ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME: CalRecycle  
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TELEPHONE NUMBER: (916) 341-6174

DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400  
Sustainable Packaging for the State of California Act of 2018

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:
   - Impacts business and/or employees
   - Impacts small businesses
   - Impacts jobs or occupations
   - Impacts California competitiveness
   - Imposes reporting requirements
   - Imposes prescriptive instead of performance
   - Impacts individuals
   - None of the above (Explain below):

   If any box in Items 1a through g is checked, complete this Economic Impact Statement.  
If box in Item J.h. is checked, complete the Fiscal Impact Statement as appropriate.

2. The estimates that the economic impact of this regulation (which includes the fiscal impact) is:

   - 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: 4,450

   Describe the types of businesses (Include nonprofits): Primarily food service facilities. Refer to attached Appendix, Part A.3

   Enter the number or percentage of total businesses impacted that are small businesses: 97%

4. Enter the number of businesses that will be created: none  
   eliminated: none

   Explain: Refer to attached Appendix, Part A.4

5. Indicate the geographic extent of impacts: Statewide

   Local or regional (List areas):

6. Enter the number of jobs created: 1 and eliminated: 68 (indirect)

   Describe the types of jobs or occupations impacted: 1 state government job added and approximately 68 jobs eliminated indirectly throughout the economy as a result of the regulation. Please see attached Appendix, Part A.6

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:
ECONOMIC IMPACT STATEMENT (CONTINUED)

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? $ 6.7 million
   a. Initial costs for a small business: $100
      Annual ongoing costs: $600
      Years: Ongoing
   b. Initial costs for a typical business: $100
      Annual ongoing costs: $1,050
      Years: Ongoing
   c. Initial costs for an individual: $0
      Annual ongoing costs: $1.50
      Years: Ongoing
   d. Describe other economic costs that may occur: Refer to attached Appendix, Part B.1(d)

2. If multiple industries are impacted, enter the share of total costs for each industry: Food service facilities, $5.7 million annually. Food service packaging manufacturers, $1 million annually. Refer to attached Appendix, Part B.2

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. See Appendix

4. 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: No Federal regulations are comparable to the proposed regulations for the Department to implement Senate Bill (SB) 1335 (Allen, Chapter 610, Statutes of 2018)
   Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: $n/a

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: The benefits include improved water quality, reduced impacts to wildlife, reduced litter cleanup costs, public health, and reduced greenhouse gas emissions.
   Refer to attached Appendix, Part C.1

2. Are the benefits the result of: □ specific statutory requirements, or □ goals developed by the agency based on broad statutory authority?
   Explain: The Department is developing regulations required by Senate Bill (SB) 1335 (Allen, Chapter 610, Statutes of 2018)

3. What are the total statewide benefits from this regulation over its lifetime? $See Appendix, Part C.3

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation:
   No expansion of businesses expected. Refer to attached Appendix, Part C.4

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: 1 - reduce recycling program collection requirement and increase degradation time. 2 - establish five regional lists and require additional record keeping by food service facilities. Refer to attached Appendix, Part D.1
2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Benefit:</th>
<th>Cost:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N/A</td>
<td>$6.9 million</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Alternative 1</th>
<th>Benefit:</th>
<th>Cost:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N/A</td>
<td>$6.2 million</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Alternative 2</th>
<th>Benefit:</th>
<th>Cost:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N/A</td>
<td>$11 million</td>
</tr>
</tbody>
</table>

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: There are no quantification issues with comparing costs of the regulation with the alternatives. Benefits cannot be quantified for the regulation or the alternatives.

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: Not applicable as neither the authorizing statute nor the regulations mandates the use of specific technologies or equipment. Performance standards are used in implementing this program.

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:

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Total Cost $</th>
<th>Cost-effectiveness ratio: $</th>
</tr>
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<td></td>
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<tr>
<td></td>
<td></td>
<td>$11 million</td>
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</table>

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: No change is expected due to these regulations.

   The incentive for innovation in products, materials or processes: No change is expected due to these regulations.

   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: The benefits include improved water quality, reduced impacts to wildlife, reduced litter, improved public health. See Appendix section E.5
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

       __________________________ 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).

   $ __________________________

   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 __________________________
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 $152,000/year in ongoing costs for one CalRecycle staff approved via FY 19/20 budget change proposal. DGS is anticipated to incur costs of $38,000 per year. Refer to attached Appendix Fiscal Impact Part B

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 1/27/2020

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 2/21/20

Finance approval and signature is required when SAM sections 6601-6616 require completion of Fiscal Impact Statement in the STD. 399.