

Office of Regulatory Management
Economic Review Form

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|--|------------------------|
| Agency name | Department of Taxation |
| Virginia Administrative Code (VAC) Chapter citation(s) | N/A |
| VAC Chapter title(s) | N/A |
| Action title | N/A |
| Date this document prepared | 11/28/2023 |
| Regulatory Stage (including Issuance of Guidance Documents) | Final |

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

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

| | | |
|---|--|---|
| <p>(1) Direct & Indirect Costs & Benefits (Monetized)</p> | <p>Direct Costs: As these guidelines will implement the statutorily-required guidelines (“guidelines”) to the statutory law passed in 2022 and 2023 (2022 House Bill 1121 (2022 Acts of Assembly, Chapter 690), 2022 Senate Bill 692 (2022 Acts of Assembly, Chapter 689), 2023 House Bill 1456 (2023 Acts of Assembly, Chapter 686), and 2023 Senate Bill 1476 (2023 Acts of Assembly, Chapter 687)), it will have no direct costs to either taxpayers or the Department.</p> <p>Indirect Costs: As these guidelines will implement the statutory law passed in 2022 and 2023, it will have no indirect costs to either taxpayers or the Department.</p> <p>Direct Benefits: As these guidelines will implement current statutory law, it may result in unknown direct benefits to the Department and to taxpayers to the extent that it eliminates any possible confusion or uncertainty to Department staff and taxpayers resulting from a lack of statutorily-required guidance. The Department is unable to quantify these benefits.</p> <p>Indirect Benefits: As these guidelines will implement the current statutory law, it may result in unknown indirect benefits to the Department and to taxpayers to the extent that it eliminates any possible taxpayer confusion or uncertainty resulting from lack of statutorily-required guidance. The Department is unable to quantify these benefits.</p> | |
| <p>(2) Present Monetized Values</p> | <p>Direct & Indirect Costs</p> | <p>Direct & Indirect Benefits</p> |
| | <p>(a) As these guidelines will implement the statutory law passed in 2022 and 2023, it will have no direct or indirect costs.</p> | <p>(b) As these guidelines will implement the statutory law passed in 2022 and 2023, it may result in unknown direct and indirect benefits to the Department and to taxpayers to the extent that it eliminates any possible confusion or uncertainty to Department staff and taxpayers resulting from a lack of statutorily-required guidelines. The Department is unable to quantify these benefits.</p> |
| <p>(3) Net Monetized Benefit</p> | <p>Unknown (see discussion above).</p> | |
| <p>(4) Other Costs & Benefits (Non-Monetized)</p> | <p>Unknown (see discussion above).</p> | |

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| (5) Information Sources | No applicable. |
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Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

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| (1) Direct & Indirect Costs & Benefits (Monetized) | <p>Direct Costs: There may be unknown direct costs resulting from possible taxpayer confusion or uncertainty resulting from not having guidelines that implement current statutory law and existing processes.</p> <p>Indirect Costs: There may be unknown indirect costs resulting from possible taxpayer confusion or uncertainty resulting from not having guidelines that implement current statutory law and processes.</p> <p>Direct Benefits: There will be no direct benefits resulting from not having guidelines that implement current statutory law and processes.</p> <p>Indirect Benefits: There will be no indirect benefits resulting from not having guidelines that implement current statutory law and processes.</p> | |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
| | (a) Unknown. | (b) None. |
| (3) Net Monetized Benefit | Unknown. | |
| (4) Other Costs & Benefits (Non-Monetized) | Unknown. | |
| (5) Information Sources | Not applicable. | |

Table 1c: Costs and Benefits under Alternative Approach(es)

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|--|---|
| (1) Direct & Indirect Costs & Benefits (Monetized) | <p>Direct Costs: As there are not currently guidelines in place, and guidelines are required by statute, there is no alternative other than to issue guidelines.</p> <p>Indirect Costs: As there are not currently guidelines in place, and guidelines are required by statute, there is no alternative other than to issue guidelines.</p> |
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| | <p>Direct Benefits: As there are not currently guidelines in place, and guidelines are required by statute, there is no alternative other than to issue guidelines.</p> <p>Indirect Benefits: As there are not currently guidelines in place, and guidelines are required by statute, there is no alternative other than to issue guidelines.</p> | |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
| | (a) As there are not currently guidelines in place, and guidelines are required by the legislation, there is no alternative other than to issue guidelines. | (b) As there are not currently guidelines in place, and guidelines are required by the legislation, there is no alternative other than to issue guidelines. |
| (3) Net Monetized Benefit | As there are not currently guidelines in place, and guidelines are required by statute, there is no alternative other than to issue guidelines. | |
| (4) Other Costs & Benefits (Non-Monetized) | As there are not currently guidelines in place, and guidelines are required by statute, there is no alternative other than to issue guidelines. | |
| (5) Information Sources | As there are not currently guidelines in place, and guidelines are required by statute, there is no alternative other than to issue guidelines. | |

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

| | |
|--|---|
| (1) Direct & Indirect Costs & Benefits (Monetized) | <p>Direct Costs: As these guidelines will implement the statutory law passed in 2022 and 2023, it will have no direct costs on local partners.</p> <p>Indirect Costs: As these guidelines will implement the statutory law passed in 2022 and 2023, it will have no indirect costs on local partners.</p> <p>Direct Benefits: As these guidelines will implement current statutory law and processes, they may have direct benefits caused by eliminating taxpayer confusion or uncertainty. The Department is unable to quantify these benefits.</p> <p>Indirect Benefits: As these guidelines will implement current statutory law and processes, they may have indirect benefits caused by eliminating</p> |
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| | taxpayer confusion or uncertainty. The Department is unable to quantify these benefits. | |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
| | (a) None. | (b) Unknown. |
| (3) Other Costs & Benefits (Non-Monetized) | Unknown. | |
| (4) Assistance | None. | |
| (5) Information Sources | None. | |

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

| | | |
|--|---|----------------------------|
| (1) Direct & Indirect Costs & Benefits (Monetized) | <p>Direct Costs: As these guidelines will implement current statutory law and processes, it will have no direct costs on families.</p> <p>Indirect Costs: As these guidelines will implement current statutory law and processes, it will have no indirect costs on families.</p> <p>Direct Benefits: As these guidelines will implement current statutory law and processes, it may have direct benefits caused by eliminating taxpayer confusion or uncertainty. The Department is unable to quantify these benefits.</p> <p>Indirect Benefits: As these guidelines will implement current statutory law and processes, it may have indirect benefits caused by eliminating taxpayer confusion or uncertainty. The Department is unable to quantify these benefits.</p> | |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
| | (a) None. | (b) Unknown. |

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| (3) Other Costs & Benefits (Non-Monetized) | Unknown. |
| (4) Information Sources | None. |

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

| | | |
|--|---|----------------------------|
| (1) Direct & Indirect Costs & Benefits (Monetized) | <p>Direct Costs: As these guidelines will implement current statutory law and processes, it will have no direct costs on small businesses.</p> <p>Indirect Costs: As these guidelines will implement current statutory law and processes, it will have no indirect costs on small businesses.</p> <p>Direct Benefits: As these guidelines will implement current statutory law and processes, it may have direct benefits caused by eliminating taxpayer confusion or uncertainty. The Department is unable to quantify these benefits.</p> <p>Indirect Benefits: As these guidelines will implement current statutory law and processes, it may have indirect benefits caused by eliminating taxpayer confusion or uncertainty. The Department is unable to quantify these benefits.</p> | |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
| | (a) None. | (b) Unknown. |
| (3) Other Costs & Benefits (Non-Monetized) | Unknown. | |
| (4) Alternatives | As there are not currently guidelines in place, and guidelines are required by statute, there is no alternative other than to issue guidelines. | |
| (5) Information Sources | None. | |

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

| VAC Section(s) Involved* | Authority of Change | Initial Count | Additions | Subtractions | Net Change |
|--------------------------|-----------------------|---------------|-----------|--|------------|
| | Statutory: | | | | |
| | Discretionary: | | | | |
| | | | | Total Net Change of Statutory Requirements: | |
| | | | | Total Net Change of Discretionary Requirements: | |

Cost Reductions or Increases (if applicable)

| VAC Section(s) Involved* | Description of Regulatory Requirement | Initial Cost | New Cost | Overall Cost Savings/Increases |
|--------------------------|---------------------------------------|--------------|----------|--------------------------------|
| | | | | |
| | | | | |

Other Decreases or Increases in Regulatory Stringency (if applicable)

| VAC Section(s) Involved* | Description of Regulatory Change | Overview of How It Reduces or Increases Regulatory Burden |
|--------------------------|----------------------------------|--|
| | Decreases Regulatory Stringency | This action reduces regulatory burdens because it provides an optional method by which taxpayers can reduce their federal tax burden |
| | | |

Length of Guidance Documents (only applicable if guidance document is being revised)

| Title of Guidance Document | Original Length | New Length | Net Change in Length |
|----------------------------|-----------------|------------|----------------------|
| | | 6 | 6 |
| | | | |

*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).