



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 120-40 – Professional Boxing and Wrestling Event Regulations Department of Professional and Occupational Regulation July 15, 2004

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G 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. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The Department of Professional and Occupational Regulation (DPOR) proposes to increase licensure fees for boxers, wrestlers, managers of boxers and wrestlers, promoters, trainers, seconds, and cutmen. DPOR also proposes to raise the event licensure fees for wrestling and boxing events that exceed 42 rounds.

Estimated Economic Impact

DPOR expects that under the current structure its boxing and wrestling revenues for the 2004-06 biennium will finish at 17 percent less than expenditures. Additionally, DPOR anticipates that the board's ending cash balance for 2004-06 will be negative \$28,109.¹ The agency proposes to raise the fees for boxing and wrestling licensure in order to approximately match expenses. DPOR attempts to set each fee to approximately match the cost of regulating

¹ The anticipated -\$28,109 cash balance represents -11.1 percent of the expected \$253,760 expenditures in the 2004-06 biennium (source: DPOR).

each respective function. The board proposes to raise the following licensure fees by the following amounts:

Boxer: increase from \$20 to \$40

Wrestler: increase from \$20 to \$40

Manager: increase from \$30 to \$50

Promoter: increase from \$300 to \$500

Trainer, second, and cutman: increase from \$20 to \$40

Boxing event scheduled for 42 rounds or fewer: increase from \$1,000 to \$1,500

Wrestling event: \$75 to \$125

As stated in section § 54.1-831 of the Code of Virginia, DPOR has the duty to “protect the public against incompetent, unqualified, unscrupulous or unfit persons engaging” in boxing and wrestling. “The regulations shall include requirements for (i) initial and renewal licensure, (ii) licensure and conduct of events,” etc. To the extent that participants and the public are less likely to be harmed due to the agency’s oversight of licensees, then the benefit of maintaining the agency’s intended level of oversight may exceed the cost of higher licensing fees for boxers, wrestlers, managers, promoters, trainers, seconds, cutmen, and events. Also, the proposed fees do remain small enough that the numbers of events held and individuals seeking licensure are unlikely to be reduced significantly.

Businesses and Entities Affected

The proposed regulations affect the 450 boxers, 510 wrestlers, 7 managers, 20 promoters, 130 trainers, seconds, and cutmen, and one matchmaker licensed in the Commonwealth. There are approximately 110 wrestling and boxing events per year that require licensure and are affected as well.

Localities Particularly Affected

The proposed amendments potentially affect localities throughout Virginia.

Projected Impact on Employment

The proposed rise in licensing fees increases the cost of doing business. The increased cost of doing business may make a small number of potential events no longer profitable. Thus, the increase in fees may have a small negative impact on employment.

Effects on the Use and Value of Private Property

The proposed fee increases will slightly decrease the value of licensee's businesses.