

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

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME Food and Agriculture	CONTACT PERSON Thami Rodgers	EMAIL ADDRESS thamara.h.rodgers@cdfa.ca.gov	TELEPHONE NUMBER 916-698-3276
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Animal Disease Traceability			NOTICE FILE NUMBER Z-2016-0315-06

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.*

2. The Department of Food and Agriculture 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: 12,425

Describe the types of businesses (Include nonprofits): Approximately, 10,925 beef cattle and 1,500 dairy operations in CA.

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

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

Explain: Businesses created/eliminated is unknown at this time; cost impacts affect CA businesses marketing cattle.

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

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

Describe the types of jobs or occupations impacted: The # of jobs created/eliminated is unknown at this time; cost impacts affect CA businesses marketing cattle.

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: Due to estimated cost impacts, producers may choose to not market cattle in CA.

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

STD. 399 (REV. 12/2013)

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? \$ _____

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

b. Initial costs for a typical business: \$ 702,401 Annual ongoing costs: \$ 702,401 Years: --

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

d. Describe other economic costs that may occur: The Department is not aware of other economic costs that may occur other than those included in the above cost estimates and as discussed in the Economic Impact Assessment.

2. If multiple industries are impacted, enter the share of total costs for each industry: This proposal does not affect multiple industries.

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.* \$ See attached

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: See attached

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: The benefits of this proposal to the health and welfare of California residents include the enhanced ability of the Department to trace animal disease more quickly and efficiently, reduce or eliminate its potential spread into a greater number of livestock populations, and ultimately to prevent human health disease events or illnesses.

2. Are the benefits the result of: specific statutory requirements, or goals developed by the agency based on broad statutory authority?

Explain: FAC 9562, 9570, 9932, 10326 and 10610 authorize the Department to regulate cattle and their movements.

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

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: The Department is not aware of any expansion opportunities for businesses as a result of this proposal.

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

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

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT (CONTINUED)

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

Regulation: Benefit: \$ 0 Cost: \$ 0Alternative 1: Benefit: \$ 0 Cost: \$ 0Alternative 2: Benefit: \$ 0 Cost: \$ 0

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

The Department did not consider a cost/benefit analysis

of the alternative.

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 NOExplain: This proposal does not mandate the use of specific technologies or equipment.**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: _____

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: _____

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

STD. 399 (REV. 12/2013)

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 _____

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

STD. 399 (REV. 12/2013)

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

Nathan Johnson, Budget Officer, CDFA

DATE

8/25/16

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

Dr. Annette Jones, State Veterinarian and Director, AHFSS

DATE

3/14/16

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

STD. 399 ECONOMIC AND FISCAL IMPACT STATEMENT ADDENDUM

A. ESTIMATED PRIVATE SECTOR COST IMPACTS

B. ESTIMATED COSTS

3. The Department is proposing the keeping of specified records for purposes of disease control, and disease traceability in compliance with and complementary to the USDA's Animal Disease Traceability rule (9 CFR Part 86) and federal interstate movement requirements. These requirements are not anticipated to incur increased costs to businesses as recordkeeping is an existing standard business practice for persons involved in cattle husbandry or marketing in California; in most cases, the maintaining of records for a period of two (2) years is an existing federal requirement.

The Department is proposing the reporting of specified information for the purposes of disease control and traceability. These reporting requirements are not anticipated to adversely incur increased costs to businesses as the reporting requirements can occur on forms provided by the Department, or in some instances where allowable, the public may choose to use their own form to report the required information, any of which may be returned (reported) to the Department electronically or by U.S. Postal Service, or in some cases where specified, the reporting of information can take place over the telephone. Any person choosing to report the required information through the use of forms sent via the U.S. Postal Service, will incur standard business mailing expenses, of which the Department is unable to determine the economic impacts of because we cannot foresee the number of instances these costs will occur.

5. This proposal does not duplicate or conflict with Federal regulations. The Department is proposing to adopt specified requirements of the USDA's Animal Disease Traceability rule (9 CFR Part 86) and modify those requirements as necessary to facilitate unique movement and husbandry practices of California's cattle industry. This proposal additionally amends existing disease control regulations to incorporate Federal and State efforts to establish official identification and documentation requirements for the traceability of cattle moving into and within California.

D. ALTERNATIVES TO THE REGULATION

1. The Department considered and rejected the following alternatives:

1. Do nothing and allow cattle owners to only follow the USDA's Animal Disease Traceability rule (9 CFR Part 86) when moving cattle interstate. This alternative was rejected because the federal rule alone cannot achieve successful animal disease traceability within California, or of cattle from California, due to the unique husbandry and marketing practices in the West. Adoption of the federal rule without modifications would leave gaps and contradictions to existing disease control regulations which could potentially make California vulnerable to disease exposure and ultimately weaken any disease traceability efforts anticipated by the federal regulations. Therefore, the Department rejects this alternative.

2. Adopt the proposed regulation. The Department determined this alternative is the most appropriate because the proposal incorporates the USDA's Animal Disease Traceability rule (9 CFR Part 86) and amends existing disease control regulations to establish official identification and documentation requirements for the traceability of cattle moving into and within California with modifications as necessary to facilitate movement and husbandry practices unique to California's cattle industry. This proposal further amends the regulations pertaining to the sale of bulls in California as petitioned by the California Cattlemen's Association. These additions and amendments are necessary to implement an efficient and accurate animal disease traceability system to ensure rapid response when animal disease or related livestock and/or human health events take place, thereby reducing the number of quarantined or disposed animals which benefits producers and ultimately consumers.

The benefits of this proposal to the health and welfare of California residents include the enhanced ability of the Department to trace animal disease more quickly and efficiently, and reduce or eliminate its potential spread into a greater number of livestock populations and ultimately, to prevent human health disease events or illnesses.