

## **Economic Impact Analysis**

Impacts of Proposed Amendments to Title 14 CCR subsections (a), (b), and (c) of Section 165 and Section 165.5

### **Commercial Harvest of Kelp**

#### **Creation or Elimination of Jobs within the State, the Creation of new Businesses or the Elimination of Existing Businesses, or the Expansion of Businesses in California**

The proposed changes in boundary descriptions for existing kelp beds are minor clarifications and are unlikely to result in changes to the economics of commercial kelp harvesting.

Licensed kelp harvesters who plan to use a mechanical harvester in non-leased kelp beds, and existing kelp bed lessees that must provide additional information in their harvest plans, may incur increased costs to prepare or amend their kelp harvest plans.

The proposed regulations require a Commission-approved harvest plan every five years for all mechanical harvesters of kelp and impose new information requirements for lessee kelp harvest plans. A sample of currently practicing kelp harvesters provided harvest plan cost estimates in the range of \$80 to \$400, depending on the size of the company and its scale of operations. After their first plan is developed, costs are anticipated to decrease in subsequent plans. These costs are a negligible part of business operating costs, and would affect an estimated four (4) licensees that intend to use mechanical harvesters in non-leased kelp beds. Three (3) of these licensees are also kelp bed lessees. Since these kelp bed lessees currently have kelp harvest plans in place for their leased beds, they need only amend their harvest plans with the additional required information, at an estimated cost of \$40 to \$200.

The costs associated with preparation of the required kelp harvest plans are anticipated to be a minor part of kelp harvesters' business operating costs and therefore are unlikely to result either in the creation of new jobs or new businesses, or the elimination of existing jobs or existing businesses, or cause the expansion of existing kelp harvesting businesses.

#### **Benefits of the Regulation to the Health and Welfare of California Residents, Worker Safety, and the State's Environment**

The Commission anticipates some benefits to the health and welfare of California residents or to worker safety. Incidental benefits to health and welfare of Californians may accrue from more detailed and precise lease boundary definitions. This could

diminish user conflicts in areas which heretofore have not been well identified as the site of industrial activities.

The Commission anticipates benefits to the State's environment through closer regulation and monitoring of kelp harvesting. The extension of the harvest plan requirement to all mechanical harvest operations will provide better protection for kelp resources and for the species that depend on them.

The proposed regulatory action will improve commercial kelp harvest management and regulation enforceability by replacing existing antiquated boundary descriptions with spatially explicit points of latitude and longitude.