

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

STD. 399 (Rev. 10/2019)

**ECONOMIC IMPACT STATEMENT**

DEPARTMENT NAME <b>Department of Pesticide Regulation</b>	CONTACT PERSON <b>Emily Edgerton</b>	EMAIL ADDRESS <b>Emily.Edgerton@cdpr.ca.gov</b>	TELEPHONE NUMBER <b>916-603-7735</b>
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 <b>Civil Penalty Actions by Commissioners</b>			NOTICE FILE NUMBER <b>Z</b>

**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:

- |  |   |
|--|---|
| <input type="checkbox"/> a. Impacts business and/or employees  | <input type="checkbox"/> e. Imposes reporting requirements              |
| <input type="checkbox"/> b. Impacts small businesses           | <input type="checkbox"/> f. Imposes prescriptive instead of performance |
| <input type="checkbox"/> c. Impacts jobs or occupations        | <input type="checkbox"/> g. Impacts individuals                         |
| <input type="checkbox"/> d. Impacts California competitiveness | <input type="checkbox"/> 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.***

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: ~520

Describe the types of businesses (Include nonprofits): Non-compliant businesses cited for Class A or Class B violations

Enter the number or percentage of total businesses impacted that are small businesses: 90-96%

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

Explain: No creation or elimination of businesses are expected as a result of these regulations.

5. Indicate the geographic extent of impacts:  Statewide  
 Local or regional (List areas): \_\_\_\_\_

6. Enter the number of jobs created: 0 and eliminated: 0

Describe the types of jobs or occupations impacted: Operations of pesticide users or pesticide businesses, including pest control advisors and pesticide dealers.

7. 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? \$ up to \$4,898,000
- a. Initial costs for a small business: \$ up to \$4,050 Annual ongoing costs: \$ 0 Years: 5
- b. Initial costs for a typical business: \$ up to \$4,050 Annual ongoing costs: \$ 0 Years: 5
- c. Initial costs for an individual: \$ 0 Annual ongoing costs: \$ 0 Years: N/A
- d. Describe other economic costs that may occur: None.

2. If multiple industries are impacted, enter the share of total costs for each industry: N/A

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.* \$ N/A

4. 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  NO

Explain the need for State regulation given the existence or absence of Federal regulations: Existing State regulations need to be updated to conform to fine range levels authorized in California Food and Agricultural Code section 12999.5(a)

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: See attachment.

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 12999.5

3. What are the total statewide benefits from this regulation over its lifetime? \$ unquantifiable

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: DPR has determined that the proposed action would not result in the expansion of businesses currently doing business within California. The proposed action will align the fine range for administrative civil penalties levied by CACs with current law.

**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: No feasible alternatives were identified. The proposed action will align the fine range for administrative civil penalties levied by CACs with current law.

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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: \$ unquantifiable Cost: \$ up to \$979,600

Alternative 1: Benefit: \$ \_\_\_\_\_ Cost: \$ \_\_\_\_\_

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: None.

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: The proposed action will align the fine range for administrative civil penalties levied by CACs with current law.

**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: None.

The incentive for innovation in products, materials or processes: The proposed regulations are designed to deter pesticide use violations and strengthen local implementation of the statewide pesticide compliance and enforcement program.

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 C.1.

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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 [See attachment.](#) \_\_\_\_\_

\_\_\_\_\_

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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

 *Leslie C. Ford*

DATE

5-8-2023

*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

  
Eric Survis (Sep 22, 2023 13:13 PDT)

DATE

9-22-2023

*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

 *Sergio Aguilar*

DATE

3/25/2024

ECONOMIC IMPACT STATEMENT

B. ESTIMATED COSTS

B.1. On average annually, 80 businesses are cited for Class A violations and 440 businesses are cited for Class B violations. Based on DPR's enforcement action data from 2019-2021, statewide on average there are 100 Class A violations with an average fine amount of \$2,150 per violation. If the past average Class A fine level of about 40% of the maximum allowed fine amount continues, then for a business that commits a Class A violation, the average fine amount may increase to approximately \$6,200 per violation. Additionally, over the same time range, statewide there are on average 700 Class B violations issued with an average fine amount of \$390 per violation. If the past average Class B fine level of about 40% of the maximum allowed fine amount continues, then for a business that commits a Class B violation, the average fine amount may increase to approximately \$1,100 per violation. If the number of violations remains the same, over a lifetime of 5 years, the total cost to violators may be up to \$4,898,000. However, because CACs have discretion in determining the specific fine value, there is a lot of uncertainty on how current fine level practices for Class A and B violations will change over time. Also, the deterrent effects of higher penalties for violations may change the violation rates over time.

B.1.a. Based on DPR's enforcement action data from 2019-2021, statewide on average there are 100 Class A violations with an average fine amount of \$2,150 per violation. If the past average Class A fine level of about 40% of the maximum allowed fine amount continues, then for a business that commits a Class A violation, the average fine amount may increase to approximately \$6,200 per violation. Additionally, over the same time range, statewide there are on average 700 Class B violations issued with an average fine amount of \$390 per violation. If the past average Class B fine level of about 40% of the maximum allowed fine amount continues, then for a business that commits a Class B violation, the average fine amount may increase to approximately \$1,100 per violation. If these averages remain the same, the initial cost impact to a small business may be an additional \$4,050 for a Class A violation and an additional \$1,490 for a Class B violation. However, because CACs have discretion in determining the specific fine value, there is a lot of uncertainty on how current fine level practices for Class A and B violations will change over time. Also, the deterrent effects of higher penalties for violations may change the violation rates over time.

B.1.b. Based on DPR's enforcement action data from 2019-2021, statewide on average there are 100 Class A violations with an average fine amount of \$2,150 per violation. If the

past average Class A fine level of about 40% of the maximum allowed fine amount continues, then for a business that commits a Class A violation, the average fine amount may increase to approximately \$6,200 per violation. Additionally, over the same time range, statewide there are on average 700 Class B violations issued with an average fine amount of \$390 per violation. If the past average Class B fine level of about 40% of the maximum allowed fine amount continues, then for a business that commits a Class B violation, the average fine amount may increase to approximately \$1,100 per violation. If these averages remain the same, the initial cost impact to a typical business may be an additional \$4,050 for a Class A violation and an additional \$1,490 for a Class B violation. However, because CACs have discretion in determining the specific fine value, there is a lot of uncertainty on how current fine level practices for Class A and B violations will change over time. Also, the deterrent effects of higher penalties for violations may change the violation rates over time.

B.5. Although there are some similarities in the regulatory requirements between the Federal pesticide law and regulation, California's statutory and regulatory scheme (see generally, FAC Division 6 and Division 6 and 3 CCR section 6000 et seq.), DPR maintains a separate regulatory structure from the Federal standards. Moreover, California law and regulation exclusively regulate the implementation of pesticide use compliance on the local level, including the CAC's authority to levy administrative civil penalties, the classification of fines, and the fine levels.

## C. ESTIMATED BENEFITS

C.1. The proposed regulations are designed to promote the public health and welfare of California residents, promote worker health and safety and safeguard California's environment and natural resources by strengthening the deterrence of pesticide use violations and local implementation of the statewide pesticide compliance and enforcement program. The proposed amendments will permit CACs to levy fines up to the statutory maximums as set forth in AB 211 for Class A and Class B violations. In this way, the proposed amendments will benefit the public, including California residents and workers, by promoting compliance with pesticide law, regulations and lawful orders and deterring unlawful actions.

## FISCAL IMPACT STATEMENT

### A. FISCAL EFFECT ON LOCAL GOVERNMENT

A.6. The proposed regulations increase the maximum fine amount and fine ranges for Class A and Class B violations to align with the maximum fine amounts recently updated in statute (Food and Agricultural Code section 12999.5) by AB 211. Within a violation class fine range, County Agricultural Commissioners (CACs) have discretion to determine the specific fine value. With both an expanded range and upper value limit,

there is a lot of uncertainty on how current fine level practices for Class A and B violations will change over time. On average annually, 80 businesses are cited for Class A violations and 440 businesses are cited for Class B violations. However, a business may be cited for more than one violation. Based on DPR's enforcement action data from 2019-2021, statewide on average there are 100 Class A violations with an average fine amount of \$2,150 per violation. If the past average Class A fine level of about 40% of the maximum allowed fine amount continues, then for a business that commits a Class A violation, which is a violation that caused a human health, property damage, or environmental damage, the average fine amount may increase to approximately \$6,200 per violation. Additionally, over the same time range, statewide there are on average 700 Class B violations issued with an average fine amount of \$390 per violation. If the past average Class B fine level of about 40% of the maximum allowed fine amount continues, then for a business that commits a Class B violation, which is a violation of a law protecting human health, property, or the environment, the average fine amount may increase to approximately \$1,100 per violation. If these averages remain the same, a county may receive an additional \$4,050 in revenue for each Class A violation and an additional \$1,490 in revenue for each Class B violation. However, there is a lot of uncertainty on how current fine level practices for Class A and B violations will change over time. Also, the deterrent effects of higher penalties for violations may change the violation rates over time.