

Office of Regulatory Management

Economic Review Form

Agency name	Commissioner of Agriculture and Consumer Services
Virginia Administrative Code (VAC) Chapter citation(s)	2 VAC 5-336
VAC Chapter title(s)	Regulations for Enforcement of the Virginia Tree and Crop Pests Law – Spotted Lanternfly Quarantine
Action title	Expand quarantine to include certain counties and cities in the northern and western regions of Virginia
Date this document prepared	August 18, 2022

Cost Benefit Analysis

Table 1a must be completed for all actions. Tables 1b and 1c must be completed for actions (or portions thereof) where the agency is exercising discretion, including those where some of the changes are mandated by state or federal law or regulation. Tables 1b and 1c are not needed if **all** changes are mandated, and the agency is not exercising any discretion. In that case, enter a statement to that effect.

(1) **Direct Costs & Benefits:** Identify all specific, direct economic impacts (costs and/or benefits), anticipated to result from the regulatory change. (A direct impact is one that affects entities regulated by the agency and which directly results from the regulatory change itself, without any intervening steps or effects. For example, the direct impact of a regulatory fee change is the change in costs for these regulated entities.) When describing a particular economic impact, specify which new requirement or change in requirement creates the anticipated economic impact. Keep in mind that this is the proposed change versus the status quo. One bullet has been provided, add additional bullets as needed.

(2) **Quantitative Factors:**

(a) Enter estimated dollar value of total (overall) direct costs described above.

- (b) Enter estimated dollar value of total (overall) direct benefits described above.
 - (c) Enter the present value of the direct costs based on the worksheet.
 - (d) Enter the present value of the direct benefits based on the worksheet.
- (3) Benefits-Costs Ratio: Calculate d divided by c OR enter it from the worksheet.
- (4) Net Benefit: Calculate d minus c OR enter it from the worksheet.
- (5) Indirect Costs & Benefits: Identify all specific, indirect economic impacts (costs and/or benefits), anticipated to result from the regulatory change. (An indirect impact is one that results from responses to the regulatory change, but which are not directly required by the regulation. Indirect impacts of a regulatory fee change on regulated entities could include a change in the prices they charge, changes in their operating procedures or employment levels, or decisions to enter or exit the regulated profession or market. Indirect impacts also include responses by other entities that have close economic ties to the regulated entities, such as suppliers or partners.) If there are no indirect costs or benefits, include a specific statement to that effect.
- (6) Information Sources: Describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why they are not.
- (7) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

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

(1) Direct Costs
& Benefits

Designation of the cities of Buena Vista, Charlottesville, Harrisonburg, Lexington, Lynchburg, Manassas, Manassas Park, Staunton, and Waynesboro and the counties of Albemarle, Augusta, Carroll, Page, Prince William, Rockbridge, Rockingham, Shenandoah, and Wythe as regulated areas.

Direct Costs:

- Businesses in these localities that are moving regulated articles out of the regulated area must complete VDACS-approved online training at a cost of \$6.00, which supports Virginia Tech's development and hosting of the training, and obtain a permit (no cost) from VDACS. In addition, the regulation requires businesses to inspect regulated articles to ensure that such articles are free from spotted lanternfly before moving out of the regulated area..

VDACS does not have reliable data on which to base an estimate as to the number of businesses that will need to move regulated articles out of the regulated area and, as such, is unable to provide a reasonable estimated dollar amount for this direct cost.

Direct Benefits:

- Shipments traveling from Virginia will be allowed to enter other states with spotted lanternfly quarantines that restrict the movement of regulated articles originating from infested areas in Virginia.

VDACS does not have reliable data on which to base a reasonable estimated dollar amount for this direct benefit.

- Reduction in the artificial spread of spotted lanternfly, an invasive pest that is a threat to Virginia's grape, apple, hops, and forestry industries, will reduce the crop loss or pest management costs that could be associated with a spotted lanternfly infestation.

VDACS does not have reliable data on which to base a reasonable estimated dollar amount for this direct benefit. However, apples are one of Virginia's top 20

	<p>agricultural commodities, and Virginia's 2021 apple crop was valued at \$35,631,000. Additionally, Virginia's 2019 wine-grape crop was valued at \$17,800,000.</p>
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(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a)	(c)	
Direct Benefits	(b)	(d)	
(3) Benefits-Costs Ratio		(4) Net Benefit	
(5) Indirect Costs & Benefits	Implementation of invasive species quarantines, such as the spotted lanternfly quarantine, raises awareness of the plant pest, which can assist in reducing the artificial spread of these pests.		
(6) Information Sources	<p>Apple crop value: U.S. Department of Agriculture, Economic Research Service</p> <p>Wine-grape crop value: The Economic Impact of the Wine and Wine Grape Industries on the Virginia Economy, 2019 Summary Report (Economic Forensics and Analytics, Inc.)</p>		
(7) Optional			

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

This table addresses current requirements and the implications of not making any changes. In other words, describe the costs and benefits of maintaining the current regulatory requirements as is.

(1) Direct Costs
& Benefits

Businesses in the regulated area for the spotted lanternfly quarantine that will move regulated articles out of the regulated area must complete VDACS-approved training and obtain a permit from VDACS. Under the status quo, the businesses in the localities listed in Table 1a Section (1) would not be subject to this requirement. If the regulation is unchanged, individuals in the additional localities (listed in Table 1a) will not be required to take actions necessary to prevent the artificial spread of the plant pest to uninfested areas of Virginia.

Direct Costs:

- Shipments traveling from or through Virginia may not be allowed to enter other states with spotted lanternfly quarantines.

VDACS does not have reliable data on which to base a reasonable estimated dollar amount for this direct cost.

- Maintaining the current regulation will increase the artificial spread of the spotted lanternfly and result in increased costs to Virginia's grape, apple, hops, and forestry industries due to crop loss and pest management associated with spotted lanternfly infestations.

VDACS does not have reliable data on which to base a reasonable estimated dollar amount for this direct cost, but it could be substantial.

Direct Benefits:

- Businesses in the localities added to the regulated area for the spotted lanternfly quarantine listed in Table 1a Section (1) would not need to obtain a permit from VDACS, take the online training, or conduct inspections to move regulated articles.

VDACS does not have reliable data on which to base a reasonable estimated dollar amount for this direct benefit.

(2) Quantitative Factors	Estimated Dollar Amount		Present Value
Direct Costs	(a)	(c)	
Direct Benefits	(b)	(d)	
(3) Benefits-Costs Ratio			(4) Net Benefit
(5) Indirect Costs & Benefits			
(6) Information Sources			
(7) Optional			

Table 1c: Costs and Benefits under an Alternative Approach

This table addresses an alternative approach to accomplishing the objectives with different requirements. These alternative approaches may include the use of reasonably available alternatives in lieu of regulation, or information disclosure requirements or performance standards instead of regulatory mandates.

(1) Direct Costs & Benefits	There are no reasonable alternative methods to reducing the artificial spread of spotted lanternfly outside of the current quarantine area.		
(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a)	(c)	
Direct Benefits	(b)	(d)	
(3) Benefits-Costs Ratio		(4) Net Benefit	
(5) Indirect Costs & Benefits			
(6) Information Sources			
(7) Optional			

Impact on Local Partners

(1) Describe the direct costs and benefits (as defined on page 1) for local partners in terms of real monetary costs and FTEs. Local partners include local or tribal governments, school divisions, or other local or regional authorities, boards, or commissions. If local partners are not affected, include a specific statement to that effect and a brief explanation of the rationale.

(2) Quantitative Factors:

- (a) Enter estimated dollar value of total (overall) direct costs described above.
- (b) Enter estimated dollar value of total (overall) direct benefits described above.

(3) Indirect Costs & Benefits: Describe any indirect benefits and costs (as defined on page 1) for local partners that are associated with all significant changes. If there are no indirect costs or benefits, include a specific statement to that effect.

(4) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why they are not.

(5) Assistance: Identify the amount and source of assistance provided for compliance in both funding and training or other technical implementation assistance.

(6) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

Table 2: Impact on Local Partners

<p>(1) Direct Costs & Benefits</p>	<p>Direct Costs:</p> <ul style="list-style-type: none">● Localities that will move regulated articles out of the regulated area must complete VDACS-approved online training at a cost of \$6.00 and obtain a permit (no cost) from VDACS. The regulation requires localities to inspect regulated articles to ensure that such articles are free from spotted lanternfly before moving out of the regulated area. It is anticipated that localities will be able to absorb associated costs and would require no additional funding or FTEs. <p>Direct Benefits:</p>
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	<ul style="list-style-type: none"> Reduction in the artificial spread of spotted lanternfly will benefit those localities that are not currently infested with spotted lanternfly.
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a)
Direct Benefits	(b)
(3) Indirect Costs & Benefits	
(4) Information Sources	
(5) Assistance	
(6) Optional	

Economic Impacts on Families

(1) Describe the direct costs and benefits (as defined on page 1) to a typical family of three (average family size in Virginia according to the U. S. Census) arising from any proposed regulatory changes that would affect the costs of food, energy, housing, transportation, healthcare, and education. If families are not affected, include a specific statement to that effect and a brief explanation of the rationale.

(2) Quantitative Factors:

- (a) Enter estimated dollar value of direct costs.
- (b) Enter estimated dollar value of direct benefits.

(3) Indirect Costs & Benefits: Describe any indirect costs and benefits (as defined on page 1) to a typical family of three that are most likely to result from the proposed changes.

(4) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why not.

(5) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

Table 3: Impact on Families

(1) Direct Costs & Benefits	VDACS estimates that Virginia families will not incur any direct costs or benefits as a result of the proposed impactful change because the costs are minimal and likely to be absorbed by businesses and not passed on to families.
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a)

Direct Benefits	(b)
(3) Indirect Costs & Benefits	VDACS estimates that Virginia families will not incur any indirect costs as a result of the proposed change because the regulatory requirements are limited primarily to businesses. Implementation of invasive species quarantines, such as the spotted lanternfly quarantine, raises awareness of problems created by the spotted lanternfly, providing an indirect benefit to families by reducing the rate of spread and therefore increasing the amount of time it takes before the spotted lanternfly impacts various crops that are consumed or used by families.
(4) Information Sources	
(5) Optional	

Impacts on Small Businesses

(1) Describe the direct costs and benefits (as defined on page 1) for small businesses. For purposes of this analysis, “small business” means the same as that term is defined in § 2.2-4007.1. If small businesses are not affected, include a specific statement to that effect and a brief explanation of the rationale.

(2) Quantitative Factors:

- (a) Enter estimated dollar value of direct costs.
- (b) Enter estimated dollar value of direct benefits.

(3) Indirect Costs & Benefits: Describe the indirect benefits and costs (as defined on page 1) for small businesses that are most likely to result from the proposed changes.

(4) Alternatives: Add a qualitative discussion of any equally effective alternatives that would make the regulatory burden on small business more equitable compared to other affected business sectors, and how those alternatives were identified.

(5) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why not.

(6) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

Table 4: Impact on Small Businesses

(1) Direct Costs & Benefits	VDACS estimates that many of the businesses identified in Table 1A may be small businesses; however, VDACS does not have reliable data on which to base a reasonable estimated dollar amount for any direct benefit or cost for a small business.
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a)
Direct Benefits	(b)
(3) Indirect Costs & Benefits	

(4) Alternatives	Excluding small businesses in the newly designated localities from the training or permitting requirements established in the regulation would reduce the effectiveness of the quarantine in slowing the artificial spread of spotted lanternfly.
(5) Information Sources	
(6) Optional	

Changes to Number of Regulatory Requirements

For each individual VAC Chapter amended, repealed, or promulgated by this regulatory action, list (a) the initial requirement count, (b) the count of requirements that this regulatory package is adding, (c) the count of requirements that this regulatory package is reducing, (d) the net change in the number of requirements. This count should be based upon the text as written when this stage was presented for executive branch review. Five rows have been provided, add or delete rows as needed.

Table 5: Total Number of Requirements

	Number of Requirements			
Chapter number	Initial Count	Additions	Subtractions	Net Change
2 VAC 5-336	23	0*	0*	0*

*This regulatory action does not change the number of requirements in 2 VAC 5-336. By expanding the regulated area for the spotted lanternfly quarantine, this regulatory action increases who is subject to the requirements of 2 VAC 5-336.