



Economic Impact Analysis Virginia Department of Planning and Budget

**3 VAC 5-20 – Advertising
Alcoholic Beverage Control Board
January 10, 2013**

Summary of the Proposed Amendments to Regulation

The Alcoholic Beverage Control Board (ABC) proposes to amend its advertising regulations to clarify existing provisions of regulation, prohibit licensees from giving novelty and specialty items emblazoned with alcoholic beverage advertising to anyone under 21 and to allow manufacturers, importers, bottlers and brokers to provide mail-in rebate coupon pads to retailers as wholesalers are allowed to now.

Result of Analysis

Benefits likely outweigh costs for implementing these proposed changes.

Estimated Economic Impact

With this regulatory action, ABC proposes to change or move several sections of regulation so that regulatory requirements are clearer and easier to find. For example, ABC proposes to remove language that references specific federal agencies and replace it with more generic language so that interested parties are not directed to the wrong place to find out whether they are in compliance with federal alcoholic beverage advertising rules. No affected entity is likely to incur costs on account of these regulatory changes because no new requirements are being added. Affected entities will benefit from the additional clarity these changes bring to the regulation.

Current regulations have a list of specific advertising prohibitions that licensees must follow. ABC proposes to add a prohibition to this list so that licensees will not be able to give novelty or specialty merchandise that advertises alcoholic beverages to anyone under the legal drinking age. ABC reports that the scope of alcoholic beverage advertising has expanded in

recent years and that this prohibition already exists in private advertising policies which most if not all licensees follow. This prohibition is also implied other advertising rules that prohibit licensees from marketing alcohol to individuals under the legal drinking age. Because of already existing prohibitions, adding this language to these regulations will likely just clarify rules for licensees rather than imposing a new restriction on them. No licensee is likely to incur costs on account of this change.

Current regulations allow alcoholic beverage wholesalers to provide mail-in rebate coupons to retailers as part of their product marketing. ABC proposes to also allow manufacturers, importers, bottlers and brokers to provide coupon pads to retailers. This change will benefit all of these groups by giving them greater flexibility to use the marketing tools that they deem most efficient and useful.

Businesses and Entities Affected

ABC reports that 1,000 businesses would be potentially affected by this proposed regulatory change; 60% 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.