### ECONOMIC IMPACT STATEMENT

**DEPARTMENT NAME**
Calif. Dept. of Food & Agriculture

**CONTACT PERSON**
John Lee

**EMAIL ADDRESS**
jlee@cdfa.ca.gov

**TELEPHONE NUMBER**
916-900-5012

**DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 NOTICE FILE**
Milk Producers Security Trust Fund (MPSTF)

### 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
   - b. Impacts small businesses
   - c. Impacts jobs or occupations
   - d. Impacts California competitiveness
   - e. Imposes reporting requirements
   - f. Imposes prescriptive instead of performance
   - g. Impacts individuals
   - 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 Calif. Dept. of Food & Agriculture estimates that the economic impact of this regulation (which includes the fiscal impact) is:

   - [ ] Below $10 million
   - [ ] Between $10 and $25 million
   - [ ] Between $25 and $50 million
   - [x] 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: 150 handlers

   Enter the number or percentage of total businesses impacted that are small businesses: <31%

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

   Explain: proposed amendment should not increase or decrease the number of businesses

5. Indicate the geographic extent of impacts: [x] Statewide

   [ ] Local or regional (List areas): ________________________________

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

   Describe the types of jobs or occupations impacted: ________________________________

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? [x] NO

   If YES, explain briefly: ____________________________________________
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?  
   \$ Unknown

   a. Initial costs for a small business:  
      \$ Unknown  
      Annual ongoing costs:  \$ Unknown  
      Years:  Unknown

   b. Initial costs for a typical business:  
      \$ Unknown  
      Annual ongoing costs:  \$ Unknown  
      Years:  Unknown

   c. Initial costs for an individual:  
      \$ Unknown  
      Annual ongoing costs:  \$ Unknown  
      Years:  Unknown

   d. Describe other economic costs that may occur:  
      Producers with beneficial ownership in handlers will not pay assessments into the MPSTF and will be unable to file a claim against the fund. They may self-insure or obtain outside insurance coverage.

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

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.  
   \$ __________

4. Will this regulation directly impact housing costs?  
   \[ □ \] YES  \[ X \] NO
   If YES, enter the annual dollar cost per housing unit:  
   \$ __________  
   Number of units:  

5. Are there comparable Federal regulations?  
   \[ □ \] YES  \[ X \] NO
   Explain the need for State regulation given the existence or absence of Federal regulations:  

   Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences:  
   \$ __________

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:  
   Handlers will benefit from reduced costs on financial securities of milk. The claim process for valid producers will benefit from the distinction of beneficial ownership.

2. Are the benefits the result of:  
   \[ X \] specific statutory requirements, or  
   \[ □ \] goals developed by the agency based on broad statutory authority?
   Explain:  Statutes of 1987, Div.21, Chapter 2.5, commencing with Sec 62500 was added to Calif. Food & Agricultural Code

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

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

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:  
   The Milk Producers Council and the Dairy Institute provided input. Both agreed that the proposed draft should not add a management role requirement with the ownership interest. Dairy Institute agreed with a limited situational removal of the 10% standard, the Council did not.
2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Benefit: $ unknown</th>
<th>Cost: $ unknown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternative 1:</td>
<td>Benefit: $ unknown</td>
<td>Cost: $ unknown</td>
</tr>
<tr>
<td>Alternative 2:</td>
<td>Benefit: $ unknown</td>
<td>Cost: $ unknown</td>
</tr>
</tbody>
</table>

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: Handlers with producers with beneficial ownership may benefit from reduced costs of financial securities. Such producers will not be covered by the MPSTF.

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?  

   Explain: Governing statutes in this instance mandate the course of action proposed.

E. MAJOR REGULATIONS

Include calculations and assumptions in the rulemaking record.

California Environmental Protection Agency (CalEPA) 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?  

   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:

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Total Cost $</th>
<th>Cost-effectiveness ratio: $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternative 1:</td>
<td>Total Cost $</td>
<td>Cost-effectiveness ratio: $</td>
</tr>
<tr>
<td>Alternative 2:</td>
<td>Total Cost $</td>
<td>Cost-effectiveness ratio: $</td>
</tr>
</tbody>
</table>

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?

   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: ________________________________

   The Incentive for innovation in products, materials or processes: ________________________________

   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: ________________________________
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 __________________________.

PAGE 4
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 The potential decrease in revenue into the MPSTF is unknown. Handlers will no longer pay into the fund.

Producers with beneficial ownership will be unable to file a claim against the fund.

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

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

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