and Other Effects

The proposed regulations are not believed to have an effect on small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed regulations are not believed to have an effect on small businesses.

Real Estate Development Costs

The proposed regulations are not believed to have an effect on real estate development costs.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the

regulation. The analysis presented above represents DPB's best estimate of these economic impacts.