

**ECONOMIC AND FISCAL IMPACT STATEMENT  
(REGULATIONS AND ORDERS)**SAM Section 6601-6616

STD. 399 (REV. 12/2013)

**ECONOMIC IMPACT STATEMENT**

DEPARTMENT NAME Fish and Game Commission	CONTACT PERSON Miranda Haggerty, Environmental Scientist	EMAIL ADDRESS Miranda.Haggerty@wildl	TELEPHONE NUMBER 562-342-7162
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Amend subsection (b) of Section 27.65, Title 14, CCR, re: Filleting of Fish on Vessels; California sheephead			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 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: ~211Describe the types of businesses (Include nonprofits): Commercial Passenger Fishing Vessels (CPFVs) of the recreational fishing industryEnter the number or percentage of total businesses impacted that are small businesses: ~100 %4. Enter the number of businesses that will be created: 0 eliminated: 0Explain: No impacts are anticipated on the creation of businesses as the infrastructure already exists to support the regulation.5. Indicate the geographic extent of impacts:  Statewide  
 Local or regional (List areas): Coastal areas south of Monterey, CA.6. Enter the number of jobs created: 0 and eliminated: 0Describe the types of jobs or occupations impacted: There would be a slight increase in workload for CPFV crew/deckhands to fillet additional fish; however, this increased workload would not likely require additional deckhand positions.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  NOIf YES, explain briefly: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ECONOMIC AND FISCAL IMPACT STATEMENT**

**(REGULATIONS AND ORDERS)**

STD. 399 (REV. 12/2013)

**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? \$ 0 - \$108,233

a. Initial costs for a small business: \$ 60-\$110\* Annual ongoing costs: \$ 60-\$110\* Years: 1

b. Initial costs for a typical business: \$ 60-\$110\* Annual ongoing costs: \$ 60-\$110\* Years: 1

c. Initial costs for an individual: \$ 0 - \$2/\$3 per fillet\*\* Annual ongoing costs: \$ 0 - \$10-\$15/trip\*\* Years: 1

d. Describe other economic costs that may occur: \*CPFV businesses may choose to spend more on plastic bags for additional sheephead fillets and for the maintenance of fillet knives. \*\*See Addendum for explanation on potential voluntary individual costs.

2. If multiple industries are impacted, enter the share of total costs for each industry: N/A - The marine recreational fishing industry is the only impacted industry.

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.* \$ \_\_\_\_\_

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: Angler and recreational fishing industry interests.

Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ 0

**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 primary benefits include angler satisfaction, increased revenue for CPFV businesses, the health and welfare of California residents, and the environment. See Addendum.

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

Explain: See Addendum

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

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

There would be a slight increase in workload for CPFV crew/deckhands to fillet additional fish; however,

this increased workload would not likely require additional deckhand positions or an expansion of businesses.

**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 ISOR and Addendum

**ECONOMIC AND FISCAL IMPACT STATEMENT**

**(REGULATIONS AND ORDERS)**

STD. 399 (REV. 12/2013)

**ECONOMIC IMPACT STATEMENT (CONTINUED)**

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

Regulation: Benefit: \$ 69K - \$108K Cost: \$ 69K - \$108K

Alternative 1: Benefit: \$ 69K - \$108K Cost: \$ same +>waste

Alternative 2: Benefit: \$ 0 Cost: \$ 0

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: Estimates are based on average annual California sheephead catch (2013 - 2017), which fluctuates depending on environmental, biological & economic factors. See Addendum

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 minimum fillet length is necessary to accord with existing regulations on the minimum size limits for California sheephead.

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

**ECONOMIC AND FISCAL IMPACT STATEMENT**

**(REGULATIONS AND ORDERS)**

STD. 399 (REV. 12/2013)

**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 \_\_\_\_\_  
\_\_\_\_\_

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

STD. 399 (REV. 12/2013)

**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 \_\_\_\_\_  
\_\_\_\_\_

**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)

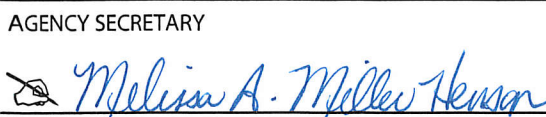
\$ \_\_\_\_\_

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


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

FISCAL OFFICER SIGNATURE 	DATE 10/9/18
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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 11/6/18
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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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Addendum to form STD. 399  
ECONOMIC AND FISCAL IMPACT STATEMENT

Re: Amend Subsection (b) of Section 27.65, Re: Filleting of Fish on Vessels;  
California Sheephead

ECONOMIC IMPACT STATEMENT

Section B. ESTIMATED COSTS

1. What are the total statewide dollar costs that businesses and individuals incur to comply with this regulation over its lifetime?

The calculations for initial and ongoing costs for an individual are based on the estimated price that will be charged by the Commercial Passenger Fishing Vessel (CPFV) for legal California sheephead to be filleted. It is important to note that this is an optional service, and individuals will only pay if they choose to have their California sheephead catch filleted by the deckhands on CPFV trips. Additionally, the fillet length regulation applies to all anglers. Anglers who fillet their legal California sheephead catch themselves, could do so at no cost. The maximum cost that an individual fishing aboard a CPFV would incur to have their California sheephead catch filleted is \$10 - \$15 per trip. This is based on the maximum bag limit of five California sheephead being filleted at \$2 - \$3 per fish. The annual ongoing costs are based on the average annual catch of California sheephead aboard CPFVs from 2013 – 2017 (Table 1). The lifetime (over one year) cost estimates are also used to estimate the total benefits from this regulation, as the fillet costs are paid directly to the CPFV businesses.

The costs for CPFVs to fillet sheephead would require spending on plastic bags and could involve spending on more knives and/or maintenance. The plastic bag costs to bag the 28,341 average annual number of retained sheephead at \$0.05 per bag, would be \$1,417 for all 211 vessels. Costs for each vessel would be about \$6.72 for additional plastic bags. With knife maintenance costs added, total per vessel costs are estimated to be \$60 - \$110 per year.

**Table 1.** The values used to estimate the total annual costs for the California sheephead fillet length regulation. Data from CPFV logs, 2013-2017.

Average annual number of retained California sheephead	Estimated total annual cost based (\$2 fillet) per fish	Estimated total annual cost based (\$3 fillet) per fish	Maximum individual angler costs per trip	Maximum individual CPFV costs for bags and knives	Lifetime (1-yr) costs for all CPFV anglers and CPFVs
28,341	\$56,682	\$85,023	\$10 - \$15	\$60 - \$110	\$69,342 - \$108,233

### C. ESTIMATED BENEFITS

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

Explain: It is the policy of the state ensure the conservation, sustainable use, and where feasible, restoration of California's living marine resources of the benefit of all the citizens of the state. The objective of this policy shall be, among other things, to involve all interested parties, including, but not limited to, individuals from the sport and commercial fishing industries, aquaculture industries, coastal and ocean tourism and recreation industries, marine conservation organizations, local governments, marine scientists, and the public in marine living resource management decisions.

3. What are the total statewide benefits from this regulation over its lifetime?

The proposed regulation is in response to the sport fishing industry request and the recreational angling community that have been advocating a fillet length regulation for California sheephead since 2001. The benefits of the proposed regulation are primarily an increase in angler satisfaction for a modest charge (\$2 - \$3/fillet) that will also boost CPFV revenue.

The Commission also anticipates benefits to the health and welfare of California residents through the consumption of more California sheephead, a nutritious food. The proposed regulation also anticipates some benefit to the state's environment through the return of California sheephead carcasses to the marine ecosystem after it has been filleted. The proposed regulation does not have foreseeable benefits to worker safety.

### D. ALTERNATIVES TO THE REGULATION

1. Two alternatives to the recommended size of a 6.75-inch fillet are either a slightly smaller (6.5 inch) or larger (7.0 inch) fillet length. Both of these alternatives were rejected for the reasons set forth in the Initial Statement of Reasons. The economic impacts of both alternatives are expected to be the same as the economic impacts of the proposed regulation because the same number of fish at the same price per fillet would be expected to be filleted regardless of the prescribed fillet size. Alternative 1 listed in Section D.1. of the Std. 399 refers to both fillet-size alternatives.

Alternative 2 listed in Section D.1. of the Std. 399 refers to the no-change alternative which would leave existing regulations in place. The no-change alternative would incur no economic costs or benefits to individuals or the recreational fishing industry.