

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

STD. 399 (Rev. 10/2019)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME CA Alt. Energy & Adv. Transp. Fin. Auth.	CONTACT PERSON Matt Jumps	EMAIL ADDRESS mjumps@sto.ca.gov	TELEPHONE NUMBER (916) 651-5103
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Sales and Use Tax Exclusion Program			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 type="checkbox"/> a. Impacts business and/or employees | <input type="checkbox"/> e. Imposes reporting requirements |
| <input type="checkbox"/> b. Impacts small businesses | <input type="checkbox"/> f. Imposes prescriptive instead of performance |
| <input type="checkbox"/> c. Impacts jobs or occupations | <input type="checkbox"/> g. Impacts individuals |
| <input type="checkbox"/> d. Impacts California competitiveness | <input checked="" type="checkbox"/> h. None of the above (Explain below): |

See STD 399 attachment

*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 _____ 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: _____

Describe the types of businesses (Include nonprofits): _____

Enter the number or percentage of total businesses impacted that are small businesses: _____

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

Explain: _____

5. Indicate the geographic extent of impacts: Statewide
 Local or regional (List areas): _____

6. Enter the number of jobs created: _____ and eliminated: _____

Describe the types of jobs or occupations impacted: _____

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: _____

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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? \$ _____

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

b. Initial costs for a typical business: \$ _____ Annual ongoing costs: \$ _____ Years: _____

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

d. Describe other economic costs that may occur: _____

2. If multiple industries are impacted, enter the share of total costs for each 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: _____

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: _____

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

Explain: _____

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

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

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: _____

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

Regulation: Benefit: \$ _____ Cost: \$ _____

Alternative 1: Benefit: \$ _____ Cost: \$ _____

Alternative 2: Benefit: \$ _____ Cost: \$ _____

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

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: _____

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: _____

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 _____

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)

\$ \$20,962

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

4. Other. Explain The ongoing savings for CAEATFA are estimated to increase to approximately \$26,000 over the next two years. See STD 399 attachment.

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

 Karma Manni

DATE

December 2, 2021

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

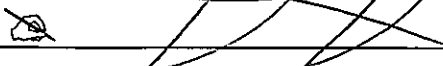
 Doreen

DATE

December 2, 2021

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

2-16-22

STD 399 Attachment

Economic Impact Statement

Section A.1.h:

The Authority has determined that there will be no significant adverse economic impact on any California businesses as participation in the Sales and Use Tax Exclusion (“STE”) Program is voluntary. The additional fees proposed in these regulations are to cover the ongoing costs of administration, which is necessary to accommodate the increased scope of work under the program and comply with CAEATFA’s current budget projections. Participation in the Program is voluntary for eligible businesses; therefore, the regulations will not have an adverse impact on California businesses. In fact, the incentive provided by the Program is likely to have a positive effect on California businesses by reducing their capital purchasing costs, and the fee structure is designed so that the incentive exceeds the cost of participation.

Fiscal Impact Statement

Section B.2:

The proposed regulations increase Program fees to help cover the costs of ongoing program operations and maintenance.

Existing regulations require Applicants to pay an Application Fee to cover the costs of reviewing the Application. Current regulations provide that the Application Fee is not refundable unless an Application is not reviewed by Staff due to the STE Program being oversubscribed. Because the proposed regulations switch the STE Program to specific application periods that will enable CAEATFA to know whether the Program is oversubscribed before a subsequent application period, CAEATFA will no longer accept Applications if there is no STE available to award. Therefore, all Applications will at least be reviewed to determine Competitive Criteria scores. Determining the Competitive Criteria score of an Application requires Staff to review the Qualified Property list, estimated number of employees, and production-related information provided in the Application. To reflect the amount of time spent on this initial review of the Application, the proposed regulations provide that 75% of the Application Fee will be refunded if the Application is (1) reviewed to only determine its Competitive Criteria ranking and (2) not fully reviewed by Staff due to the Applicant’s Competitive Criteria ranking and the oversubscription of the Statutory Cap.

Current regulations require an Applicant to pay a \$500 fee for any modification made to an existing award (e.g. name changes, award transfers, extension of the timeframe to meet the 15% purchase requirement, and extension of the three-year initial term to purchase all Qualified Property). To adjust the fees to better reflect the amount of time spent reviewing and processing requests for extensions and Board consideration, and to account for the additional years of reporting and administration, the proposed regulations increase the administrative fee to \$1,500 for requests to extend the 15% purchase requirement timeframe, to \$2,000 for requests to extend the three-year initial term to use the STE award, and to \$2,250 if an Applicant requests extensions the 15% purchase requirement timeframe and the three-year initial term for consideration at the same CAEATFA Board meeting.

Aside from certain savings for CAEATFA, there are no other costs or savings to any other state agency.

Assumptions:

Application Fee Refunds			
	FY2021-22	FY2022-23	FY2023-24
Number of Applications Not Fully Reviewed <i>Projection; based on historical average</i>	2	2	2
\$7,924 Application Fee <i>Projection; based on historical average over last three years</i>	\$15,848	\$15,848	\$15,848
Less 75% of Application Fee Refunded	-\$11,886	-\$11,886	-\$11,886
Total Net Increase in Fee Revenue	\$3,962	\$3,962	\$3,962

15% Purchase Requirement Extension Requests			
	FY2021-22	FY2022-23	FY2023-24
Number of 15% Purchase Timeframes Expiring	28	32	32
Extensions Granted (based on actual requests)	2		
7% Request Extension (Rounded) (FY2022-23 & FY2023-24) <i>Projection; based on historical average</i>		2	2
Total Fees Received	\$3,000	\$3,000	\$3,000
Minus Fees Based on Previous Fee Amount	-\$1,000	-\$1,000	-\$1,000
Total Net Increase in Fee Revenue	\$2,000	\$2,000	\$2,000

Initial Term Extension Requests			
	FY2021-22	FY2022-23	FY2023-24
Number of Initial Terms Expiring (no previous extension)	17	24	31
Number of Initial Terms Expiring (previous extension granted)	4	8	6
Number of Initial Term Extensions Granted (actual)	4		
30% Request First Extension (Rounded) <i>Projection; based on historical average</i>	5	7	9
17% Request Second Extension (Rounded) <i>Projection; based on historical average</i>	1	1	1
Total Number of Initial Term Extension Requests	10	8	10
Total Fees Received	\$20,000	\$16,000	\$20,000
Minus Fees Based on Previous Fee Amount	-\$5,000	-\$4,000	-\$5,000
Total Net Increase in Fee Revenue	\$15,000	\$12,000	\$15,000

15% Purchase Requirement and Initial Term Extension Requests Considered Together			
	FY2021-22	FY2022-23	FY2023-24
Number of 15% Purchase Timeframes Expiring <i>(no more expiring in FY2021-22 after regulations become effective)</i>	0	32	32
10% Request both extensions to be considered at same meeting (Rounded) (FY2022-23 & FY2023-24) <i>Projection; based on historical average</i>	0	3	3
Total Fees Received	0	\$6,750	\$6,750
Minus Fees Based on Previous Fee Amount	0	-\$1,500	-\$1,500
Total Net Increase in Fee Revenue	\$0	\$5,250	\$5,250

Fiscal Year Impact:

- Current FY2021-22: \$20,962
- FY2022-23: \$23,212
- FY2023-24: \$26,212