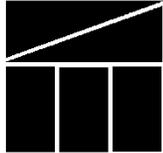


Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes  Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



## Virginia Department of Planning and Budget Economic Impact Analysis

---

**3 VAC 5 •60 Manufacturers and Wholesalers Operations**  
**Department of Alcoholic Beverage Control**  
**Town Hall Action/Stage: 4572 / 7575**  
September 28, 2016

---

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

The Alcoholic Beverage Control Board (Board) proposes to remove language from this regulation that conflicts with statute.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

The current regulation states that the annual permit fee for representatives of manufacturers of spirits to solicit mixed beverage licensees to sell their product is \$300. This conflicts with Code of Virginia §4.1-230<sup>1</sup> which lists the fee as \$390. When statutes and regulations are in conflict, the statutes apply. Thus the effective fee is \$390. The Board's proposal to remove the specification of the fee from the regulation would not affect the applicable fee. Nonetheless the proposal would be beneficial in that readers of the regulation would not be misled concerning the effective fee under law.

---

<sup>1</sup> See <http://law.lis.virginia.gov/vacode/title4.1/chapter2/section4.1-230/>

**Businesses and Entities Affected**

Since the proposed removal of the incorrect fee from the regulation does not affect the applicable fee, only readers of the regulation who are not aware of the fee in statute are directly affected by the proposal. The fee applies to representatives of manufacturers of spirits. There are 459 permits currently held by representatives of manufacturers of spirits.<sup>2</sup>

**Localities Particularly Affected**

The proposed amendment does not disproportionately affect particular localities.

**Projected Impact on Employment**

The proposed amendment does not significantly affect employment.

**Effects on the Use and Value of Private Property**

The proposed amendment does not affect the use and value of private property.

**Real Estate Development Costs**

The proposed amendment does not affect real estate development costs.

**Small Businesses:****Definition**

Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

**Costs and Other Effects**

The proposed amendment does not affect costs for small businesses.

**Alternative Method that Minimizes Adverse Impact**

The proposed amendment does not adversely affect small businesses.

**Adverse Impacts:****Businesses:**

The proposed amendment does not adversely affect businesses.

**Localities:**

The proposed amendment does not adversely affect localities.

---

<sup>2</sup> Data source: Department of Alcoholic Beverage Control

**Other Entities:**

The proposed amendment does not adversely affect other entities.

**Legal Mandates**

**General:** The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order Number 17 (2014). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

**Adverse impacts:** Pursuant to Code § 2.2-4007.04(C): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

lsg