



Economic Impact Analysis Virginia Department of Planning and Budget

**3 VAC 5-50 – Retail Operations
Alcoholic Beverage Control Board
October 28, 2012**

Summary of the Proposed Amendments to Regulation

The Alcoholic Beverage Control Board (ABC) proposes to amend its regulations so mixed beverage restaurants that are licensed by ABC may infuse, store and sell flavored distilled spirits.

Result of Analysis

Benefits likely outweigh costs for implementing these proposed changes.

Estimated Economic Impact

Currently, ABC does not allow restaurants that serve mixed alcoholic beverages to infuse flavor into spirits on premises. ABC now proposes to allow restaurants to infuse , store and sell flavored distilled spirits so long as the flavored spirits are either infused in the original spirits container (the mixed beverage stamp must remain affixed to the bottle in this case) or infused in a container not larger than two liters in volume. If the spirits are infused in a container other than the original spirits container, the container must be labeled with the date of the infusion and the brand and amount of spirits used. Restaurants that infuse spirits will have to comply with all applicable state and federal food safety regulations.

Because this regulation does not require restaurants to do anything new, no affected entity is likely to incur any costs on account of this proposed regulatory action. Affected businesses will benefit from being able to infuse their own spirits should they choose to do so.

Businesses and Entities Affected

ABC reports that 4,789 businesses would be potentially affected by this proposed regulatory change; 90% of these entities would meet the Commonwealth's definition of small business.

Localities Particularly Affected

No locality will be particularly affected by this proposed regulatory action.

Projected Impact on Employment

This proposed regulatory action is unlikely to have any effect on employment in the Commonwealth.

Effects on the Use and Value of Private Property

These proposed regulatory changes are unlikely to affect the use or value of private property in the Commonwealth.

Small Businesses: Costs and Other Effects

No small business is likely to incur any costs on account of this regulatory action.

Small Businesses: Alternative Method that Minimizes Adverse Impact

No small business is likely to incur any costs on account of this regulatory action.

Real Estate Development Costs

This regulatory action will likely have no effect on real estate development costs in the Commonwealth.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the Board the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H 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. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H 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.