



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

18 VAC 110-20 Regulations Governing the Practice of Pharmacy
Board of Pharmacy
Town Hall Action/Stage: 6580 / 10907
February 24, 2026

The Department of Planning and Budget (DPB) 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 19. The analysis presented below represents DPB’s best estimate of the potential economic impacts as of the date of this analysis.¹

Summary of the Proposed Amendments to Regulation

The Board of Pharmacy (Board) seeks to prohibit the issuance of a controlled substance registration by the Board to a location that is a private dwelling or residence.

Background

The Board proposes to amend 18 VAC 110-20-690, *Persons or entities authorized or required to obtain a controlled substance registration*, by adding a sentence saying, “A controlled substances registration shall not be issued to any person to operate from a private dwelling or residence.” The proposed change aligns with similar prohibitions for a pharmacy permit (18 VAC 110-20-110 (J)) and for a license, permit, or registration for wholesale distributor, manufacturer, warehouse, nonresident warehouse, nonresident wholesale distributor, nonresident manufacturer, third-party logistics provider, or nonresident third-party logistics provider (18 VAC 110-50-30 (C)).

¹ Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis 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.

Estimated Benefits and Costs

The Board seeks to protect the health, safety, and welfare of the public by ensuring that proper security protocols are in place in any location for which a practitioner maintains a stock of drugs, particularly scheduled drugs. Thus, the proposed change is intended to address the Board's inability to ensure the security and accountability of scheduled drugs in private dwellings or residences by preventing such individuals or entities operating out of such locations from obtaining a controlled substance registration.

The Department of Health Professions (DHP) reports that it is not uncommon for pharmacies to experience burglaries by individuals seeking drugs and that there is a similar risk of private dwellings being broken into if it becomes known that controlled substances are stored there. The proposed amendment would remove this risk, as well as the risk of drugs being inappropriately accessed by children or visitors to the home. DHP also notes that inspectors and investigators assessing compliance with state and federal requirements regarding storage, security, and recordkeeping of the drug stock are potentially at increased risk of harm when entering a private dwelling versus an office space associated with the business entity.

DHP reports that there are currently only seven entities with a controlled substance registration for a private dwelling: two researchers, one K-9 trainer, and four private EMS services. DHP has clarified that these entities would still be able to renew their registrations; thus, they would not be affected by the proposed changes. However, similar entities that may want a controlled substance registration for a private dwelling in the future would be prevented from doing so. Once the proposed amendments become effective, such entities would incur the costs of securing a separate location that would be eligible for controlled substance registration.

Businesses and Other Entities Affected

As mentioned previously, the proposed change would affect entities that may want a controlled substance registration for a private dwelling or residence in the future. Based on current holders of such registrations, these entities may include researchers, dog trainers, and private EMS services.

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.² An adverse impact is indicated if there is any increase in net cost or reduction in net benefit for any entity, even if the benefits exceed the costs for all entities combined.³ Although the proposed amendments would ensure that controlled substances are not maintained in a location without appropriate security protocols and accountability, there may be individuals or entities in the future that would have to incur additional costs by not being able to obtain a controlled substance registration for a private dwelling. Thus, an adverse impact is indicated.

Small Businesses⁴ Affected:⁵

The proposed amendments could adversely affect small businesses newly seeking a controlled substances registration for a private dwelling.

Types and Estimated Number of Small Businesses Affected

The number of small businesses that may seek a controlled substances registration for a private dwelling after this regulatory action becomes effective is currently unknown.

Costs and Other Effects

The proposed change would require any such small business to secure and operate out of a separate facility that would be eligible for controlled substance registration.

² Pursuant to Code § 2.2-4007.04(D): 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.

³ Statute does not define “adverse impact,” state whether only Virginia entities should be considered, nor indicate whether an adverse impact results from regulatory requirements mandated by legislation. As a result, DPB has adopted a definition of adverse impact that assesses changes in net costs and benefits for each affected Virginia entity that directly results from discretionary changes to the regulation.

⁴ 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.”

⁵ 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.

Thus, small businesses that may be affected by this change would incur additional costs from renting or purchasing a separate facility.

Alternative Method that Minimizes Adverse Impact

The Board could consider developing requirements specifying safety protocols for the storage and handling of controlled substances in private dwellings, and use additional inspections to enforce the protocols, to ensure safety and accountability. However, developing new requirements and adding inspections would require the Board to incur costs, and as mentioned previously, could expose inspectors to an increased risk of harm. Developing alternative requirements may be moot if no small business seeks such a registration in the future. Thus, such alternatives could be considered if a small business specifically petitions the Board with a rationale for maintaining a stock of controlled substances in a private dwelling instead of an office space or other commercial space.

Localities⁶ Affected⁷

No locality would be disproportionately affected. Local governments would not be affected.

Projected Impact on Employment

The proposed change is not expected to have an impact on total employment.

Effects on the Use and Value of Private Property

Private businesses that are operated out of a private dwelling or residence and need to maintain a stock of scheduled drugs may incur additional costs associated with securing a separate location that would be eligible for a controlled substance registration; as a result, the value of such businesses would be reduced. Real estate development costs would not be affected.

⁶ “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

⁷ § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.