

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

399 (REV. 12/2008)

See SAM Section 6601 - 6616 for Instructions and Code Citations

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|---|--|--------------------------------------|
| DEPARTMENT NAME CA Dept of Food and Agriculture (CDFA) | CONTACT PERSON Tony Herrera, Program Supervisor | TELEPHONE NUMBER (916) 900-5060 |
| DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Shell Egg Food Safety | | NOTICE FILE NUMBER Z-2012-0626-03 |

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:

- | | |
|--|---|
| <input checked="" type="checkbox"/> a. Impacts businesses and/or employees | <input type="checkbox"/> e. Imposes reporting requirements |
| <input checked="" type="checkbox"/> b. Impacts small businesses | <input type="checkbox"/> f. Imposes prescriptive instead of performance |
| <input checked="" type="checkbox"/> c. Impacts jobs or occupations | <input type="checkbox"/> g. Impacts individuals |
| <input checked="" type="checkbox"/> d. Impacts California competitiveness | <input type="checkbox"/> 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: 1,151 Describe the types of businesses (Include nonprofits.): 10 processing plants, 608 that are both processing plants and producers, 202 wholesalers, and 331 producersEnter the number or percentage of total businesses impacted that are small businesses: unknownEnter the number of businesses that will be created: -- eliminated: --Explain: It is unknown at this time the businesses created/eliminated; cost impacts affect businesses marketing eggs in CA4. Indicate the geographic extent of impacts: Statewide Local or regional (List areas.): _____5. Enter the number of jobs created: -- or eliminated: -- Describe the types of jobs or occupations impacted: It is unknown at this time the number of jobs created/eliminated; cost impacts affect businesses marketing eggs in CA

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: Due to estimated cost impacts, producers may choose to not market their eggs in California.
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: \$ <u>negligible</u> | Annual ongoing costs: \$ <u>negligible</u> | Years: <u>*</u> |
| b. Initial costs for a typical business: \$ <u>1,413,320</u> | Annual ongoing costs: \$ <u>1,413,320</u> | Years: <u>*</u> |
| c. Initial costs for an individual: \$ <u>N/A</u> | Annual ongoing costs: \$ <u>N/A</u> | Years: <u>N/A</u> |

d. Describe other economic costs that may occur: *CDFA has prepared an economic impact assessment included in this filing.Costs will vary depending upon existing business operations.

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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.): \$ N/A

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: FAC 27521, 27531, 27533, 27573 & 27637 authorizes CDFA to regulate the egg industry.

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 that may result from this regulation and who will benefit: The benefits mitigate any potential adverse economic impacts; SE is among the leading bacterial causes of foodborne illness in the United States. California consumers and the egg industry benefits from this proposal to ensure healthful and wholesome eggs are marketed in the state.

2. Are the benefits the result of: specific statutory requirements, or goals developed by the agency based on broad statutory authority? Explain: FAC 27521, 27531, 27533, 27573 & 27637 authorizes CDFA to regulate the egg industry.

What are the total statewide benefits from this regulation over its lifetime? \$ unknown

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: CDFA considered and rejected two alternatives: delaying action until the enactment of HR 3798 [Egg Product Inspections Act] or enact provisions of the European Union (EU) 1999/74/EC, July 19, 1999.

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

| | | |
|----------------|----------------------|-------------------|
| Regulation: | Benefit: \$ <u>0</u> | Cost: \$ <u>0</u> |
| Alternative 1: | Benefit: \$ <u>0</u> | Cost: \$ <u>0</u> |
| Alternative 2: | Benefit: \$ <u>0</u> | Cost: \$ <u>0</u> |

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: No cost/benefit analysis of each alternative was considered at this time. HR 3798 has yet to be enacted. This proposal is consistent with EU 1999/74/EC; however, not all provisions were feasible at this time for inclusion in this proposal.

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

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.

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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 an 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 _____, Budget Act of _____ or Chapter _____, Statutes of _____

b. will be requested in the _____ (FISCAL YEAR) Governor's Budget for appropriation in Budget Act of _____

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 _____ (FEES, REVENUE, ETC.) 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 such unit;

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

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 regulations.

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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 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.

| | | |
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| FISCAL OFFICER SIGNATURE | Jody Lusby, Branch Chief, Budget Office | DATE 4/19/12 |
| AGENCY SECRETARY ¹ APPROVAL/CONCURRENCE | Dr. Annette Whiteford, State Veterinarian and Director, AHFSS | DATE 4/19/12 |
| DEPARTMENT OF FINANCE ² APPROVAL/CONCURRENCE | PROGRAM BUDGET MANAGER | DATE |

1. 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 department 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 6601-6616 require completion of Fiscal Impact Statement in the STD.399.