

Office of Regulatory Management  
Economic Review Form

<b>Agency name</b>	Commissioner of Agriculture and Consumer Services
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	N/A
<b>VAC Chapter title(s)</b>	N/A
<b>Action title</b>	Issue Guidance Document- Virginia Industrial Hemp Extract Intended for Human Consumption Law Civil Penalty Matrix
<b>Date this document prepared</b>	
<b>Regulatory Stage (including Issuance of Guidance Documents)</b>	Issuance of Guidance Document

**Cost Benefit Analysis**

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

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

<p>(1) Direct &amp; Indirect Costs &amp; Benefits (Monetized)</p>	<ul style="list-style-type: none"> <li>The proposed guidance document will direct the Department of Agriculture and Consumer Services' determination of civil penalties for certain violations of the Industrial Hemp Extract Intended for Human Consumption article of the Virginia Food and Drink Law (Law). Section 3.2-5145.2:1 of the Law authorizes the Commissioner of Agriculture and Consumer Services to assess a civil penalty not to exceed \$10,000 for each day certain violations of the Law occur.</li> </ul> <p>The direct costs will be the civil penalty amounts assessed to businesses that are in violation of the Law. The amount of civil penalties will be directly correlated to the type and number of violations cited.</p> <p>There are no monetizable direct benefits or indirect costs or benefits associated with this guidance document.</p>	
<p>(2) Present Monetized Values</p>	<p>Direct &amp; Indirect Costs</p>	<p>Direct &amp; Indirect Benefits</p>
	<p>(a) Cannot be determined</p>	<p>(b) 0</p>
<p>(3) Net Monetized Benefit</p>	<p>Cannot be determined</p>	
<p>(4) Other Costs &amp; Benefits (Non-Monetized)</p>	<p>The entities subject to the provisions of the Law will benefit from clarity provided by this guidance document's documentation of each violation's specific civil penalty amount.</p> <p>The prescribed civil penalties will encourage compliance, and the public will benefit from the absence or removal from the marketplace of industrial hemp extracts or food containing industrial hemp extracts that are manufactured or sold in violation of the Law.</p>	
<p>(5) Information Sources</p>		

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

<p>(1) Direct &amp; Indirect Costs &amp; Benefits (Monetized)</p>	<p>There are no monetizable direct or indirect costs or benefits associated with not creating this guidance document.</p>	
<p>(2) Present Monetized Values</p>	<p>Direct &amp; Indirect Costs</p>	<p>Direct &amp; Indirect Benefits</p>

	(a) N/A	(b) N/A
(3) Net Monetized Benefit	N/A	
(4) Other Costs & Benefits (Non-Monetized)	Without this guidance document, the entities subject to the provisions of the Law will not know the amount of each civil penalty associated with specific violations of the Law.	
(5) Information Sources		

**Table 1c: Costs and Benefits under Alternative Approach(es)**

(1) Direct & Indirect Costs & Benefits (Monetized)	<ul style="list-style-type: none"> <li>The proposed guidance document could establish a different civil penalty amount for the listed violations of the Law.</li> </ul> <p>The direct costs will be the civil penalty amounts assessed to businesses that are in violation of the Law. The amount of civil penalties will be directly correlated to the type and number of violations cited.</p> <p>There are no monetizable direct benefits or indirect costs or benefits associated with this alternative.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Cannot be determined	(b) 0
(3) Net Monetized Benefit	Cannot be determined	
(4) Other Costs & Benefits (Non-Monetized)	The agency has proposed civil penalty amounts that it expects will encourage compliance, and the public will benefit from the absence or removal from the marketplace of industrial hemp extracts or food containing industrial hemp extracts that are manufactured or sold in violation of the Law. Alternatively, lower civil penalty amounts may not be as successful in encouraging compliance and higher civil penalty amounts may not be needed to encourage compliance.	
(5) Information Sources	N/A	

**Impact on Local Partners**

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 2: Impact on Local Partners**

(1) Direct & Indirect Costs & Benefits (Monetized)	The proposed guidance document will have no impact on local partners. The civil penalties will be entirely assessed and collected by VDACS.  The proposed guidance document will have no monetizable direct or indirect cost or benefit to local partners.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) 0	(b) 0
(3) Other Costs & Benefits (Non-Monetized)	The proposed guidance document will have no other cost or benefit to local partners.	
(4) Assistance	N/A	
(5) Information Sources		

**Impacts on Families**

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 3: Impact on Families**

(1) Direct & Indirect Costs & Benefits (Monetized)	The proposed guidance document will have no monetizable direct or indirect cost or benefit to families.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) 0	(b) 0
(3) Other Costs & Benefits (Non-Monetized)	The proposed guidance document will have no other cost or benefit on families.	

(4) Information Sources	
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**Impacts on Small Businesses**

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 4: Impact on Small Businesses**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>The direct costs will be the civil penalty amounts assessed to businesses that are in violation of the Law. The amount of civil penalties will be directly correlated to the type and number of violations cited.</p> <p>There are no monetizable direct benefits or indirect costs or benefits associated with this guidance document.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Cannot be Determined	(b) 0
(3) Other Costs & Benefits (Non-Monetized)	<p>The entities subject to the provisions of the Law, some of which may be small businesses, will benefit from clarity provided by this guidance document's documentation of each violation's specific civil penalty amount.</p>	
(4) Alternatives	<p>There are not any reasonable alternatives that would make the regulatory burden on small businesses more equitable compared to larger businesses.</p>	
(5) Information Sources		

**Changes to Number of Regulatory Requirements**

**Table 5: Regulatory Reduction**

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

“R/D” means discretionary regulatory requirements governing regulated parties.

“G/D” means discretionary regulatory requirements governing agency/agencies.

*Change in Regulatory Requirements*

<b>VAC Section(s) Involved</b>	<b>Initial Count</b>	<b>Additions</b>	<b>Subtractions</b>	<b>Net Change</b>
N/A (Proposed, new guidance document)	0	9 G/D; 3 R/D	0	9 G/D; 3 R/D

*Cost Reductions or Increases (if applicable)*

<b>VAC Section(s) Involved</b>	<b>Description of Regulatory Requirement</b>	<b>Initial Cost</b>	<b>New Cost</b>	<b>Overall Cost Savings/Increases</b>
Proposed, new guidance document	Responsible party may agree to the violation, sign a consent resolution, and waive his right to an informal fact finding conference (IFFC).	0	The new costs will be the civil penalty amounts assessed to businesses that are in violation of the Law. The amount of civil penalties will be directly correlated to the type and number of violations cited.	The amount of civil penalties will be directly correlated to the type and number of violations cited.
Proposed, new guidance document	Responsible party shall request an IFFC by the date stated in Notice of Alleged Violation and	0	0	0

	Penalty Assessment.			
Proposed, new guidance document	Responsible party shall request a formal hearing by the date stated in the case decision.	0	0	0

*Other Decreases or Increases in Regulatory Stringency (if applicable)*

<b>VAC Section(s) Involved</b>	<b>Description of Regulatory Change</b>	<b>Overview of How It Reduces or Increases Regulatory Burden</b>
Proposed, new guidance document	In the absence of this guidance document, the entities subject to the provisions of the Law will not know the amount of each civil penalty associated with specific violations of the Law.	Regulated entities will benefit from the clarity provided by this guidance document's documentation of each violation's specific civil penalty amount.

*Length of Guidance Documents*

<b>Title of Guidance Document</b>	<b>Original Length</b>	<b>New Length</b>	<b>Net Change in Length</b>
Virginia Industrial Hemp Extract Intended for Human Consumption Law Civil Penalty Matrix (proposed, new guidance document)	0	3.25 pages	3.25 pages