

ECONOMIC AND FISCAL IMPACT STATEMENT

(REGULATIONS AND ORDERS)

STD. 399 (REV. 12/2008)

See SAM Section 6601 - 6616 for Instructions and Code Citations

DEPARTMENT NAME Department of Fish and Game	CONTACT PERSON Steve Wertz, Senior Environmental Scientist	TELEPHONE NUMBER (562) 342-7184
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Amend Section 632, Re: Marine Protected Areas (MPAs)		NOTICE FILE NUMBER Z

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:

- a. Impacts businesses 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. 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: Unknown Describe the types of businesses (Include nonprofits.): Fishing and related supporting businesses.Enter the number or percentage of total businesses impacted that are small businesses: 100%3. Enter the number of businesses that will be created: Unknown eliminated: UnknownExplain: See Addendum4. Indicate the geographic extent of impacts: Statewide Local or regional (List areas.): Primary counties will be Del Norte, Humboldt, and northern Mendocino. Minor impacts may extend into other counties.5. Enter the number of jobs created: Unk. or eliminated: Unk. Describe the types of jobs or occupations impacted: See Addendum

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: _____**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? \$ 0a. Initial costs for a small business: \$ 0 Annual ongoing costs: \$ 0 Years: _____b. Initial costs for a typical business: \$ 0 Annual ongoing costs: \$ 0 Years: _____c. Initial costs for an individual: \$ 0 Annual ongoing costs: \$ 0 Years: _____d. Describe other economic costs that may occur: Potential loss in net income to commercial fisheries may be \$278,000 annually. Unknown losses in net income to recreational fishing industry may occur.

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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.): \$ _____

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: See Addendum

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 that may result from this regulation and who will benefit: Benefits mostly will result from natural resource protection & enhancements & improved resource sustainability. Non-consumptive recreation & tourism industries may benefit from the regulation. Recreation & tourism industries in general presently generate income annually in the affected region.

2. Are the benefits the result of: specific statutory requirements, or goals developed by the agency based on broad statutory authority? Explain: CA Legislature has required the State to reevaluate existing MPAs & design as network to protect biodiversity & habitat.

3. 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: One alternative is provided in the ISOR. This alternative includes different recreational take allowances inside some proposed MPAs that increase or decrease recreational fishing restrictions. There is no difference in impacts to commercial fisheries.

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

Regulation:	Benefit: \$ <u>See Addendum</u>	Cost: \$ <u>See Addendum</u>
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: See Addendum

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: _____

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.

ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 12/2008)

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 _____ Governor's Budget for appropriation in Budget Act of _____
(FISCAL YEAR)

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 _____ authorized by Section _____
(FEES, REVENUE, ETC.)
_____ 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.

ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 12/2008)

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.

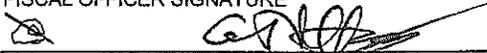
C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS (Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.)

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.

FISCAL OFFICER SIGNATURE 		DATE 2/21/12
AGENCY SECRETARY ¹ APPROVAL/CONCURRENCE 	PROGRAM BUDGET MANAGER 	DATE 3/13/12
DEPARTMENT OF FINANCE ² APPROVAL/CONCURRENCE 		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.

Addendum to Form 399, ECONOMIC AND FISCAL IMPACT STATEMENT
Re: Amend Section 632, Re: Marine Protected Areas (MPAs)

ECONOMIC IMPACT STATEMENT

A. ESTIMATED PRIVATE SECTOR COST IMPACTS

- ...
3. Enter the number of businesses that will be created: Unknown eliminated: Unknown
Explain:

The proposed regulation was designed to specifically avoid negative impact to fishing businesses to the extent possible, although it is unknown if fishing businesses may be eliminated. Additionally, the regulation's purpose is to promote long-term environmental health and population sustainability, which may benefit the long-term viability of these same businesses. Unknown number of non-consumptive related businesses may be created.

5. Enter the number of jobs created: Unknown or eliminated: Unknown. Describe the types of jobs or occupations impacted:

The proposed regulation was designed to specifically avoid negative impact to fishing, although it is unknown if jobs in commercial fishing, fish processing, and within the recreational fishing industry may be eliminated. An unknown number of non-consumptive & tourism related jobs may be created.

B. ESTIMATED COSTS

- ...
5. Are there comparable Federal regulations? Yes No Explain the need for State regulation given the existence or absence of Federal regulations.

The State of California's Marine Life Protection Act of 1999 directs the State to redesign California's system of marine protected areas to function as a network in order to: increase coherence and effectiveness in protecting the State's marine life and habitats, marine ecosystems, and marine natural heritage, as well as to improve recreational, educational, and study opportunities provided by marine ecosystems subject to minimal human disturbance.

D. ALTERNATIVES TO THE REGULATION

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

Regulation:	Benefit: \$ <u>Unknown</u>	Cost: \$ <u>278,000 to ComFish</u>
Alternative 1:	Benefit: \$ <u>Unknown</u>	Cost: \$ <u>278,000 to ComFish</u>
Alternative 2:	Benefit: \$ _____	Cost: \$ _____
Alternative 3:	Benefit: \$ _____	Cost: \$ _____

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

Because it is impossible to determine how fishing businesses and recreational anglers will react in terms of fishing behavior to the regulation, it is impossible to determine the true direct and immediate impact. Additionally, the regulation's purpose is to promote long-term environmental health and population sustainability, which benefits the long-term viability of these same businesses and anglers. Thus, in the long-term, benefits should outweigh any immediate costs.

FISCAL IMPACT STATEMENT

B. FISCAL EFFECT ON STATE GOVERNMENT

4. Other. Changes requiring additional enforcement, monitoring or management will increase the recurring costs to the Department as compared to the current efforts and thus total state costs would increase as the proposed region MPAs become operational, though the degree that this may be mitigated by funding from external partners, as provided in other MLPA regions, is unknown. The Department currently has \$4.4 million in its budget for MLPA implementation. Additional proposals for funding will be evaluated in the normal budget process.