

Update of Initial Statement of Reasons – 1/20/2026

On page 1 the following text is being added to the “Description of the Public Problem, Administrative Requirement, or Other Condition or Circumstance the Regulation is Intended to Address”: Grapevine Registration and Certification Program will also be raising fees to balance revenue with expenditures, as required by FAC. These fees provide certification of grapevine stock as having an increased confidence of cleanliness for pests of interest.

On page 2, paragraph 2, the following has been added:

Fee revenues are deposited into the Nursery fund, 9999000020. Fee revenues support state personnel costs that relate to services provided for Grapevine Registration and Certification, such as processing applications, site approvals, and field inspections. For Environmental Scientists (which shoulder the greatest portion of personnel costs), hours spent on Grapevine Registration and Certification activities are tracked through Internal Activity Reports. Hours are estimated for other staff (AGPA, Senior Environmental Scientist (Supervisory), EPMI).

On page 2 the sentence “Subsection (A) establishes the annual application fee, with the fee increased from the previous fee of \$200 to \$250 per acre or portion thereof” has been edited. The phrase “per acre or portion thereof” has been removed and replaced with “per application”. In the sentence “Subsubsections (B)(1) and (B)(2) establish field planting inspection fees for Primary or Secondary Increase Block and Certified Nursery Planting, with fees increased from the previous fee of \$50 to \$140 and \$120 to \$170 per Primary or Secondary Increase Block and Certified Nursery Planting” has been edited. The phrase “per Primary or Secondary Increase Block and Certified Nursery Planting” has been removed and replaced with “per acre or portion thereof”. These changes correct the description to accurately describe the text.

Added after the same paragraph’s conclusion on page 3:

Fees increases were calculated based on total program expenditures (staff salaries, communications, facility operations, supplies, travel, vehicle/gas/insurance, indirect

administrative costs, IT indirect costs, departmental costs), with revenue from fees based on current participant information (type of blocks, number of blocks, block outdoor acreage / indoor square footage). Over half of total expenditures were staff salaries, and fee adjustments were also made proportionate to staff time allocated per application and block, based on staff reports. When conducting the fee analysis, it was found that staff time allocation was similar for Increase Blocks and Certified Blocks, yet Increase Blocks fees (\$50 / acre) were priced over two times lower than Certified Block fees (\$120 / acre) in the current fee structure. To resolve this discrepancy, Increase Block fees were adjusted to a baseline of \$100 / acre, and thereafter all block fees (Increase, Certified, Greenhouse) were multiplied by 140% which was the percentage found to best balance fee revenue with expenditures. Application fees pay for staff review and filing of applications, as opposed to block fees which pay for walking fields, sampling, etc., and were only multiplied by 125% based on reported staff time allocations. It was also found that these fee increases are comparable to what would be expected if fees had increased with inflation (current fees made effective in 2010), based on the U.S. Bureau of Labor Statistics CPI Inflation Calculator. Small and large businesses may reduce registered and/or certified acreage in response to fee increases. However, reductions in revenue due to reduced acreage would be offset by lower personnel costs that relate to carrying out activities for Grapevine Registration and Certification. For example, there would be fewer applications to process, less acreage to inspect, and fewer plants to sample.

On page 6 the following is added to the “Significance Adverse Impact on Business” section

“The mean cost increase per small business is \$5,826 (cost difference ranges from +\$140 to +\$16,630), however it is not anticipated that small businesses will opt out of the program due to this fee increase. Most of the program participants are small businesses so that is the primary focus. During the Grapevine Registration and Certification Program Update Meeting, several owners of small businesses acknowledged that they were aware that fees were eventually going to increase, because they had remained stagnant for 15

years. Owners were most concerned about having enough time to plan for the fee increase within business operations, because CDFA staff originally believed that this regulation change could go into effect in 2025 via File and Print. However, this concern is now alleviated, because fees will not go into effect until 2026 at earliest.”

On page 7 the following changes to section “Estimated Cost or Savings to Public Agencies or Affected Private Individuals or Entities”:

“The Department has determined that Sections 3867 ...” the section number is incorrect and has been replaced with “sections 3024.8 and 4603” as these are the section being amended in this regulation packet.

“The Department also has determined that no reimbursable costs or savings under Part 7 (commencing with Section 17500) of Division 4 of the Government Code to local agencies or school districts and no nondiscretionary costs or savings to local agencies or school districts, will result from the amendment of Section 3867.” the section number is incorrect and has been replaced with “sections 3024.8 and 4603” as these are the section being amended in this regulation packet.

A new reference document has been added:

California Department of Agriculture, “2025 Grapevine Registration Certification Program Update Meeting Presentation” February 5, 2025