

ECONOMIC AND FISCAL IMPACT STATEMENT**(REGULATIONS AND ORDERS)**

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME Pesticide Regulation	CONTACT PERSON Pam Wofford	EMAIL ADDRESS pam.wofford@cdpr.ca.gov	TELEPHONE NUMBER 916-324-4297
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Field Fumigation Use Requirements			NOTICE FILE NUMBER Z

A. ESTIMATED PRIVATE SECTOR COST IMPACTS *Include calculations and assumptions in the rulemaking record.*

1. Check the appropriate box(es) below to indicate whether this regulation:

- a. Impacts business and/or employees e. Imposes reporting requirements
 b. Impacts small businesses f. Imposes prescriptive instead of performance
 c. Impacts jobs or occupations g. Impacts individuals
 d. Impacts California competitiveness h. None of the above (Explain below):

If any box in Items 1 a through g is checked, complete this Economic Impact Statement.

If box in Item 1.h. is checked, complete the Fiscal Impact Statement as appropriate.

Department of Pesticide Regulation

2. The Department of Pesticide Regulation estimates that the economic impact of this regulation (which includes the fiscal impact) is:

(Agency/Department)

- Below \$10 million
 Between \$10 and \$25 million
 Between \$25 and \$50 million
 Over \$50 million *(If the economic impact is over \$50 million, agencies are required to submit a Standardized Regulatory Impact Assessment as specified in Government Code Section 11346.3(c))*

3. Enter the total number of businesses impacted: 1,300Describe the types of businesses (Include nonprofits): Growers of agricultural crops who treat their field with fumigants in the 5 NAAsEnter the number or percentage of total businesses impacted that are small businesses: 20%4. Enter the number of businesses that will be created: 0 eliminated: 0Explain: Regulations add fumigation methods for current applicators to use in the 5 NAAs.5. Indicate the geographic extent of impacts: Statewide
 Local or regional (List areas): 5 nonattainment areas - see attached6. Enter the number of jobs created: 0 and eliminated: 0Describe the types of jobs or occupations impacted: N/A7. Will the regulation affect the ability of California businesses to compete with other states by making it more costly to produce goods or services here? YES NO

If YES, explain briefly: _____

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ECONOMIC IMPACT STATEMENT (CONTINUED)**B. ESTIMATED COSTS** *Include calculations and assumptions in the rulemaking record.*1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime? \$ 48.1 mil savingsa. Initial costs for a small business: \$ N/A Annual ongoing costs: \$ N/A Years: N/Ab. Initial costs for a typical business: \$ 0 Annual ongoing costs: \$ 21K savings Years: 5c. Initial costs for an individual: \$ N/A Annual ongoing costs: \$ N/A Years: N/A

d. Describe other economic costs that may occur: _____

2. If multiple industries are impacted, enter the share of total costs for each industry: 100 percent agricultural commodity producers3. If the regulation imposes reporting requirements, enter the annual costs a typical business may incur to comply with these requirements. Include the dollar costs to do programming, record keeping, reporting, and other paperwork, whether or not the paperwork must be submitted. \$ N/A4. Will this regulation directly impact housing costs? YES NO

If YES, enter the annual dollar cost per housing unit: \$ _____

Number of units: _____

5. Are there comparable Federal regulations? YES NOExplain the need for State regulation given the existence or absence of Federal regulations: Pesticide element of the State Implementation Plan (SIP) for VOC Emissions from Pesticides (federal Clean Air Act)Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ 0**C. ESTIMATED BENEFITS** *Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*1. Briefly summarize the benefits of the regulation, which may include among others, the health and welfare of California residents, worker safety and the State's environment: Reduction in volatile organic compounds leading to reductions in ozone. People living in the Sacramento Metro, San Joaquin Valley, South Coast, Southeast Desert, and Ventura ozone nonattainment areas will benefit.2. Are the benefits the result of: specific statutory requirements, or goals developed by the agency based on broad statutory authority?Explain: Pesticide element of the SIP for VOC Emissions from Pesticides (federal Clean Air Act)3. What are the total statewide benefits from this regulation over its lifetime? \$ 48.1 mil savings

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: _____

Regulations may increase production of fumigated crops in NAAs with emission limitations. Applications will be made by existing businesses.**D. ALTERNATIVES TO THE REGULATION** *Include calculations and assumptions in the rulemaking record. Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*1. List alternatives considered and describe them below. If no alternatives were considered, explain why not: see attached.

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ECONOMIC IMPACT STATEMENT (CONTINUED)

2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:

Regulation: Benefit: \$ 48.1 mil savings Cost: \$ 0Alternative 1: Benefit: \$ 0 Cost: \$ 0

Alternative 2: Benefit: \$ _____ Cost: \$ _____

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives:

None4. Rulemaking law requires agencies to consider performance standards as an alternative, if a regulation mandates the use of specific technologies or equipment, or prescribes specific actions or procedures. Were performance standards considered to lower compliance costs? YES NOExplain: This regulation provides another alternative which the use of specific equipment and procedure will result in greater protection, compliance and enforceability.**E. MAJOR REGULATIONS** *Include calculations and assumptions in the rulemaking record.**California Environmental Protection Agency (Cal/EPA) boards, offices and departments are required to submit the following (per Health and Safety Code section 57005). Otherwise, skip to E4.*1. Will the estimated costs of this regulation to California business enterprises exceed \$10 million? YES NO*If YES, complete E2. and E3**If NO, skip to E4*

2. Briefly describe each alternative, or combination of alternatives, for which a cost-effectiveness analysis was performed:

Alternative 1: _____

Alternative 2: _____

(Attach additional pages for other alternatives)

3. For the regulation, and each alternative just described, enter the estimated total cost and overall cost-effectiveness ratio:

Regulation: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 1: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 2: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

4. Will the regulation subject to OAL review have an estimated economic impact to business enterprises and individuals located in or doing business in California exceeding \$50 million in any 12-month period between the date the major regulation is estimated to be filed with the Secretary of State through 12 months after the major regulation is estimated to be fully implemented?

 YES NO*If YES, agencies are required to submit a Standardized Regulatory Impact Assessment (SRIA) as specified in Government Code Section 11346.3(c) and to include the SRIA in the Initial Statement of Reasons.*

5. Briefly describe the following:

The increase or decrease of investment in the State: Environmental and health benefit to state through reduction of VOC emissions.Increased production of strawberries and orchards.The incentive for innovation in products, materials or processes: Increase production of crops, such as strawberries and orchard nuts and fruits, and promote innovation of more effective field fumigation tarpaulins.

The benefits of the regulations, including, but not limited to, benefits to the health, safety, and welfare of California residents, worker safety, and the state's environment and quality of life, among any other benefits identified by the agency: _____

see attached.

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FISCAL IMPACT STATEMENT

A. FISCAL EFFECT ON LOCAL GOVERNMENT *Indicate appropriate boxes 1 through 6 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year which are reimbursable by the State. (Approximate)
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ _____

a. Funding provided in: _____

Budget Act of _____ or Chapter _____, Statutes of _____

b. Funding will be requested in the Governor's Budget Act of _____

Fiscal Year: _____

2. Additional expenditures in the current State Fiscal Year which are NOT reimbursable by the State. (Approximate)
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ _____

Check reason(s) this regulation is not reimbursable and provide the appropriate information:

a. Implements the Federal mandate contained in _____

b. Implements the court mandate set forth by the _____ Court.

Case of: _____ vs. _____

c. Implements a mandate of the people of this State expressed in their approval of Proposition No. _____

Date of Election: _____

d. Issued only in response to a specific request from affected local entity(s).

Local entity(s) affected: _____

e. Will be fully financed from the fees, revenue, etc. from: _____

Authorized by Section: _____ of the _____ Code;

f. Provides for savings to each affected unit of local government which will, at a minimum, offset any additional costs to each;

g. Creates, eliminates, or changes the penalty for a new crime or infraction contained in _____

3. Annual Savings. (approximate)

\$ _____

4. No additional costs or savings. This regulation makes only technical, non-substantive or clarifying changes to current law regulations.

5. No fiscal impact exists. This regulation does not affect any local entity or program.

6. Other. Explain _____

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FISCAL IMPACT STATEMENT (CONTINUED)

B. FISCAL EFFECT ON STATE GOVERNMENT *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year. (Approximate)

\$ _____

It is anticipated that State agencies will:

a. Absorb these additional costs within their existing budgets and resources.

b. Increase the currently authorized budget level for the _____ Fiscal Year

2. Savings in the current State Fiscal Year. (Approximate)

\$ _____

3. No fiscal impact exists. This regulation does not affect any State agency or program.

4. Other. Explain _____

C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year. (Approximate)

\$ _____

2. Savings in the current State Fiscal Year. (Approximate)

\$ _____

3. No fiscal impact exists. This regulation does not affect any federally funded State agency or program.

4. Other. Explain _____

FISCAL OFFICER SIGNATURE



DATE

7/28/15

The signature attests that the agency has completed the STD. 399 according to the instructions in SAM sections 6601-6616, and understands the impacts of the proposed rulemaking. State boards, offices, or departments not under an Agency Secretary must have the form signed by the highest ranking official in the organization.

AGENCY SECRETARY



DATE

7/28/15

Finance approval and signature is required when SAM sections 6601-6616 require completion of Fiscal Impact Statement in the STD. 399.

DEPARTMENT OF FINANCE PROGRAM BUDGET MANAGER



DATE

Fiscal and Economic Impact Statement (Std. 399) – Attachment

A.5. Sacramento, San Joaquin Valley, South Coast, Southeast Desert, and Ventura ozone nonattainment areas (NAAs)

B.1. Although the regulations generally impact 1,300 growers in the San Joaquin Valley, Sacramento, South Coast, Southeast Desert, and Ventura NAAs, the focus of the economic impact is on the 529 growers in the Ventura NAA where the pesticide use reports indicate they have shifted to the interim methods using totally impermeable tarpaulins (TIF). The use of TIF tarpaulins allowed more acres to be fumigated annually than if using a polyethylene tarpaulin while reducing the total VOC emissions below the benchmark limit in Ventura NAA.

The regulation will allow an additional 700 acres (mostly strawberries) to be grown in Ventura NAA without exceeding the VOC benchmark, with the potential of increasing net income to growers by \$11 million (2012 \$) assuming no other restrictions on use. Over the life of the regulation, the estimated increase in income to growers is \$48.1 million (2012\$) (\$11 million/yr. discounted by 5% each year over 5 years).

B.1.a. In the Ventura NAA, there are no small businesses.

B.1.b. $\$21,000 (2012\$) = \$11,000,000 / 529$ growers in the Ventura NAA.

D.1. Do not promulgate regulations. If the interim methods are not adopted, current regulation would require applicators to use standard tarpaulins when using methyl bromide, increasing VOC emissions. Further, current regulation would not allow reductions in VOC emissions, resulting from the use of TIF tarpaulins with 1,3-D and chloropicrin, to be applied to show reductions in meeting our SIP obligations.

E.5. Reduction in volatile organic compounds leading to reductions in ozone. People living in the Sacramento Metro, San Joaquin Valley, South Coast, Southeast Desert, and Ventura NAAs will benefit.