

**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 Margaret Duncan margaret.duncan	EMAIL ADDRESS @wildlife.ca.gov	TELEPHONE NUMBER (916) 653-4676
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Amend Subsection (b)(91.1) of Sec. 7.50, Title 14, CCR, re: Klamath River Basin Sport Fishing 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:

- 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 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: 30 - 50Describe the types of businesses (Include nonprofits): Fishing boat owners, tackle stores, guides, food, fuel, lodging, camping vendorsEnter the number or percentage of total businesses impacted that are small businesses: 80%4. Enter the number of businesses that will be created: none eliminated: noneExplain: Anticipated changes in fishing activity are not expected to be large enough to induce business loss/creation.5. Indicate the geographic extent of impacts: Statewide
 Local or regional (List areas): Siskiyou, Trinity, Del Norte and Humboldt Counties6. Enter the number of jobs created: 0 and eliminated: 0 - 22Describe the types of jobs or occupations impacted: Fishing guides, retail sales clerks in sport fish-serving businesses such as:
tackle stores, food, fuel, lodging, and camping vendors7. 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.*

1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime? \$ 0

a. Initial costs for a small business: \$ 0 Annual ongoing costs: \$ 0 Years: 1

b. Initial costs for a typical business: \$ 0 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: N/A, This action will set Klamath River Fall-Run Chinook (KRFC) bag and possession limits with no compliance costs. See addendum.

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

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: Fish and Game Code (FGC) sections 200 and 205

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: This action should result in the continued sustainability of the salmon fisheries that benefit sport anglers and the area businesses that support sport fishing activities.

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

Explain: Statute provides the Fish & Game Commission authority to establish sport fishing regulations (FGC sections 200 and 205)

3. What are the total statewide benefits from this regulation over its lifetime? \$ 2-2.7M see addendum

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: Any changes in fishing activity levels are not expected to be sufficient enough to induce the expansion of businesses currently doing business within the State.

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 addendum

Alternatives considered 1) More liberal bag/possession limits and fishing methods could induce a rush to fish that may damage salmon stocks.

2) No Change to the 2018 Klamath River Fall-Run Chinook (KRFC) limits may not be in accord with PFMC quota allocations.

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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: \$ 2 - 2.7 M Cost: \$ 0

Alternative 1: Benefit: \$ 2 - 2.7 M Cost: \$ - 3.7 M*

Alternative 2: Benefit: \$ 2 - 2.7 M Cost: \$ see addendum

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: Benefits = estimated (salmon angler days x spending) x multipliers for total economic impact. *Costs may include long-run over-fishing costs to fishery sustainability.

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: Fisheries management regulations traditionally involve setting harvest quotas, seasons, bag and possession limits.

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 _____

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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 _____

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

 original signature on file 12/19/2018

DATE

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

 original signature on file 1/7/2019

DATE

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

STD. 399 Addendum

Amend Subsection (b)(91.1) of Section 7.50
Title 14, California Code of Regulations
Re: Klamath River Basin Sport Fishing Regulations

The regulatory amendments of subsection 7.50(b)(91.1) under consideration will set the 2019 Klamath River Basin salmon sport fishing regulations to conform to the Pacific Fishery Management Council (PFMC) Klamath River Fall-run Chinook Salmon (KRFC) allocation. The Klamath River Basin is anticipated to be open for salmon sport fishing at levels similar to the 2018 levels; however, the possibility of marine fishery area closures still exists. Ocean closures may in turn result in PFMC recommendations for Klamath River Basin salmon sport fishery closures for the take of adult KRFC. Adverse or positive impacts to jobs and businesses will depend on the 2019 KRFC allocation ultimately adopted by the PFMC, and the specific regulations promulgated by the Commission.

The proposed quota range of 0 to 67,600 adult KRFC in 2019 represents a range from 0 percent or no salmon fishing on adult KRFC to greater than 100 percent of the 2018 Klamath River Basin KRFC quota. Under all scenarios, sport fishing may be allowed for other sportfish species and for grilse KRFC regardless of PFMC regulations, thus any adverse impacts to businesses could be less severe than under a complete closure of fishing.

The preservation of Klamath River salmon stocks is necessary for the success of Klamath River Basin businesses which provide goods and services related to fishing. Scientifically-based KRFC allocations are necessary for the continued preservation of the resource and therefore the prevention of adverse economic impacts.

Based on a 2011 NMFS report on In-River Sport Fishing Economics of the Klamath River, and adding a 33 percent increase to account for the Trinity River¹, in a normal year, non-resident Klamath River salmon and steelhead sport anglers together contribute about \$3,442,750 in direct expenditures, resulting in about \$4,221,945 (2017\$) in total economic output to California businesses. The NMFS study found that non-resident (outside the immediate locale) salmon or steelhead angler average expenditures are estimated to be \$108.82 (2017\$) per angler day (for lodging, food, gasoline, fishing gear, boat fuel, and guide fees). The projections do not distinguish between spring- and fall-runs, however, the in-river harvest is almost exclusively fall-run.

Local resident average expenditures per angler day are estimated to be 60 percent less (markedly reduced lodging, gasoline and food expenditures), which yields an estimate

¹ The NMFS study excluded the Trinity River, the largest tributary to the Klamath. The Trinity River is allocated 33 percent of the KRFC total quota. Using the Trinity quota as a measure of salmon and steelhead angler effort, and thus impacts on associated businesses that support anglers, the Department added 33 percent to the total economic output listed in the NMFS report.

of \$43.53 per angler-day. Local resident anglers comprise about 36 percent of Klamath River Basin anglers. Any decreases to expenditures by resident anglers associated with reduced fishing opportunities may be offset by increased expenditures on other locally purchased goods and services – with no net change in local economic activity. Thus, the economic impact assessment focuses on non-resident angler expenditures which represent new money whose injection serves to stimulate the local economy.

The total impact of non-resident angler direct expenditures support about 45 jobs for salmon alone or up to 70 jobs for all salmon and steelhead spending.

Table 1. Klamath Salmon and Steelhead Total Economic Output (Non-resident anglers)

Klamath Sport Fishing	Salmon	Steelhead	Total
Total Output	\$ 2,733,115	\$ 1,488,830	\$ 4,221,945
Labor Income	\$ 1,264,576	\$ 688,862	\$ 1,953,438
Jobs	45.7	24.9	70.6

To demonstrate the potential economic impacts that may result from a quota anywhere within the range of 0 - 67,600 KRFC, three adult salmon catch projections are as follows: 100 percent of the 2018 adult KRFC catch limit; 50 percent of the 2018 adult KRFC catch limit; and 0 percent of the 2018 adult KRFC catch limit.

Section A

Question 4. Number of businesses that will be created or eliminated.

Projection 1. 100 percent of the 2018 adult KRFC catch limit: The Commission does not anticipate any impacts on the creation of new business or the elimination of existing businesses, as the quotas would not decrease effort nor curtail the number of visitors and thus probable visitor expenditures in the fisheries areas.

Projection 2. 50 percent of the 2018 adult KRFC catch limit: The Commission anticipates a decline in visits to the fishery areas of less than 50 percent due to the continued sport fishing allowed for other species and grilse KRFC. This may result in some decline in business activity, but the Commission does not anticipate any impacts on the creation of new business or the elimination of existing businesses directly related to fishing activities. However, with less effort being expended on salmon fishing, the possibility of substitute activities and the growth of businesses to serve those activities exists.

Projection 3. 0 percent of the 2018 adult KRFC catch limit: In the event of salmon fisheries closures for adult KRFC in some or all Klamath River Basin areas, the Commission anticipates a decline in regional spending and thus reduced revenues to the approximately 30 to 50 businesses that directly and indirectly serve sport fishing activities with unknown impacts on the creation of new business or the elimination of existing businesses. However, adverse impacts may be mitigated by the continued opportunity to harvest other sportfish and the potential for take of grilse KRFC. Additionally, the long-term intent of the proposed action is to increase sustainability in

fishable salmon stocks and, consequently, the long-term viability of these same small businesses.

Section A

Question 6. Number of jobs that will be created or eliminated.

Projection 1. 100 percent of the 2018 adult KRFC catch limit: The Commission does not anticipate any adverse impacts on the creation or elimination of jobs, as the quotas would not decrease effort nor curtail the number of visitors and thus probable visitor expenditures in the fisheries areas.

Projection 2. 50 percent of the 2018 adult KRFC catch limit: The Commission anticipates some impact on the creation or elimination of jobs, which may be partially offset by the potential for continued sport fishing allowed for other sportfish and grilse KRFC. A 50 percent salmon catch reduction will likely reduce visitor spending by slightly less than 50 percent, given price elasticities of demand for salmon fishing activity of less than one. As the “price” of fishing per unit catch increases, the demand for fishing trips declines by a lesser extent, particularly in the short-run. While difficult to predict, job losses associated with a 50 percent reduction in the adult KRFC catch limit are expected to be less than half of the 45 estimated total jobs supported by salmon angler visits (i.e. fewer than 22 jobs).

Projection 3. 0 percent of the 2018 adult KRFC catch limit: In the event of fisheries closures for adult KRFC in some or all Klamath River Basin areas, the Commission anticipates less than 50 percent reduction in fishery-related jobs. As mentioned earlier, sport fishing for other species and grilse KRFC may still be allowed, thus mitigating potential job losses.

A closure on the take of all KRFC was instituted in 2017, and only steelhead could be legally harvested during the fall season. The impact of the 2017 closure on angler days and consumer demand is still being evaluated. However, job creation or elimination tends to lag in response to short-term changes in consumer demand. Thus, the potential impacts of a 2019 closure on the take of adult KRFC are estimated to result in the loss of less than 22 jobs due to adjustment lags and the continued sport fishing allowed for other species and potentially for grilse KRFC.

Section B

Question 1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime? \$0

The regulations under consideration seek to maintain the Klamath River Basin fall-run Chinook Salmon fishing opportunities with no new compliance costs. The proposed bag and possession limits do not prescribe any particular equipment or methods.

Section C

Question 1. Briefly summarize the benefits of the regulation.

Under all projections, the Commission anticipates benefits to the health and welfare of California residents. Providing opportunities for a Klamath River Basin salmon sport fishery and other sport fisheries encourages a healthy outdoor activity and the consumption of a nutritious food. Sport fishing also contributes to increased mental health of its practitioners, as fishing is a hobby and form of relaxation for many. Sport fishing also provides opportunities for multi-generational family activities and promotes respect for California's environment by the future stewards of California's natural resources.

Under all projections, the Commission does not anticipate benefits to worker safety because the proposed regulations will not impact working conditions.

Under all projections, the Commission anticipates benefits to the environment in the sustainable management of Klamath River Basin salmonid resources. It is the policy of this State to encourage the conservation, maintenance, and utilization of the living resources of the ocean and other waters under the jurisdiction and influence of the State for the benefit of all the citizens of the State and to promote the development of local fisheries and distant water fisheries based in California in harmony with international law, respecting fishing and the conservation of the living resources of the ocean and other waters under the jurisdiction and influence of the State. The objectives of this policy include, but are not limited to, the maintenance of sufficient populations of all species of aquatic organisms to ensure their continued existence, and the maintenance of a sufficient resource to support a reasonable sport use. Adoption of scientifically-based Klamath River Basin salmon seasons, size limits, and bag and possession limits provides for the maintenance of sufficient populations of salmon to ensure their continued existence

Under all projections, consistency with Federal Fishery Management Goals: California's salmon sport fishing regulations need to align with the new Federal regulations to achieve optimum yield in California. The PFMC annually reviews the status of west coast salmon populations. As part of that process, it recommends west coast adult salmon fisheries regulations aimed at meeting biological and fishery allocation goals specified in law or established in the FMP. These recommendations coordinate west coast management of sport and commercial ocean salmon fisheries off the coasts of Washington, Oregon, and California and state inland salmon sport fisheries. These recommendations are subsequently implemented as ocean fishing regulations by the NMFS, and as salmon sport regulations for California marine and inland waters by the Commission.

Section C

Question 3. What are the total statewide benefits from this regulation over its lifetime?
\$2.0 - 2.7 M annually.

A normal season for the Klamath River Basin (including the Trinity River) experiences an average of 21,000 nonresident sport salmon angler days in which anglers spend an average of \$109 per day contributing a total of \$2.0 M (2017\$) in

direct expenditures to California businesses. This expenditure is received by area businesses that spend a share on inputs and payroll. As employees receive income, their household spending again circulates in the local economy and statewide. These multiplier effects result in an estimated total economic impact of \$2.7 M (2017\$), and up to 45.7 jobs.

Section C

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

Projection 1. 100 percent of the 2018 adult KRFC catch limit: The Commission does not anticipate any impacts on the expansion of businesses in California as the quotas would not increase effort nor increase the number of visitors and thus probable visitor expenditures in the fisheries areas.

Projection 2. 50 percent of the 2018 adult KRFC catch limit: The Commission does not anticipate any impacts on the expansion of businesses currently doing business within the State. Decreases in expenditures by resident anglers associated with reduced fishing opportunities may be offset by increased expenditures on other locally purchased goods and services – with no net change in local economic activity. For non-resident anglers, however, decreases in local expenditures associated with decreases in local fishing opportunities may result in increases in other expenditures outside the Klamath River Basin area.

Projection 3. 0 percent of the 2018 adult KRFC catch limit: In the event of salmon fisheries closures for adult KRFC in some or all Klamath River Basin areas, the Commission does not anticipate any expansion of businesses in California. Decreases in expenditures by anglers associated with reduced fishing opportunities may be partially offset by increased expenditures on other locally purchased goods and services as visitors fish for other sportfish, potentially including grilse KRFC, or the substitution of salmon fishing with other recreational pursuits.

Section D

Question 1. Alternatives to the Regulation

Alternative 1: More liberal bag limits, possession limits, and fishing methods that in sum, posed a greater risk of reducing salmon stocks below the number minimally necessary to sustain a viable ongoing population of salmon. Overfishing could diminish and/or eliminate future sport salmon fishing opportunities and likewise curtail the associated benefits to the state economy.

Alternative 2: The No Change Alternative would leave the current 2018 daily bag and possession limit regulations in place and would not allow flexibility to develop bag and possession limits based on 2019 PFMC allocations. The change for 2019 is necessary to continue appropriate harvest rates and an equitable distribution of the harvestable surplus.