

Department of Resources Recycling and Recovery
Illegal Disposal Permanent Regulations

Economic and Fiscal Impact Statement Appendix A

Background of Bill and Regulations

These regulations define Land Application Activities and place them within CalRecycle's Regulatory Tiers so that these activities are subject to the appropriate approvals to operate, state minimum standards, land application, record keeping and inspection requirements if they are land applying compostable material and/or digestate. These regulations are being promulgated to ensure that the statewide land application infrastructure can continue to operate in compliance with regulatory requirements while ensuring that those activities which are land applying compostable material and/or digestate, are under Local Enforcement Agency (EA) regulatory oversight as necessary to prevent or mitigate the illegal final disposition of material onto land for the protection of public health and safety and the environment. In the absence of these regulations, the EA does not have the authority to inspect and provide enforcement to land application activities or to monitor the end destination, quantity, and quality of material sent offsite for land application from regulated solid waste facilities and operations.

Additionally, these proposed regulations amend the sampling and record keeping requirement for solid waste facilities, operations, and activities to ensure that any facility and operation sending material to a location for use as land application are sampling to ensure the material is suitable for land application, consistent with Title 14, California Code of Regulations, section 17852(a)(24.5), and the sampling test results, material quantity, and end destination for each load sent offsite for land application are included in their records. These amended regulations allow EAs to review this new recordkeeping data to track, investigate, and enforce land application activities; thus, these regulations prevent unlawful disposal of material.

Provisions of the California Integrated Solid Waste Management Act of 1989 mandate CalRecycle to adopt and revise regulations which set forth minimum standards for solid waste handling, transfer, composting, transformation, and disposal in accordance with Division 30 of the Public Resources Code (PRC) Sections 40502, 43020, and 43021. Furthermore, Assembly Bill 2679 (Chapter 500, Statutes of 2008) added PRC section 44000.5 to Part 5 of Division 30 prohibiting a person from disposing, transporting, or arranging for the disposal of solid waste except at a permitted solid waste disposal facility and authorizes CalRecycle or the EA to issue a cease-and-desist order to any person who violates this provision. These provisions authorize CalRecycle to promulgate regulations and achieve the goals mentioned in this section.

Anticipated Benefits from this Regulatory Action

The proposed amendments and adoptions in these regulations will also achieve the following additional benefits and objectives:

- Prevent and mitigate the illegal final deposition of material that does not meet the quality standards of land application onto lands of the state to protect public health and safety and the environment.
- Add a new Enforcement Agency Notification regulatory tier, Land Application Activity, with requirements for land application, material storage time limits, record keeping, and inspection responsibilities for the EA.
- Ensure material produced from solid waste facilities and operations sent for land application meet the land application requirements by:
 - Establishing sampling requirements to test material quality prior to it leaving the site.
 - Amending recordkeeping requirements to include the test results, quantity, and end destination for each load of material sent for land application.
 - Provide records of test results to landowners upon receipt of material.
- Clarify and strengthen the EA's investigation and enforcement authority to prevent and mitigate the final deposition of material that does not meet the land application requirements onto lands of the state.
- Prohibit material types from being land applied that pose a risk to public health and safety and the environment.

Assumptions, Data Sources, and Calculation

The estimated economic cost associated with private sectors (businesses and individuals) includes estimates and assumptions about the number of solid waste facilities and operations (solid waste and construction/demolition transfer/processing facilities and operations, compost material handling facilities and operations, in-vessel digestion facilities and operations), including the new EA Notification Regulatory tier (Land Application Activities), that would be subject to regulations upon the effective date of the proposed regulations which is based on additional sampling analysis, record keeping, amending operating documents, and land application responsibilities. The mean hourly and benefit compensations for affected workers conducting the tasks described in Appendix B are based off statistical data provided by the United States Bureau of Labor Statistics. The cost of the laboratory service fee is based on the highest laboratory service charge in California (as identified by CalRecycle staff) and the cost of document amendments is based on performing amendments to the operating document to reflect the new operating standards regarding material sent to land application, described in Appendix C. The cost of landowner filing for an EA Notification is based on the mean EA hourly wage for each inspection or filing fees which is based on the median hourly rate and 3 inspections described in Appendix C. The cost of landowner operating includes equipment rental rates, fuel to operate the equipment, and equipment delivery service fee in California to spread material on the land and to conduct the tasks described in Appendix C. More than likely, landowners already have the necessary equipment to conduct these typical agricultural activities. However, for the purpose of estimating the economic impacts, CalRecycle staff assumes the high range scenario that landowners would be required to rent equipment to land apply material for up to three times on an annual basis on land zoned for agricultural use.

The estimated fiscal cost associated to local government and state government includes assumptions about the number of land application activities that would be subject to regulation by local government and state government agencies upon the effective date of the proposed regulations which is based on CalRecycle staff's level of knowledge and experience regarding active and ongoing illegal land application activities. The mean hourly compensation for an affected local government employee conducting the tasks described in Table 4 is based on the statistical data provided by the United States Bureau of Labor Statistics. The mean hourly compensation for an affected state government employee conducting the tasks described in Table 6 is based on recent data for an Environmental Scientist position within CalRecycle. The cost per mileage rate of \$0.67 in Tables 4 and 5 is based on the current state vehicle mileage rate for expense reimbursement.

STD. 399: Economic and Fiscal Impact Statement

Methodologies for Individual Answers – Economic Impact Statement

A. Estimated Private Sector Cost Impacts

Businesses Impacted Within the State

CalRecycle made an evaluation that the proposed regulations could potentially affect the following:

- 735 transfer/processing facilities and operations, including construction and demolition transfer/processing
- 360 compostable material handling facilities and operations
- 17 in-vessel digestion facilities and operations

An estimated total of 1,112 solid waste facility and operation businesses could be potentially impacted by the proposed regulations, and 213 of the 1,112 estimated total are identified as small businesses. This estimate assumes that all 87 chipping and grinding facilities and operations plus 20 percent of the transfer/processing, composting, and in-vessel digestion facilities and operations mentioned above produce material and send it offsite for land application. However, this assumption is highly unlikely as there are solid waste facilities and operations included in the total that are either not permitted to conduct processing, do not have the capacity to conduct processing, or are only in the business of consolidating and transferring material offsite to other solid waste sites for further processing. The solid waste facilities and operations that are potentially impacted by these proposed regulations are subject to either the Transfer/Processing Operations and Facilities Regulatory Requirements (California Code of Regulations, Title 14, Division 7, Chapter 3.0), or the Compostable Material Handling Operations and Facilities Regulatory Requirements (California Code of Regulations, Title 14, Division 7, Chapter 3.1), or the In-Vessel Digestion Operations and Facilities Regulatory Requirements (California Code of Regulations, Title 14, Division 7, Chapter 3.2).

CalRecycle estimates that the annual economic impact of this regulation to businesses and individuals range from \$189,869.87 (low) to \$8,609,035.39 (high) as shown in Table 1 below.

Table 1. Total Lifetime Costs to Businesses and Individuals

	Current FY (25-26)	Subsequent FYs (26/27, 27/28)
Businesses	\$99,017.42 - \$5,984,510.89	\$99,017.42 - \$5,984,510.89
Individuals (Land application activities)	\$90,852.45 - \$2,624,524.50	\$90,852.45 - \$2,624,524.50
Total Lifetime Costs to Businesses and Individuals	\$189,869.87 - \$8,609,035.39	\$189,869.87 - \$8,609,035.39

Creation or Elimination of Jobs Within the State

CalRecycle has made an evaluation that the proposed regulations would not affect the creation or elimination of jobs or businesses, nor the expansion of existing businesses, within California. The impact of these proposed regulations is not sufficient to create or eliminate jobs or businesses because the proposed regulations only add an operating standard relative to sampling and amending recordkeeping standards for affected solid waste facilities and operations. Note that solid waste facilities and operations are already required to comply with recordkeeping requirements.

Creation of New Businesses or Elimination of Existing Businesses Within the State

CalRecycle made the determination that the proposed regulations would not affect small businesses in California (using the definition in Government Code section 1132.610). The proposed regulations would not have a significant statewide adverse economic impact directly affecting small businesses, including the ability of California small businesses to compete with small businesses in other states.

The impact of these regulations is not sufficient to create or eliminate jobs or businesses because the proposed regulations only add an operating standard relative to sampling and amending recordkeeping standards for affected solid waste facilities and operations. Note that solid waste facilities and operations are already required to comply with recordkeeping requirements.

B. Estimated Costs

Initial and Ongoing Costs to Businesses Including Small Business

As shown in Appendix B, estimated expenditures would be:

Current FY (25/26): \$99,017.42 (low range) - \$5,984,510.89 (high range)

Subsequent FYs (26/27, 27/28): \$99,017.42 (low range) - \$5,984,510.89 (high range)

Annual estimated costs incurred by the 213 small businesses identified by CalRecycle range from \$18,961.83 (low) to \$1,146,033.83 (high). A typical business would incur annual costs ranging from \$4,715.11 (low) to \$20,387.48 (high). The estimated costs incurred by businesses and individuals over the lifetime of the regulations (annual costs across five years) range from \$949,349.33 to \$43,045,176.93.

Annual Costs to Businesses for Recordkeeping

The total annual costs to businesses to perform recordkeeping associated with the flow of material sent offsite to land application range from \$3,629.96 (low range) to \$219,468.49 (high range) as referenced in Appendix B. A typical business would incur annual costs ranging from \$160.85 (low) to \$697.04 (high).

Initial and Ongoing Costs to Individuals

As shown in Appendix C, estimated expenditures would be:

Current FY (25/26): \$90,852.45 (low range) - \$2,624,524.50 (high range)

Subsequent FYs (26/27, 27/28): \$90,852.45 (low range) - \$2,624,524.50 (high range)

A typical individual operating as a land application activity would incur annual costs ranging from \$9,085 (low) to \$26,245.25 (high). The estimated costs incurred by businesses and individuals over the lifetime of the regulations (annual costs across five years) range from \$949,349.33 to \$43,045,176.93.

Duplication or Conflict with the Code of Federal Regulations

Pursuant to Government Code section 11346.2(b)(6), CalRecycle has evaluated this regulatory proposal and has determined that there are no federal laws or regulations addressing the same issues as the proposed regulations. The proposed regulations will not be duplicative of other existing regulations as the illegal disposal regulations are unique to the state of California and there are no Federal Regulations that are comparable to it nor any other agency outside of CalRecycle. Therefore, these proposed regulations do not duplicate or conflict with any existing federal law or regulation and would not cause additional costs to businesses or individuals.

C. Estimated Benefits

The proposed amendments in these regulations will also achieve the following additional benefits and objectives:

- Prevent and mitigate the illegal final deposition of material that does not meet the quality standards of land application onto lands of the state to protect public health and safety and the environment.

- The estimated statewide costs associated with mitigating the illegal final disposition on land cannot be quantified since there is no ability to track land application activities or to identify the flow of materials sourced from solid waste facilities and operations. However, CalRecycle staff has conducted an economic forecast in a hypothetical scenario that required cleanup of a 100,000 cubic-yard site in the Antelope Valley region, which included numerous assumptions, and estimated that such a project could cost approximately \$9,220,000 or \$92 dollars per cubic yard; therefore, it can be assumed that the costs associated with this alternative would be substantially greater. CalRecycle acknowledges that this is only an estimation and that each cleanup project would require a site-specific visit with a contractor to assess the property, the quantity of material, material types, field conditions, site location, and the contractor's plan of manpower, equipment, and subcontractors.
- Add a new Enforcement Agency Notification regulatory tier, Land Application Activity, with requirements for land application, material storage time limits, record keeping, and inspection responsibilities for the EA.
- Ensure material produced from solid waste facilities and operations sent for land application meets the land application requirements by:
 - Establishing sampling requirements to test material quality prior to it leaving the site.
 - Amending recordkeeping requirements to include the test results, quantity, and end destination for each load of material sent for land application.
 - Provide records of test results to landowners upon receipt of material.
- Clarify and strengthen the EA's investigation and enforcement authority to prevent and mitigate the final deposition of material that does not meet the land application requirements onto lands of the state.
- Prohibit material types from being land applied that pose a risk to public health and safety and the environment.

D. Alternatives to the Regulation

Set forth below are the reasonable alternatives which were considered and the reasons the alternatives were rejected:

ALTERNATIVE 1

Alternative: Do not adopt regulations to make the illegal disposal regulations permanent and rely on existing statutory and regulatory language.

Reason for Rejecting: This alternative would not provide the benefits outlined in this economic impact statement. The illegal disposal regulations are necessary to ensure that land application activities are regulated by the EA, as well as solid waste facilities and operations sending material offsite for land application, perform sampling, record the quantity delivered, and document end destinations to protect public health and safety and the environment. Without these regulations, there would be insufficient

regulatory oversight by the EA to prevent and address the illegal disposal of material on state lands.

Additionally, this alternative would result in the property owners being responsible for the proper mitigation and funding the mitigation of the illegal final deposition of material on property that does not meet the quality standards of land application onto their property, under the discretion of applicable responsible agencies. The existing regulatory language would not prevent material that does not meet the quality standards of land application from sent off-site from solid waste facilities and operations or generators that is send material to a land application activity; thus, more material from these generators can potentially be land applied illegally. The estimated statewide costs associated with mitigating the illegal final disposition on land cannot be quantified since there is no ability to track land application activities or to identify the flow of materials sourced from solid waste facilities and operations. However, CalRecycle staff has conducted an economic forecast in a hypothetical scenario that required cleanup of a 100,000 cubic-yard site in the Antelope Valley region, which included numerous assumptions, and estimated that such a project could cost approximately \$9,220,000 or \$92 dollars per cubic yard; therefore, it can be assumed that the costs associated with this alternative would be substantially greater. CalRecycle acknowledges that this is only an estimation and that each cleanup project would require a site-specific visit with a contractor to assess the property, the quantity of material, material types, field conditions, site location, and the contractor's plan of manpower, equipment, and subcontractors.

There would be no cost associated with this alternative and would neither lessen nor have any impact on businesses, including small businesses, and individuals.

ALTERNATIVE 2

Alternative: Do not adopt the regulations related to sampling and recordkeeping requirements for solid waste facilities and operations who are sending material offsite for land application.

Reason for Rejecting: The regulations are necessary to ensure compliance with Section 17852(a)(24.5) when material is sent offsite to land application from solid waste facilities and operations. These regulations help prevent the illegal disposal of material sourced from solid waste facilities and operations. Without the regulations, solid waste facilities and operations would continue to send material offsite for land application, but the EA would lack the ability to verify that the material meets the requirements for land application and could not identify the quantity and end destination of the material being sent.

Additionally, even if the EAs could identify the parties that were arranging for the illegal disposition of this waste, they would be limited in bringing an enforcement action against them. The existing notice and order regulations only allow for notices and orders to be issued to “owners” and “operators”, not the other individuals that facilitate this

illegal disposal. This conflicts with PRC section 45005, which provides that an EA can issue a cease-and-desist order against any person who has violated, is violating, or proposes to violate section 44000.5.

This alternative would result in no costs associated with businesses which include solid waste facilities and operations. Therefore, in this alternative, the total costs for businesses and individuals would be reflected as:

Table 2. Alternative 2 Costs to Businesses and Individuals

	Current FY (25/26)	Subsequent FYs (26/27, 27/28)
Businesses	\$0	\$0
Individuals (Land application activities)	\$90,852.45 (low) - \$2,624,524.50 (high)	\$90,852.45 (low) - \$2,624,524.50 (high)
Total Costs to Businesses and Individuals	\$90,852.45 (low) - \$2,624,524.50 (high)	\$90,852.45 (low) - \$2,624,524.50 (high)

ALTERNATIVES STATEMENT

No reasonable alternative has been identified to the regulatory proposal within this Initial Statement of Reasons that would be less burdensome and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the authorizing statute or other law being implemented or made specific by the proposed regulation. Furthermore, CalRecycle has determined that no alternative considered would be:

- 1) More effective in carrying out the purpose for which the regulation is proposed;
- 2) As effective and less burdensome to affected private persons than the adopted regulation; or,
- 3) More cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

E. Major Regulations

These proposed regulations do not meet the criteria for major regulations specified in Gov Code section 11342.548 and therefore do not need a Standardized Regulatory Impact Assessment. The estimated economic impact amount is below the \$50 million threshold for major regulations. CalRecycle estimates the economic impact of this regulation to range from \$267,615.75 (low) to \$8,686,781.27 (high) as reflected in Table 3.

Table 3. Annual Economic Impact (Private Sector and Fiscal Costs)

	FY (25/26)	Subsequent FYs (26/27, 27/28)
Economic Impact (Including Fiscal Costs)	\$267,615.75 - \$8,686,781.27	\$267,615.75 - \$8,686,781.27

Methodologies for Individual Answers – Fiscal Impact Statement

F. Fiscal Effects on Local Governments

As shown in Table 4 below, estimated expenditures would be:

Current FY 2025/2026: \$50,795.88

Subsequent FYs 2026/2027 and 2027/2028: \$50,795.88

Additional expenditures to local government enforcement agencies in the current and two subsequent State Fiscal Years (SFYs) would not be 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 they will be fully financed from fees or other charges authorized by Public Resources Code sections 43213 and 44006.

Table 4 – Costs to Local Government

Duties	Number of Sites Affected ¹	Cost/Hour ²	Hours/Miles	Total Costs
Land application activity inspections: Inspection-related costs incurred by local enforcement agencies associated with the addition of a land application activity type in the Enforcement Agency Notification regulatory tier found in Title 14, California Code of Regulations, Compostable Material Handling Regulations.	100	\$49.21	4.00	\$19,684.00
Land application inspections travel: Travel costs incurred by local enforcement agencies associated with the addition of a land application activity type in the Enforcement Agency Notification regulatory tier found in Title 14, California Code of Regulations, Compostable Material Handling Regulations. (This cost is calculated by multiplying the cost per mileage by the total number of inspections by the average roundtrip mileage)	100	\$0.67	150.00	\$10,050.00

Land Application Activity document filings and records review: Costs incurred by the local enforcement agencies to review documents and records associated with new land application activities.	100	\$49.21	1.00	\$4,921.00
Composting facilities and operations records review: Costs incurred by the local enforcement agencies to review new recordkeeping documents associated with composting facilities and operations.	360	\$49.21	0.25	\$4,428.90
In-vessel digestion facilities and operations records review: Costs incurred by the local enforcement agencies to review new recordkeeping documents associated with in-vessel digestion facilities and operations.	17	\$49.21	0.25	\$209.14
Construction/Demolition Transfer/Processing and Solid Waste Transfer/Processing facilities and operations records review: Costs incurred by the local enforcement agencies to review new recordkeeping documents associated with construction/demolition transfer/processing and solid waste transfer/processing facilities and operations.	735	\$49.21	0.25	\$9,042.34
Laboratory test results review: Costs incurred by the local enforcement agencies to review laboratory records associated with new land application activities.	100	\$49.21	0.50	\$2,460.50
			FY25/26	\$50,795.88
			FY26/27, 27/28	\$50,795.88

¹Duty count is an estimate based on the state's level of knowledge and experience regarding active, illegal land application activities under enforcement.

²Mean hourly compensation for a local government worker conducting this task according to the United States Bureau of Labor Statistics. https://www.bls.gov/oes/current/oes_ca.htm#19-0000

G. Fiscal Effects on State Government

As shown in the Table 5 below, estimated expenditures would be:

Current FY 2025/2026: \$26,950.00

Subsequent FYs 2026/2027 and 2027/2028: \$26,950.00

It is anticipated that CalRecycle will be able to absorb these additional costs within its existing budget and resources.

Table 5 – Costs to State Government

Duties	Number of Affected Sites ³	Cost/Hour ⁴	Hours/Miles	Total Costs
Land application activity inspections: Inspection-related costs including travel incurred by the state acting as the enforcement agency associated with the addition of a land application activity type in the Enforcement Agency Notification regulatory tier found in Title 14, California Code of Regulations, Compostable Material Handling Regulations.	50	\$54.00	6.00	\$16,200.00
Land application inspections travel: Travel costs incurred by the state acting as the enforcement agency associated with the addition of a land application activity type in the Enforcement Agency Notification regulatory tier found in Title 14, California Code of Regulations, Compostable Material Handling Regulations. (This cost is calculated by multiplying the cost per mileage by the total number of inspections by the average roundtrip mileage)	50	\$0.67	200	\$6,700.00
Document filing and records review: Costs incurred by the state acting as the enforcement agency to review documents and records associated with new land application activities.	50	\$54.00	1.00	\$2,700.00
Laboratory test results review: Costs incurred by the state acting as the enforcement agency to review laboratory records associated with new land application activities.	50	\$54.00	0.50	\$1,350.00
			FY25/26	\$26,950.00
			FY26/27, 27/28	\$26,950.00

³The count of sites affected is an estimate based on the state's level of knowledge and experience regarding active, illegal land application activities under enforcement. This count is different from local government count in table 1 because CalRecycle is the enforcement agency for a small number of jurisdictions therefore the duty workload would be less than local government.

⁴Mean hourly compensation for an affected state government worker conducting this task.

	FY25/26	FY26/27	FY27/28
Fiscal Costs to Local Government	\$50,795.88	\$50,795.88	\$50,795.88
Fiscal Costs to State Government	\$26,950.00	\$26,950.00	\$26,950.00

Total Cost to Local and State Government

\$77,745.88	\$77,745.88	\$77,745.88
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H. Fiscal Effects on Federal Funding of State Programs

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