

Office of Regulatory Management

Economic Review Form

<b>Agency name</b>	Virginia Marine Resources Commission
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	4 VAC 20-720-10 ET SEQ.
<b>VAC Chapter title(s)</b>	Pertaining to restrictions on oyster harvest
<b>Action title</b>	Eligibility to pay the oyster resource user fee
<b>Final agency action date</b>	<i>December 6, 2022</i>
<b>Date this document prepared</b>	November 14, 2022

**Cost Benefit Analysis**

Instructions:

Table 1a must be completed for all actions; Tables 1b and 1c must be completed for actions where the agency can exercise discretion.

- (1) Direct Costs & Benefits: for all directly affected entities, describe the direct benefits and costs that are most likely to result from the proposed changes.
- (2) Quantitative Factors:
  - (a) Enter estimated dollar value of total (overall) direct costs.
  - (b) Enter estimated dollar value of total (overall) direct benefits.
  - (c) Divide (a) by  $1.03^n$ , n being the number of years until the costs are realized
  - (d) Divide (b) by  $1.03^n$ , n being the number of years until the benefits are realized
- (3) Benefits-Costs Ratio: Calculate d divided by c.
- (4) Net Benefit: Calculate d minus c.
- (5) Indirect Costs & Benefits: for any indirectly affected entities, describe the indirect benefits and costs that are most likely to result from the proposed changes.
- (6) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why not.
- (7) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

**Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)**

(1) Direct Costs & Benefits	<ul style="list-style-type: none"> <li>• <b>This regulation will modify the transfer of eligibility requirements to pay the oyster resource user fee as described in clause (ii) of subsection A of § 28.2-541 of the Code of Virginia, regarding</b></li> </ul>
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**transfers to non-relatives and regarding requests of documented medical hardships or active military leave.**

**Direct Costs: \$0**  
 There are no proposed changes to regulation that have a cost associated with them. It is anticipated that any costs would be associated with managing the fishery for long term sustainability.

**Direct Benefits: \$0**

Any regulatory changes that allow for increased harvest may result in a higher direct benefit. However, increased harvests in the near term may result in decreased harvest in the future and a less economically and ecologically sustainable long term fishery.

(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a) \$0	(c) \$0	
Direct Benefits	(b) \$0	(d) \$0	
(3) Benefits-Costs Ratio	N/A	(4) Net Benefit	\$0

**(5) Indirect Costs & Benefits**

**Indirect Costs:**  
 \$0.  
 Easing the restriction for the transferability of this user fee may devalue the user fee of individuals who are currently able to transfer this user fee and current regulation. However, this value is based on market demand and supply for the user fee. Easing restrictions will likely increase the number of user fees that can be transferred.

**Indirect Benefits:**  
 \$0.  
 Approximately 50% of current user fee holders do not actively participate in the oyster fishery. This regulatory change may allow them to transfer or “sell” user fees that under current regulation can not be sold or transferred.

(6) Information Sources	MRC Commercial Records of Licenses Sold
(7) Optional	The cost paid for a user fee is difficult to estimate as MRC does not track sales between private individuals. Based on anecdotal reports, and those user fees listed for sale in various locations (Social Media, MRC website) a user fee, that can be transferred under current regulation, has a value in the \$10,000 range. It is probably based on the economic principle of supply and demand, that an increase in supply will result in a decrease in demand and a lower value for the sale of a user fee.

**Impact on Local Partners**

- (1) Describe the direct costs and benefits for local partners. If local partners are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:
  - (a) Enter estimated dollar value of direct costs.
  - (b) Enter estimated dollar value of direct benefits.
- (3) Indirect Costs & Benefits: describe any indirect benefits and costs for local partners that are most likely to result from the proposed changes.
- (4) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why not.
- (5) Assistance: Identify the amount of assistance provided for compliance in both funding and training or other technical implementation assistance.
- (6) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

**Table 2: Impact on Local Partners**

(1) Direct Costs & Benefits	There are no local partners that would be affected by these changes
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a)
Direct Benefits	(b)
(3) Indirect Costs & Benefits	

(4) Information Sources	
(5) Assistance	
(6) Optional	

**Economic Impacts on Families**

- (1) Quantify the direct costs and benefits, and describe any indirect costs and benefits, to a typical family of three (average family size in Virginia according to the U. S. Census) for any regulation that increases the direct or indirect costs of food, energy, housing, transportation, healthcare, and education. If families are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:
  - (a) Enter estimated dollar value of direct costs.
  - (b) Enter estimated dollar value of direct benefits.
- (3) Indirect Costs & Benefits: describe any indirect benefits and costs for a typical family of three that are most likely to result from the proposed changes.
- (4) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why not.
- (5) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

**Table 3: Impact on Families**

(1) Direct Costs & Benefits	A typical family of three would not be affected by changes to this regulation as typical families are not engaged in commercial oyster harvest. However, current user fees that can be transferred will be devalued, this will likely be offset by an equal total value increase for user fees that can be transferred after the proposed regulatory changes take effect. This will be a transfer of value to those individuals who make, or have made, less of their income from direct participation in the oyster fishery from those who are more active or “full time” participants.
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a)
Direct Benefits	(b)

(3) Indirect Costs & Benefits	
(4) Information Sources	
(5) Optional	

**Impacts on Small Businesses**

- (1) Describe the direct costs and benefits for small businesses. If small businesses are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:
  - (a) Enter estimated dollar value of direct costs.
  - (b) Enter estimated dollar value of direct benefits.
- (3) Indirect Costs & Benefits: describe the indirect benefits and costs for small businesses that are most likely to result from the proposed changes.
- (4) Alternatives: Add a qualitative discussion of any equally effective alternatives that would make the regulatory burden on small business more equitable compared to other affected business sectors, and how those alternatives were identified.
- (5) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why not.
- (6) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

**Table 4: Impact on Small Businesses**

(1) Direct Costs & Benefits	A considerable portion of the participants in the Virginia public oyster fishery are likely small or independent Businesses.
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a)
Direct Benefits	(b)

(3) Indirect Costs & Benefits	
(4) Alternatives	
(5) Information Sources	
(6) Optional	

**Changes to Number of Regulatory Requirements**

*For each individual VAC Chapter amended, repealed, or promulgated by this regulatory action, list (a) the initial requirement count, (b) the count of requirements that this regulatory package is adding, (c) the count of requirements that this regulatory package is reducing, (d) the net change in the number of requirements.*

**Table 5: Total Number of Requirements**

Chapter number	Number of Requirements			
	Initial Count	Additions	Subtractions	Net Change
4 VAC 20-720-10	4	1	1	0