

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

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME Fish and Game Commission	CONTACT PERSON Melissa Miller-Henson melissa.miller-	EMAIL ADDRESS -henson@fgc.ca.gov	TELEPHONE NUMBER 530-400-2545
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Amendments to Section 29.15. Title 14, CCR, Re: Abalone Regulations			NOTICE FILE NUMBER Z

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:

- | | |
|--|---|
| <input checked="" type="checkbox"/> a. Impacts business and/or employees | <input type="checkbox"/> e. Imposes reporting requirements |
| <input checked="" type="checkbox"/> b. Impacts small businesses | <input type="checkbox"/> f. Imposes prescriptive instead of performance |
| <input checked="" type="checkbox"/> c. Impacts jobs or occupations | <input checked="" type="checkbox"/> g. Impacts individuals |
| <input type="checkbox"/> d. Impacts California competitiveness | <input type="checkbox"/> 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 Fish and Game Commission 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: 100-200Describe the types of businesses (Include nonprofits): Recreat'l services, sports equip. sales/rent, retail, food/accommodations, auto/fuelEnter the number or percentage of total businesses impacted that are small businesses: ~ 80%4. Enter the number of businesses that will be created: 0 eliminated: 0Explain: Continued reduced spending by about 25K abalone fishers not enough to cause the creation/elimination of businesses5. Indicate the geographic extent of impacts: Statewide
 Local or regional (List areas): Sonoma, Marin, Mendocino, Humboldt, Del Norte6. Enter the number of jobs created: 0 and eliminated: none anticipatedDescribe the types of jobs or occupations impacted: Retail clerks, food service, hotel/motel/campground staff7. 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 NOIf YES, explain briefly: _____

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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? \$ 26.7M

a. Initial costs for a small business: \$ 21K revenue loss Annual ongoing costs: \$ 0 Years: 1

b. Initial costs for a typical business: \$ 21-42K revenue loss Annual ongoing costs: \$ 0 Years: 1

c. Initial costs for an individual: \$ 0 Annual ongoing costs: \$ 0 Years: 1

d. Describe other economic costs that may occur: Initial costs to businesses are estimated with the abalone fishing trip direct expenditure (\$18.6 M per season). Total statewide dollar costs include the direct, indirect, and induced costs (\$26.7 M) from an IMPLAN model.

2. If multiple industries are impacted, enter the share of total costs for each industry: Share of revenue losses: 29% Food and Retail/Wholesale; 27% Lodging and Accommodations; 20% Auto Service/Fuel; 18% Sporting Equipment Sales/Rent/Lease; 6% Boat Maintenance.

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.* \$ N/A

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: Recreat'l abalone is exclusively state-managed fishery

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: Regulating the recreational abalone fishery during this environmentally challenging time to result in long-term benefits to sport fishers and businesses by maintaining a sustainable north coast abalone fishery and future harvest opportunities. Benefits include improved health of the overall marine ecosystem, thereby supporting other commercially and recreationally important fisheries in the north coast.

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

Explain: Fish and Game Commission statutory authority

3. What are the total statewide benefits from this regulation over its lifetime? \$ uncertain sustainability

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: N/A

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: _____

Alt. 1: Limited re-opening of abalone fishery; Alt. 2: No change would permit the lapse of emergency closure and re-opening to 2016 regulatory conditions.

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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: \$ restoration Cost: \$ 26.7M

Alternative 1: Benefit: \$ limited Cost: \$ 6.7-13.4M

Alternative 2: Benefit: \$ limited Cost: \$ overfish risk

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: Benefits of proposed reg. is to restore abalone and the future viability of fishery. Benefits with opening are limited due to poor conditions of fishery. Total costs include multiplier.

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: Specific prescriptive regulations are more fairly enforced in the recreational abalone fishery.

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).

\$ _____

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 The number of abalone fishers' visits and local spending will remain similar to previous closure, which may result in lower than usual levels of local sales & transient occupancy tax revenue to local governments on the north coast.

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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 Continued CDFW loss of abalone report card sales revenue. Since the fishery will remain completely closed, the Department of Fish and Wildlife would expect a deficit of approximately \$533K in annual report cards sales.

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)

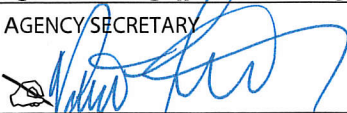
\$ _____

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

4. Other. Explain _____

FISCAL OFFICER SIGNATURE 	DATE 8/8/18
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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 9/6/18
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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
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**STATE OF CALIFORNIA
FISH AND GAME COMMISSION
STD. 399 CALCULATIONS WORKSHEET**

Amend Section 29.15,
Title 14, California Code of Regulations
Re: Abalone Regulations

Economic Impact Statement

Methods and Data Sources:

- 2012 - 2017 Abalone cardholder telephone survey (~1,870 subjects) results were used in the qualitative assessment of potential impacts. Questions about Abalone activities: trips, expenditures, overnight stays, abalone take, household income, point of origin, destinations, boat use, age, overall quality of experience (CDFW Marine Branch).
- 2014 – 2018 License sales numbers, Abalone cardholder zip code of origin (CDFW License & Revenue Branch)
- (IMPLAN) Multipliers derived for Sonoma, Marin, Mendocino, Humboldt, and Del Norte counties for the total economic impact analysis of the 2017 regulatory options.
- (IMPLAN) Businesses impacted: 29% Food & Retail/Wholesale; 27% Lodging & Accommodations; 20% Auto Service/Fuel; 18% Sporting Equipment Sales/Rent/Lease; 6% Boat Maintenance.
- Reported Total Economic Impact = Direct + Indirect + Induced Effects.
 - I. Direct Effect = Visitor spending
 - II. Indirect Effect = Inter-Business spending of visitor spending
 - III. Induced Effect = Employee spending from additional business spending

Job impacts are estimated with a ratio of 13.4 jobs per \$1M output, (derived from IMPLAN). Projections are relative to employment levels associated with recreational abalone harvest and business activities calculated from annual averages from 2014 through 2018.

Quantification Issues:

Predicting Visitor Spending Response to Regulatory Change

Recreational fishing spending does not necessarily change in step with changes in bag

limits. Participants may make the same number of visits, fewer visits, fewer overnight stays, and/or shorter lengths of stay to harvest fewer abalones. Effort may increase or transfer to the pursuit of different species or entirely out of fishing towards other recreational pursuits in the area.

Travel costs and related expenditures can approximate what sport fishers are willing to pay in order to access and enjoy the pursuit of abalone resources. Abalone has no like-substitutes and cannot be pursued in many areas outside of the Northern California coast. Proposed regulatory options that would place limits on take may be enough to induce some to not undergo the direct and incidental costs involved in abalone fishing. However, for some, the consumer surplus (the value in excess of the dollar value of the abalone, fuel, food, lodging and other costs) could be high enough to continue to participate in the sport fishery activity. Consequently, expenditure information alone may underestimate the true value, monetary and non-monetary, of the resource to sport fishery participants.

While quantitative estimates can give a sense of the magnitude of economic effect, reasoned predictions that are informed by field observation, survey data, public comment, and years of experience in fisheries management provide the nuance. Many variables affect potential recreational fishing effort in addition to seasons, bag limits and possession limits. As such, the choices of people may be swayed by any number of factors unrelated to fish and game regulations. The quality of the targeted resource, gas prices, the timing of low tides, weather conditions, and competing recreational options are just some of the possible influences that may introduce uncertainty in quantifying the economic effects of regulatory options.

Fiscal Impact Statement

A. Fiscal Effect on Local Government

6. Other

Potential for a continuation of some reduction in local sales tax and transient occupancy tax revenue to local governments in the north coast fishery areas.

Tax Revenue Impact Projections Methods

Sales Tax

The proposed abalone regulatory action was evaluated as to what extent it would impact visits to each fishery area and length of stay to each area. The activities involve participant expenditures in the retail, food and accommodations, automotive service and fuel, sporting equipment sales/rent/lease, and recreational services sectors. Direct expenditures generate local sales and transient occupancy taxes for the fishery area local governments. The California State Board of Equalization reports local sales tax rates for the areas under evaluation. Local sales tax rates in Sonoma, Marin, Mendocino, Humboldt, and Del Norte counties range from 1.5% to 2.5%. The continued

reduced spending due to reduced numbers of visits and reductions in the length of stay could continue to result in sales tax revenue losses that range from \$66,750 to \$133,500 or \$200,250 to \$267,000 over the season.

Transient Occupancy Tax (TOT)

Abalone fishers' survey responses reveal that those who travel a greater distance to the fishery area are more likely to choose to stay overnight in the area. Those fishers who live in the closest proximity to harvest sites and those who harvest in the earliest hours of the day show a lower likelihood of staying overnight. Overnight stays are often at private campgrounds, motels and hotels, all of which collect TOTs. County treasurer tax collectors report the county transient occupancy taxes. TOT rates in Sonoma, Marin, Mendocino, Humboldt and Del Norte counties range from 9% to 10%. The projected continued loss in overnight stays range from 1,000 to 10,000 nights, which could result in the continued loss in local TOT revenues to local governments from \$7,600 to \$76,000 over the season.

B. Fiscal Effect on State Government

4. Other

No new costs or savings anticipated for State agencies. The California Department of Fish and Wildlife program costs will remain unchanged, while there will be no abalone report card sales with the extension of the abalone fishery closure. CDFW will incur an estimated \$533,375 revenue deficit from the loss of the average sales of 25,100 cards at the 2018 fee amount of \$21.25.

Department of Fish and Wildlife (DFW) Revenue Impact Projections Methods

Changes in Abalone Report Card Sales

Estimates of card sales losses or gains are based on DFW License and Revenue Branch sport fishing license volume and revenue historical records. Surveys of the abalone fishing community, fishers and businesses also inform these estimates.

A continued closure would result in the continued drop in abalone report card sales (25,100 cards at \$21.25 each) with revenue losses of about \$533,375 for the 2019-20 fiscal year. Abalone report card sales revenue deficits are anticipated for the duration of the proposed closure through the 2020-21 fiscal year as shown in Table 1.

Table 1: Projected Revenue Loss

Fiscal Year	Projected Report Card Revenue Loss
2019-20	\$533,375
2020-21	\$533,375