



## **Economic Impact Analysis Virginia Department of Planning and Budget**

---

**3 VAC 5-60 – Manufacturers and Wholesalers Operations  
Alcoholic Beverage Control Board  
January 3, 2013**

---

### **Summary of the Proposed Amendments to Regulation**

The Alcoholic Beverage Control Board (ABC) proposes to amend its regulations to 1) allow required reports of sales to be filed monthly rather than weekly, 2) allow up to two cases of wine to be peddled to retailers during a scheduled delivery of other wine products that were preordered by the retailers, 3) allow electronic filing of required reports, 4) increase the size of spirits samples that may be given to mixed beverage licensees from 50 milliliters to 375 milliliters and 5) allow spirits manufactures to rent booths, provide hospitality events and pay for advertising in brochures made for conventions, trade association meetings and similar gatherings.

### **Result of Analysis**

Benefits likely outweigh costs for implementing these proposed changes.

### **Estimated Economic Impact**

Currently, ABC requires manufacturers and wholesalers to file sales reports weekly. ABC proposes to only require these reports to be filed monthly and to allow them to be filed electronically. These changes will likely benefit affected entities whose time spent filing reports will likely be cut considerably and who will also likely experience savings of money spent on copying and mailing reports as they will be allowed to send those reports electronically.

Current regulations allow beer wholesalers to sell up to two extra cases of beer to a retailer at the time that they deliver product that retailer has already ordered. Wine wholesalers currently cannot make such spot sales of wine. ABC now proposes to allow wine wholesalers to follow the same rules that beer wholesalers do. This change will likely benefit wine wholesalers,

who will no longer have to take extra last minute orders, and then have to make extra trips to fill those orders. This change will also likely benefit retailers who will be able to make last minute purchases on the spot to meet unexpected need in their establishments.

Current regulations allow spirits manufacturers to give samples of up to 50 milliliters to mixed beverage licensees. ABC proposes to increase the allowable size of samples to 375 milliliters so that mixed beverage licensees have a large enough sample to hold tastings for their employees (bartenders, servers, etc.). This change will likely benefit manufacturers as it will allow them greater flexibility in marketing their wares. Mixed beverage licensees will also benefit as they will be allowed to get larger samples so more of their staff will have a basis for recommending, or not recommending, purchase of the sampled product.

Current regulations do not allow spirits manufacturers to rent space to have their spirits brands represented at conventions, trade association meetings and similar gatherings. ABC proposes to change these regulations so that affected manufacturers may rent display booths so long as they pay the same fee as any other exhibiter. Manufacturers may also provide their own separate hospitality events, purchase tickets to functions and pay registration fees at the market rate and advertise in event brochures or programs so long as they do not pay advertising fees of more than \$300 per year to any particular association or organization. This change will benefit spirits manufacturers by allowing them greater flexibility to market their wares in the manner that they think will be most profitable to them.

### **Businesses and Entities Affected**

ABC reports that approximately 15,000 businesses would be potentially affected by these proposed regulatory changes; 70% 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.