

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

STD. 399 (Rev. 2-98)

See SAM Sections 6600 - 6680 for Instructions and Code Citations

DEPARTMENT NAME Pesticide Regulation	CONTACT PERSON Mark Pepple	TELEPHONE NUMBER 916-324-4086
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Prevention of Surface Water Contamination by Pesticides		NOTICE FILE NUMBER

ECONOMIC IMPACT STATEMENT

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 businesses and/or employees
- b. Impacts small businesses
- c. Impacts jobs or occupations
- d. Impacts California competitiveness
- e. Imposes reporting requirements
- f. Imposes prescriptive instead of performance standards
- g. Impacts individuals
- h. None of the above (Explain below. Complete the Fiscal Impact Statement as appropriate.)

h. (cont.) _____

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

2. Enter the total number of businesses impacted: 5,756 Describe the types of businesses (Include nonprofits): Businesses conducting pest control at landscape maintenance and outdoor structural sites.

Enter the number or percentage of total businesses impacted that are small businesses: 97%

3. Enter the number of businesses that will be created 0 or eliminated: 0

Explain: The incremental cost to business is small and will have very minimal impact on business creation or elimination.

4. Indicate the geographic extent of impacts: statewide Local or regional (list areas): _____

5. Enter the number of jobs created: 0 or eliminated: 0 Describe the types of jobs or occupations impacted: _____
As the cost impact on the business is small, business will not create or eliminate jobs.

6. 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: _____

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: \$ Savings of \$2.7 million as net present value (2012- 2016)._____

- a. Initial costs for a small business: \$ 0 Annual ongoing costs: \$ 138.00 (See Attachment) Years: 5
- b. Initial costs for a typical business: \$ 0 Annual ongoing costs: \$ 138.00 (See Attachment) Years: 5
- c. Initial costs for an individual: \$ 0 Annual ongoing costs: Unquantifiable Years: 5
- d. Describe other economic costs that may occur: none

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2. If multiple industries are impacted, enter the share of total costs for each industry: ____ Structural pest control industry 92%; Landscape maintenance 8%. _____
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3. 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.): \$ none
4. Will this regulation directly impact housing costs? Yes No If yes, enter the annual dollar cost per housing unit: \$ _____ and the number of units: _____
5. Are there comparable Federal regulations? Yes No Explain the need for State regulation given the existence or absence of Federal regulations: No federal regulations specifically protect surface water from the nonagricultural use of pesticides.
- Enter any additional costs to businesses and/or individuals that may be due to State-Federal differences: \$ N/A

C. ESTIMATED BENEFITS (Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.)

1. Briefly summarize the benefits that may result from this regulation and who will benefit: The regulation will reduce use of the regulated pyrethroid pesticides. This reduced use will reduce pesticide movement to surface water, protect aquatic organisms and stream ecosystem, and reduce high costs incurred by publicly owned treatment works (POTWs) and storm water agencies to reduce pesticide discharges to meet water quality standards (U.S. Environmental Protection Agency and regional water boards).
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2. Are the benefits the result of: specific statutory requirements, or goals developed by the agency based on broad statutory authority?
- Explain: Food and Agricultural Code section 11501 states that one of the purposes of the codes that apply to DPR is to protect the environment from environmentally harmful materials.
3. What are the total statewide benefits from this regulation over its lifetime? \$ Unquantified

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: 1) take no action; 2) ban rather than regulate the subject pesticides. Alternative 1 was not adopted because DPR would be ignoring its legislative mandate, continued surface water quality degradation would occur, and regulating pesticide use is arguably more cost-effective than treating contaminated water by POTWs and storm water agencies. Alternative 2 was not taken because it could not be justified based on the availability of reasonable mitigation measures and it would have unnecessary economic impacts on individuals and businesses. _____
-
2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:
- | | | | |
|---------------------------|---------------------|----------|-------------------------------------------------------------------------------------------------|
| Regulation: Benefit: \$ | Unquantified | Cost: \$ | Savings \$2.7 million |
| Alternative 1 Benefit: \$ | None | Cost: \$ | 0 |
| Alternative 2 Benefit: \$ | <u>Unquantified</u> | Cost: \$ | Unquantified costs to residential and commercial property operators and pest control businesses |
3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: None

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4. 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 No

Explain: Performance standards were considered but found not to be workable. _____

E. MAJOR REGULATIONS (Include calculations and assumptions in the rulemaking record.)

Cal/EPA boards, offices and departments are subject to the following additional requirements per Health and Safety Code section 57005.

1. Will the estimated costs of this regulation to California business enterprises exceed \$10 million? Yes No (If No, skip the rest of this section)

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

Alternative 1: _____

Alternative 2: _____

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

Regulation	\$ _____	Cost-effectiveness ratio: _____
Alternative 1	\$ _____	Cost-effectiveness ratio: _____
Alternative 2	\$ _____	Cost-effectiveness ratio: _____

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 of approximately \$ _____ in the current State Fiscal Year which are reimbursable by the State pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code. Funding for this reimbursement:
- a. is provided in (Item _____, Budget Act of _____) or (Chapter _____, Statutes of _____)
 - b. will be requested in the _____ Governor's Budget for appropriation in Budget Act of _____
(FISCAL YEAR)
2. Additional expenditures of approximately \$ _____ in the current State Fiscal Year which are not reimbursable by the State pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code because this regulation:
- a. implements the Federal mandate contained in _____
 - b. implements the court mandate set forth by the _____
court in the case of _____ vs. _____
 - c. implements a mandate of the people of this State expressed in their approval of Proposition No. _____ at the _____
election; (DATE)
 - d. is issued only in response to a specific request from the _____
_____, which is/are the only local entity(s) affected;
 - e. will be fully financed from the _____ authorized by Section _____

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(FEES, REVENUE, ETC.)

_____ 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 such unit.
- 3. Savings of approximately \$ _____ annually.
- 4. No additional costs or savings because this regulation makes only technical, non-substantive or clarifying changes to current law and regulations.
- 5. No fiscal impact exists because this regulation does not affect any local entity or program.
- 6. Other.

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 of approximately \$ _____ in the current State Fiscal Year. It is anticipated that State agencies will:
 - a. be able to absorb these additional costs within their existing budgets and resources.
 - b. request an increase in the currently authorized budget level for the _____ fiscal year.
- 2. Savings of approximately \$ _____ in the current State Fiscal Year.
- 3. No fiscal impact exists because this regulation does not affect any State agency or program.
- 4. Other. _____

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 of approximately \$ _____ in the current State Fiscal Year.
- 2. Savings of approximately \$ _____ in the current State Fiscal Year.
- 3. No fiscal impact exists because this regulation does not affect any federally funded State agency or program.
- 4. Other.

SIGNATURE	TITLE	DATE
AGENCY SECRETARY ¹		
APPROVAL/CONCURRENCE	PROGRAM BUDGET MANAGER	
DEPARTMENT OF FINANCE ²		
APPROVAL/CONCURRENCE		

1. The signature attests that the agency has completed the STD. 399 according to the instructions in SAM sections 6600-6680, 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.

2. Finance approval and signature is required when SAM sections 6600-6670 require completion of the Fiscal Impact Statement in the STD. 399. However, Finance must immediately receive a copy of each STD. 399 submitted to OAL without Finance signature, and Finance may subsequently question the "no fiscal impact" finding of a state agency.