

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

STD. 399 (REV. 12/2013)

**ECONOMIC IMPACT STATEMENT**

DEPARTMENT NAME <b>Pesticide Regulation</b>	CONTACT PERSON <b>Randy Segawa</b>	EMAIL ADDRESS <b>Randy.Segawa@cdpr.ca.gov</b>	TELEPHONE NUMBER <b>916-324-4137</b>
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 <b>Pesticide Use Near Schoolsites</b>			NOTICE FILE NUMBER <b>Z</b>

**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 Pesticide Regulation 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: 2,519Describe the types of businesses (Include nonprofits): agricultural farms applying pesticides within 1/4 mile near schoolsitesEnter the number or percentage of total businesses impacted that are small businesses: 91.8 percent4. Enter the number of businesses that will be created: 0 eliminated: 0Explain: see attached

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

6. Enter the number of jobs created: 0 and eliminated: 0Describe the types of jobs or occupations impacted: growers using agricultural use pesticides

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: \_\_\_\_\_

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**ECONOMIC IMPACT STATEMENT (CONTINUED)**

**B. ESTIMATED COSTS** *Include calculations and assumptions in the rulemaking record.*

- What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime? \$ 15.3-21.2 mil
  - Initial costs for a small business: \$ 1,217-3,369(attached) Annual ongoing costs: \$ 1,217-3,369 Years: 5
  - Initial costs for a typical business: \$ 1,217-3,369 Annual ongoing costs: \$ 1,217-3,369 Years: 5
  - Initial costs for an individual: \$ N/A Annual ongoing costs: \$ N/A Years: N/A
  - Describe other economic costs that may occur: None

2. If multiple industries are impacted, enter the share of total costs for each industry: 0

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.* \$ 0

- 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: \_\_\_\_\_

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 of the regulation, which may include among others, the health and welfare of California residents, worker safety and the State's environment: see attached

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

Explain: see attached

3. What are the total statewide benefits from this regulation over its lifetime? \$ benefits not quantified

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: none

**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



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**ECONOMIC IMPACT STATEMENT (CONTINUED)**

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

Regulation: Benefit: \$ not quantified Cost: \$ 15.3-21.2 mil

Alternative 1: Benefit: \$ not quantified Cost: \$ \_\_\_\_\_

Alternative 2: Benefit: \$ not quantified Cost: \$ \_\_\_\_\_

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

It is too speculative to estimate incidents of exposure to schoolsites that may be avoided by the prohibitions or notifications

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: Performance standards are not appropriate for this rulemaking. Specific requirements are necessary for compliance and enforcement.

**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: \_\_\_\_\_

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**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).

\$ 132,444

*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 See attached

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**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 See attached.

**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)

\$ \_\_\_\_\_

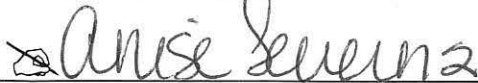
2. Savings in the current State Fiscal Year. (Approximate)

\$ \_\_\_\_\_

3. No fiscal impact exists. This regulation does not affect any federally funded State agency or program.

4. Other. Explain \_\_\_\_\_

FISCAL OFFICER SIGNATURE

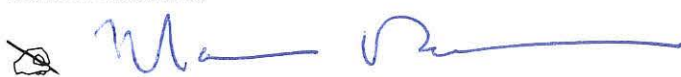


DATE

7/18/17

*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

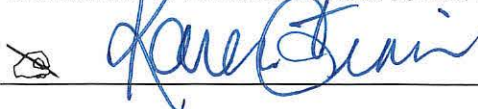


DATE

8/16/17

*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

9/26/17

Proposed Regulation for Pesticide Use Near Schoolsites  
Supplement to the Economic and Fiscal Impact Statement (STD. 399)

## ECONOMIC IMPACT STATEMENT

### A. ESTIMATED PRIVATE SECTOR COST IMPACTS

4. The intent of the proposed regulation is to change practices when applying pesticides near public K-12 schools and child day care facilities.

### B. ESTIMATED COSTS

1. The proposed regulation will cause increased costs to growers due to the annual notifications, and prohibitions. DPR estimated that 2,519 growers will be affected by the notification requirements. DPR estimated that the annual notification costs to these growers will average \$1,217 per grower each year.

Almond and grape growers will incur the greatest costs due to the prohibitions. DPR estimated that a maximum of 1,084 almond growers would be affected, with an average annual cost of \$329 per grower. DPR estimated that 127 grape growers would be affected, with an average annual cost of \$1,827 per grower. The average annual cost for growers with both almond orchards and grape vineyards affected was \$2,153. Growers of other crops could incur losses less than almond or grape growers.

The average total cost ranged from \$1,217 for growers only affected by the notification requirements (i.e. no costs due to the prohibitions) to \$3,373 for growers with both almond orchards and grape vineyards affected by the prohibitions.

As shown in the Neal and Segawa memo dated July 25, 2016, of the Documents Relied Upon, DPR estimates that the total statewide annual cost of the annual notifications is \$3.065 million or \$15.3 million over a 5-year period, and that 2,519 growers are required to make notifications. Therefore, the average annual cost of the notifications for each affected grower is estimated as  $\$3.065 \text{ million} \div 2,519 = \$1,217$ . This is also the estimated minimum cost per grower, assuming that some growers are unaffected by the prohibitions.

The Neal and Segawa memo shows that the estimated statewide annual cost of the prohibitions is \$0.357 million for almonds and \$0.232 million for grapes, for a total of \$0.589 million or \$2.95 million over a 5-year period. The estimated statewide annual cost of the prohibitions for all of the remaining crops combined ranges from \$0 to the amount for almonds and grapes, \$0.59 million. The estimated total cost of the prohibitions is \$0.59 million (almond and grapes) + \$0 or \$0.59 million (remaining crops) = \$0.59 million to \$1.18 million annually or \$2.95 to \$5.9 million over a five year period.

DPR estimated that 1,084 almond growers are affected by the prohibitions, and the estimated cost for each almond grower is  $\$0.357 \text{ million} \div 1,084 = \$329$ . DPR estimated that 127 grape growers are affected by the prohibitions, and the estimated cost for each grape grower is  $\$0.232 \text{ million} \div 127 = \$1,827$ . The minimum cost per grower for the prohibitions is zero, assuming that a person grows a crop unaffected by the prohibitions. The maximum annual



cost per grower is for a person who is both one of the 1,084 affected almond growers as well as one of the 127 affected grape growers, in addition to providing annual notification, and is estimated to be  $\$329 + \$1,823 + \$1,217 = \$3,369$ .

Total statewide dollar cost that businesses and individuals may incur to comply with this regulation over its lifetime: \$15.3 - \$21.2 million.

5. Provides minimum statewide standards for all agricultural pesticide applications within a  $\frac{1}{4}$  mile of public K-12 schools and child day care facilities allowing for an extra margin of safety in case illegal or other problem applications occur; increases communication between growers and schoolsites; and provides information to assist schools and child day care facilities in preparing for and responding to pesticide emergencies.

### C. ESTIMATED BENEFITS

- C.1. Adoption of these regulations may reduce pesticide exposure to children and other bystanders, but the primary objective of the regulation is to provide an extra margin of safety for unintended drift and other problem with applications. The proposed notification requirements will also enable schools and others to take additional voluntary actions to reduce pesticide exposures.
- C.2. DPR has broad authority to adopt regulations to provide for the proper, safe and efficient use of pesticides essential for production of food and fiber and for protection of the public health and safety.

### D. ALTERNATIVES TO THE REGULATION

DPR considered several alternatives to the proposed regulatory action, but was unable to quantify the cost or benefit of the alternatives. One alternative is to select a distance other than one-quarter mile as the trigger for most of the requirements. As described above, DPR selected one-quarter mile because it is consistent with requirements for fumigants and application of restricted materials in several counties, and the legislative intent of FAC section 11503.5. It also likely addresses pesticides illnesses that have been documented previously. DPR considered distances from one-eighth to one mile. A shorter distance would lessen the impact to businesses, but provide a lower margin of safety for children. Conversely, a longer distance may increase the margin of safety for children, but would increase the cost to businesses. The change in the margin of safety by increasing the distance would be speculative because objective analysis indicates that only unintended drift or problem applications near schools pose a potential risk. The impact to businesses largely depends on the number of acres affected by the proposed regulation, which increases exponentially as the distance that triggers the requirements increases.

A second alternative is to select a subset of pesticides for the proposed regulatory action. For example, only include restricted materials or products designated as Toxicity Category One with a "DANGER" signal word shown on the label. However, this would complicate compliance and enforcement. If school/day care staff or other people see an application within the minimum distance they would either need to assume that it uses an allowed pesticide, or

report numerous possible violations to the county agricultural commissioner. In addition, while pesticides bearing the "DANGER" signal word may present the potential for more serious health risks, there can be adverse health impacts to exposure to pesticides in other categories as well.

A third alternative is to include more or fewer schoolsites. DPR considered including private K-12 schools, and considered excluding both family day care homes (excluded in the proposed regulations) and other child day care facilities. However, private K-12 schools are not included in the Healthy Schools Act and consistency with current law is an important factor when drafting regulations. In addition, the inclusion of these schools would increase the cost to regulated entities. When considering whether to exclude all child day care facilities, we noted that their inclusion essentially doubled the number of schoolsites and the cost to businesses. However, we also noted that these children may be the most vulnerable to pesticide exposure and child day care facilities that are not family day care homes are included in the Healthy Schools Act.

## **FISCAL IMPACT STATEMENT**

### **A. FISCAL EFFECT ON LOCAL GOVERNMENT**

6. The proposed regulation will cause increased workload and cost to county agricultural commissioners. They will need to provide outreach and training to growers, applicators, and schools. In order to check grower compliance with the regulation, county agricultural commissioners will need to maintain geographic information systems and other data for schoolsites. DPR estimates that the increased workload will cost \$132,144 statewide. The additional work will be redirected from the existing workload. The fiscal effect to the county agricultural commissioners will be the same over the next two fiscal years.

DPR disburses 7.6 mills (of the 21 mills) of mill assessment revenues to the counties as partial reimbursement for their costs in carrying out pesticide use enforcement. Pesticide use enforcement is a partnership between the State and counties and the State/DPR is not expected to fully reimburse counties for their work. County agricultural commissioners use a mix of State and local funding to fund their local pesticide use enforcement programs. Some counties choose to fund their programs at a higher level than others. Since the process will remain the same, there will be no mandate imposed.

At the local level, three additional funding sources for local pesticide enforcement comes from local fees and penalties, county general funds, and unclaimed gas tax. Local fees for pesticide use enforcement comes from registration fees from pest control advisers and pest control businesses who must register with the agricultural commissioner in each county where they plan to conduct business.

Although DPR lacks legal authority to require schools or child day care facilities to notify parents, if schools and child day care facilities choose to provide notification to parents, students, and staff of agricultural pesticide applications near schoolsites, these schoolsites will incur costs associated with notification.



## A. FISCAL EFFECT ON STATE GOVERNMENT

4. In Fiscal Year 2016-17, DPR incurred a one-time cost of \$290,000 to develop a geographic information system Website to assist county agricultural commissioners and growers with identifying agricultural properties near schoolsites affected by the annual notification requirements and application prohibitions.

The amount of funding the State gives to the county agricultural commissioners is fixed by Food and Agricultural Code section 12841(g)(1)(C), which says DPR must reimburse counties 7.6 mills of mill assessment for costs incurred by the counties for pesticide use enforcement. Pursuant to 3 CCR section 6391, reimbursement shall be made by April 1 of each year. DPR is not authorized to reimburse the counties more than the amount generated from 7.6 mills.

Because the funding level from DPR does not change, the counties' workload from this regulation is redirected at the expense of other lower priority workload.

As stated in the Initial Statement of Reasons, DPR's evaluation of available data and current requirements indicates that the health risk to children and others is low when pesticides are used in compliance with the relevant regulations and label requirements. However, this low risk reflects compliance with current requirements in normal situations and does not account for exceptional circumstances or violations. The intent is to provide an extra margin of safety for unintended drift and other problems with pesticide applications. The number of these problem applications, the number of people that may be affected, and the adverse health effects that may occur cannot be estimated. Therefore, any fiscal impacts to state hospitals or other state agencies cannot be estimated, but likely negligible.