



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 October 19, 2001

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 amend these regulations to incorporate changes made to the federal Muhammad Ali Boxing Reform Act (2000). Significant changes include increasing the minimum dollar amount of health insurance for boxers and requiring that all contracts with boxers comply with the minimum provisions set forth by the federal Association of Boxing Commissions guidelines. In addition, DPOR proposes to increase the wrestling event license fee.

Estimated Economic Impact

The Muhammad Ali Boxing Reform Act requires "health insurance for each boxer to provide medical coverage for any injuries sustained in the match." Under the current regulations, all boxers scheduled to compete in Virginia are required to be covered by a health insurance policy which covers medical expenses for injuries incurred during the boxing event and has a minimum coverage of at least \$5,000. DPOR proposes to increase the minimum

coverage to \$25,000. Boxing does involve the risk of injuries that could cost well in excess of \$5,000 or even \$25,000 to treat. Thus, the agency's proposal to increase the minimum dollar amount of health insurance does appear to follow the spirit of the federal law. DPOR is not aware of how much additional cost there would be for \$25,000 coverage versus \$5,000 coverage, or how many boxers licensed in Virginia have less than \$25,000 of health insurance. The additional cost would likely be born by both boxers and their managers or promoters. If the boxer pays for additional health insurance, in many cases he or she would likely demand a higher purse from the promoter to fight. If the individual paying the boxer pays for the boxer's mandated additional health insurance, then he or she would likely on average lower the dollar amount that he or she would be willing to pay the boxer.

Pursuant to the Muhammad Ali Boxing Reform Act, DPOR proposes to require that boxing contracts "comply with the minimum provisions promulgated by the Association of Boxing Commissions." Since the Association of Boxing Commissions has yet to adopt their guidelines,¹ an analysis of the impact of this proposed amendment cannot be made at this time.

DPOR hires and pays officials for wrestling events. According to DPOR, the cost to cover an individual event exceeds \$100. The agency proposes to increase the wrestling event license fee from \$50 to \$75 to come closer to covering actual costs. Thus, public subsidies of wrestling events would decrease by \$25 per event. It seems unlikely that the elimination of a subsidy this small would significantly reduce the occurrence of wrestling events. Essentially the \$25 increase in wrestling event fees creates a wealth transfer of \$25 per event from wrestling promoters to Virginia taxpayers.

Businesses and Entities Affected

The proposed regulations affect the 219 boxers, 343 wrestlers, 10 managers, 13 wrestling promoters, 6 boxing promoters, 53 trainers, seconds, and cutmen, and 1 matchmaker licensed in the Commonwealth.

Localities Particularly Affected

The proposed amendments potentially affect localities throughout Virginia.

¹ Source: DPOR

Projected Impact on Employment

The proposed changes are not projected to affect employment.

Effects on the Use and Value of Private Property

The proposed changes are unlikely to affect the use and value of private property.