



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 120-40 – Professional Boxing and Wrestling Event Regulations Department of Professional and Occupational Regulations October 4, 2005

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). 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. 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 create two new fee classifications in the Professional Boxing and Wrestling Event Regulation. Individuals who wish to participate in only one professional boxing or wrestling match per year within the Commonwealth will be able to obtain either a limited boxing license or a limited wrestling license for \$30.

Estimated Economic Impact

Under current regulation, boxers and wrestlers can obtain a license to participate in professional boxing or wrestling matches held in the Commonwealth; these licenses are valid for any number of matches allowed by other parts of the Professional Boxing and Wrestling Event Regulation and expire on the 31st of December of the calendar year in which they were issued. Under the current regulation, the license fee for both boxing and wrestling is \$40. This proposed regulatory change will allow boxers and wrestlers who wish to participate in only one match per

year to obtain a limited license. A limited license will be valid for one specifically identified event, or two specifically identified events that occur on consecutive days at the same venue, and will cost \$30 rather than \$40.

Approximately 450 boxing licenses and 510 wrestling licenses were issued in 2002, the year that DPOR is using as baseline to compute the effects of this regulatory change. DPOR estimates that 210 of the 450 boxers who were issued licenses intended to participate in one event or two events on consecutive days at the same venue. These 210 wrestlers would have, collectively, paid out \$2,100 less than they did had limited licenses been available. The proposed regulatory change will lower costs for boxers who would choose to be licensed at current the fee level (\$40) and is also likely to have the marginal effect of increasing the number of licenses sold per year. A portion of the individuals who have not chosen to pay \$40 to be licensed but still have an interest in participating in boxing events may find incentive in the lower rates and may participate in the future. If this happens, the increase in the number of licenses sold will partially or completely offset the revenue that DPOR will lose because of the fee decrease.

Any possible increase in the number of licensed boxers will also likely increase the number of matches held in the Commonwealth each year. It is likely that promoters will either increase the number of events held each year or plan larger events to accommodate an increased pool of licensed boxers. There were seven licensed boxing events during the 2002 calendar year.

DPOR does not have estimates for how many of the 510 wrestling licenses issued in 2002 would have been used for only one event or two events on consecutive days at the same venue. Given that there were 100 wrestling events during that year, the number of licensed wrestlers who would have taken advantage of the lower fee schedule is likely proportionally less when compared to the number of licensed boxers who would have chosen the lower fee option. This is likely to be the case because there were many more events for wrestling than there were for boxing so wrestlers would have had many more opportunities to use their licenses multiple times. In any case, any wrestler who intends to only wrestle in one event per year will benefit under the proposed regulatory change.

Businesses and Entities Affected

There are approximately 20 licensed promoters, 7 managers, 130 trainers/cutmen, 450 professional boxers and 510 professional wrestlers in the licensed by the Commonwealth. Those

who pay for boxing and/or wrestling licenses will see a direct benefit due to this regulatory change. To the extent that lower fees encourage the expansion of the markets involved, all of these entities will indirectly benefit.

Localities Particularly Affected

All localities in the Commonwealth will be affected by the proposed regulation.

Projected Impact on Employment

To the extent the proposed regulatory change increases the number of professional boxing/ wrestling licenses issued, this regulatory change will have a positive impact on the boxer/ wrestler employment market. Employment ancillary to these groups may also increase as more managers, cutmen, trainers and promoters are needed to arrange and support the work of boxers/wrestlers.

Effects on the Use and Value of Private Property

To the extent the proposed regulatory change increases the number of professional boxing/ wrestling licenses issued and the number of events that are supportable in the market, owners of boxing and wrestling venues as well as event promoters are likely to see an increase in revenues.

Small Businesses: Costs and Other Effects

The proposed regulatory change should not create any costs for small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed regulation will decrease costs for the regulated community.