



Economic Impact Analysis Virginia Department of Planning and Budget

24 VAC 22-30 – Motor Vehicle Dealer Advertising Practices and Enforcement Regulations
Motor Vehicle Dealer Board
August 26, 2013

Summary of the Proposed Amendments to Regulation

The Motor Vehicle Dealer Board (Board) proposes to: 1) no longer require that motor vehicle dealers maintain copies of their advertisements in newspapers and on the internet for 60 days from the expiration of the ad, 2) make clarifying changes in language, and 3) repeal language that is repetitious of the Code of Virginia.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Under the current regulations, motor vehicle dealers must maintain and make available to the Board, if requested, the original or a clear facsimile copy of all advertisements in a manner that permits systematic retrieval for a period of 60 days subsequent to the expiration date of the advertisement. The Board proposes to maintain this requirement for only radio and television advertisements. According to the Board, in practice complaints about Internet and newspaper advertising are always accompanied by copies of the ads in question. Consequently, there is essentially no benefit in requiring dealers to keep the original or copies of these types of ads. Since there are time and storage costs associated with maintaining originals or copies, the proposed repeal of the requirement will create a net benefit.

Businesses and Entities Affected

The proposed amendments potentially affect the approximately 3,500 new and used car dealers in the Commonwealth. Nearly all are small businesses.

Localities Particularly Affected

The proposed amendments do not disproportionately affect particular localities.

Projected Impact on Employment

The proposal amendments are unlikely to significantly affect employment.

Effects on the Use and Value of Private Property

The proposal to no longer require that motor vehicle dealers keep copies of Internet and newspaper advertising will modestly reduce costs for such firms.

Small Businesses: Costs and Other Effects

The proposal to no longer require that small motor vehicle dealers keep copies of Internet and newspaper advertising will modestly reduce costs for such firms.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendments will not adversely affect small businesses.

Real Estate Development Costs

The proposed amendments are unlikely to significantly affect 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 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, a determination of the public benefit, 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 an adverse effect on small businesses, Section 2.2-4007.04 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.