

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

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME CA Department of Justice	CONTACT PERSON Stacey Schesser	EMAIL ADDRESS Stacey.Schesser@doj.ca.gov	TELEPHONE NUMBER 415-510-4400
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 California Consumer Privacy Act (CCPA) 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 checked="" 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.*

CA AG - Department of Justice2. The CA AG - Department of Justice (Agency/Department) estimates that the economic impact of this regulation (which includes the fiscal impact) is:

- ☐ Below \$10 million
- ☐ Between \$10 and \$25 million
- ☐ Between \$25 and \$50 million
- ☒ Over \$50 million *[If the economic impact is over \$50 million, agencies are required to submit a [Standardized Regulatory Impact Assessment](#) as specified in Government Code Section 11346.3(c)]*

3. Enter the total number of businesses impacted: 15,000-400,000Describe the types of businesses (Include nonprofits): Those that fit the definition of "business" set forth in Civ. Code sec. 1798.140(c).Enter the number or percentage of total businesses impacted that are small businesses: Up to 50%

4. Enter the number of businesses that will be created: _____ eliminated: _____

Explain: We do not have reliable estimates of these numbers.5. Indicate the geographic extent of impacts: ☒ Statewide☐ Local or regional (List areas): _____6. Enter the number of jobs created: 261 and eliminated: 9,776Describe the types of jobs or occupations impacted: Employment impacts consist mainly of "job shuffling" (skill-switching turnover) within information-intensive sectors. See attached SRIA.

7. Will the regulation affect the ability of California businesses to compete with other states by making it more costly to produce goods or services here?

☒ YES ☐ NO

If YES, explain briefly: Costs will increase for both resident and non-resident businesses operating in California. Costs are competition-neutral in two senses: 1) They are applied to all firms in the state without reference to their origin. 2) They would not increase local operating costs for CA business operations in other states.

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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? \$ \$467M-\$16,454M
- a. Initial costs for a small business: \$ 25,000 Annual ongoing costs: \$ 1,500 Years: 10
- b. Initial costs for a typical business: \$ 75,000 Annual ongoing costs: \$ 2,500 Years: 10
- c. Initial costs for an individual: \$ N/A Annual ongoing costs: \$ _____ Years: _____
- d. Describe other economic costs that may occur: See attached SRIA.
2. If multiple industries are impacted, enter the share of total costs for each industry: The overwhelming majority of the costs are in the information technology (IT) and legal services industries. For the IT sector, there will be costs as well as benefits.
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. \$ 500-1000/yr
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: The regulations implement the CCPA, a new law conferring consumer privacy rights for which there is no federal precedence.
Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ N/A

C. ESTIMATED BENEFITS *Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. Briefly summarize the benefits of the regulation, which may include among others, the health and welfare of California residents, worker safety and the State's environment: The regulations benefit CA residents because they implement the CCPA. They provide clear direction to businesses on how to inform consumers of their rights and how to handle their requests making it easier for consumers to exercise their rights. They also provide greater transparency on how businesses collect, use, and share consumers' PI.
2. Are the benefits the result of: ☒ specific statutory requirements, or ☒ goals developed by the agency based on broad statutory authority?
Explain: Primary benefits are from CCPA, but DOJ also has broad rulemaking authority.
3. What are the total statewide benefits from this regulation over its lifetime? \$ 12 billion annually
4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: The CCPA will likely expand legal and IT related compliance services in CA. The largest increase will be in the early years of compliance, but ongoing expense may be diverted to specialist information management firms that have yet to emerge.

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: A more stringent alternative would be to mandate more prescriptive regulations that require detailed training and record-keeping practices. A less stringent regulatory alternative would, among other things, allow limited exemption for GDPR-compliant firms. See SRIA.

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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: \$	<u>12 billion</u>	Cost: \$	<u>-3.090</u>
Alternative 1:	Benefit: \$	<u>12 billion</u>	Cost: \$	<u>-12.520</u>
Alternative 2:	Benefit: \$	<u>12 billion</u>	Cost: \$	<u>-2.340</u>

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives:

See attached SRIA.

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☐ NOExplain: See attached SRIA.**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: Our median scenario estimates that net in-state investment will be \$40M-\$1,140M lower by 2030, or less than -0.1% of baseline growth, depending on the number businesses covered.The incentive for innovation in products, materials or processes: The CCPA will fundamentally change how firms work with personal data, creating incentives for innovation across a range of privacy products and services for consumers and enterprises.The benefits of the regulations, including, but not limited to, benefits to the health, safety, and welfare of California residents, worker safety, and the state's environment and quality of life, among any other benefits identified by the agency: The regulations benefit CA residents because they implement the CCPA. They provide clear direction to businesses and consumers. See SRIA.

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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)\$ 4.739 million*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 Unfair Competition Law Fund: \$2,912,000 in FY 2019-20 and \$2,808,000 in FY 2020-21 and ongoing
General Fund: \$1,827,000 in FY 2019-20 and \$1,746,000 in FY 2020-21 and ongoing**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

8/14/19*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

8/14/19*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

