

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

STD. 399 (REV. 12/2008)

See SAM Section 6601 - 6616 for Instructions and Code Citations

DEPARTMENT NAME Resources Recycling and Recovery	CONTACT PERSON Elliot Block	TELEPHONE NUMBER (916) 341-6080
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Waste Tire Storage/Permit and Penalty Criteria		NOTICE FILE NUMBER Z

ECONOMIC IMPACT STATEMENT**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 businesses 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 type="checkbox"/> g. Impacts individuals |
| <input type="checkbox"/> d. Impacts California competitiveness | <input type="checkbox"/> h. None of the above (Explain below. Complete the Fiscal Impact Statement as appropriate.) |

h. (cont.) _____

(If any box in Items 1 a through g is checked, complete this Economic Impact Statement.)

2. Enter the total number of businesses impacted: 7,642 Describe the types of businesses (Include nonprofits.): Businesses with waste tires (WTs) such as: tire dealer, agricultural operation (business), auto dismantler, tire retreader. See Attach. A, III, Part A.2.

Enter the number or percentage of total businesses impacted that are small businesses: 98%3. Enter the number of businesses that will be created: none eliminated: noneExplain: Number businesses created/eliminated is based on business responses to Department surveys. See Attach. A, III, Part A.3.4. Indicate the geographic extent of impacts: Statewide Local or regional (List areas.): _____5. Enter the number of jobs created: none or eliminated: none Describe the types of jobs or occupations impacted: _____

6. 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: _____**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? \$ 34,926,077

- | | | |
|--|---|--------------------|
| a. Initial costs for a small business: \$ <u>2 - 1,759</u> | Annual ongoing costs: \$ <u>2 - 1,274</u> | Years: <u>5</u> |
| b. Initial costs for a typical business: \$ <u>1,274</u> | Annual ongoing costs: \$ <u>1,274</u> | Years: <u>5</u> |
| c. Initial costs for an individual: \$ <u>none</u> | Annual ongoing costs: \$ <u>none</u> | Years: <u>none</u> |

d. Describe other economic costs that may occur: Based on Department surveys of WT facilities, no other economic costs would occur. See Attach. A, III, Part B.1.

ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 12/2008)

2. If multiple industries are impacted, enter the share of total costs for each industry: 31%-Automotive Repair and Maintenance, 25%-General Freight and Specialized Trucking, 12%-Automobile Body and Interior Repair, 10%-Motor Vehicle Dealers, 10%-Agricultural Operations (Businesses), 12%-Other Industries. See Attach. A, III, Part B.2.
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.): \$ none
4. Will this regulation directly impact housing costs? Yes No If yes, enter the annual dollar cost per housing unit: _____ and the 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: State regulations are needed to implement Public Resources Code waste and used tire mandates.
- Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ none

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

1. Briefly summarize the benefits that may result from this regulation and who will benefit: CA Residents: Improved health/safety/environment. Businesses With WTs: More equitable competition, streamlined regulations, \$12,281 annual savings in WT facility permit review/revision cost. Lifetime benefit = \$12,281 x 5 years = \$61,405. See Attach. A, III: Part B.1. - Table I, and Part C.1.
2. Are the benefits the result of: specific statutory requirements, or goals developed by the agency based on broad statutory authority? Explain: Existing WT regulations over 20 years old need to reflect 2010 CA Fire Code and new WT industry practices.
3. What are the total statewide benefits from this regulation over its lifetime? \$ 61,405

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: Alternative 1: Continue to require a new WT facility permit every 5 years.
2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:
- | | | | |
|----------------|--------------------------|------------------------|----------------------------|
| Regulation: | Benefit: \$ <u>0.06M</u> | Cost: \$ <u>34.99M</u> | Net Cost: \$ <u>34.93M</u> |
| Alternative 1: | Benefit: \$ <u>none</u> | Cost: \$ <u>0.06M</u> | Net Cost: \$ <u>0.06M</u> |
| Alternative 2: | Benefit: \$ <u>none</u> | Cost: \$ <u>none</u> | Net Cost: \$ <u>none</u> |
3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: none

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: The proposed regulation would impose a performance standard and provide a level of flexibility to the regulated community.

E. MAJOR REGULATIONS (Include calculations and assumptions in the rulemaking record.) Cal/EPA boards, offices, and departments are subject to the following additional requirements per Health and Safety Code section 57005.

ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 12/2008)

1. Will the estimated costs of this regulation to California business enterprises exceed \$10 million? Yes No (If No, skip the rest of this section.)

2. Briefly describe each equally as an effective alternative, or combination of alternatives, for which a cost-effectiveness analysis was performed:

Alternative 1: _____

Alternative 2: _____

3. For the regulation, and each alternative just described, enter the estimated total cost and overall cost-effectiveness ratio:

Regulation: \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 1: \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 2: \$ _____ Cost-effectiveness ratio: \$ _____

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 of approximately \$ _____ in the current State Fiscal Year which are reimbursable by the State pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code. Funding for this reimbursement:

a. is provided in _____, Budget Act of _____ or Chapter _____, Statutes of _____

b. will be requested in the _____ Governor's Budget for appropriation in Budget Act of _____
(FISCAL YEAR)

2. Additional expenditures of approximately \$ _____ in the current State Fiscal Year which are not reimbursable by the State pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code because this regulation:

a. implements the Federal mandate contained in _____

b. implements the court mandate set forth by the _____
court in the case of _____ vs. _____

c. implements a mandate of the people of this State expressed in their approval of Proposition No. _____ at the _____
election; (DATE)

d. is issued only in response to a specific request from the _____
_____, which is/are the only local entity(s) affected;

e. will be fully financed from the _____ authorized by Section _____
(FEES, REVENUE, ETC.)
_____ 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 such unit;

g. creates, eliminates, or changes the penalty for a new crime or infraction contained in _____

3. Savings of approximately \$ _____ annually.

4. No additional costs or savings because this regulation makes only technical, non-substantive or clarifying changes to current law regulations.

ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 12/2008)

5. No fiscal impact exists because this regulation does not affect any local entity or program.
6. Other. Additional SFY 2013-14 ~0.019M non-reimbursable expenditures pursuant to CA Constitution & GC Sections 17500 et seq. This regulation is not result of statute/Exec. Order mandating new program, GC 17514. Local agency participation is voluntary.

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 of approximately \$ 0.065M in the current State Fiscal Year. It is anticipated that State agencies will:
- a. be able to absorb these additional costs within their existing budgets and resources.
- b. request an increase in the currently authorized budget level for the _____ fiscal year.

2. Savings of approximately \$ _____ in the current State Fiscal Year.
3. No fiscal impact exists because this regulation does not affect any State agency or program.
4. Other.

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 of approximately \$ _____ in the current State Fiscal Year.
2. Savings of of approximately \$ _____ in the current State Fiscal Year.
3. No fiscal impact exists because this regulation does not affect any federally funded State agency or program.
4. Other.

FISCAL OFFICER SIGNATURE		DATE
		23 July 2013
AGENCY SECRETARY ¹ APPROVAL/CONCURRENCE		DATE
		7-24-13
DEPARTMENT OF FINANCE ² APPROVAL/CONCURRENCE	PROGRAM BUDGET MANAGER	DATE
		8-5-13

1. 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 department not under an Agency Secretary must have the form signed by the highest ranking official in the organization.
2. Finance approval and signature is required when SAM sections 6601-6616 require completion of Fiscal Impact Statement in the STD.399.

13 JUL 25 PM 2:26

DEPARTMENT OF FINANCE
CAPITAL OUTLAY

STD. 399, ECONOMIC AND FISCAL IMPACT STATEMENT: LINE-ITEM DETAIL

I. Introduction

The Public Resources Code (PRC) and related statutes mandate the Department regulate waste tire (WT) hauling, storage, disposal, facility permit, hauler registration and manifest system requirements, and exercise its administrative enforcement authority over these activities. WT program regulations are in Title 14, California Code of Regulations (14 CCR), Division 7, Chapters 3 and 6. These statutory and regulatory mandates are necessary to protect public health, safety and the environment.

Attachment B, "Table of Proposed Regulations By Regulatory Effect With Estimated Economic And Fiscal Impact," is a comprehensive list of all forty-five (45) regulations in this package, identified by 14 CCR section number and title, and divided into 5 categories:

- No Regulatory Effect – Deleted & Moved
- No Regulatory Effect – Unchanged
- No Regulatory Effect – Revised
- Regulatory Effect – Added, and
- Regulatory Effect - Revised.

It is an inventory and roadmap of the forty-five proposed regulations revisions in this package.

Attachment C, "Proposed Regulations Revisions: No Economic Or Fiscal Impact," presents Department reasons for determining that forty (40) of forty-five (45) proposed regulations revisions in this package have no economic or fiscal impact.

Attachment D, "Waste Tire Facility Surveys," presents the methodology and results of ~~four~~ Department telephone surveys of WT facilities. The results are estimated cost/savings, expressed in employee hours, of the proposed regulations. These estimated employee hours are converted to dollars in Table 1, "Estimated WT Facility Cost/Savings of Proposed Waste Tire Storage/Permit and Penalty Criteria Revisions," below.

II. Summary of Proposed Regulations Revisions

Storage and Recordkeeping

- Eliminate regulatory duplication by deferring to 2010 California Fire Code (2010 CFC) sections applicable to WTs and WT facilities
- Define "Indoor or Indoors" WT storage
- Expand WT facility recordkeeping to include all used or WTs received, stored and shipped

Violations

- Delete requirement that the Department issue a "Cleanup and Abatement Order" before imposing a penalty against a person who violates WT facility statute or regulation, if the total penalty is below a Department-specified amount
- Reorganize WT facility penalty criteria
- Clarify that WT storage and disposal standards apply to unpermitted WT facilities exempt by statute, excluded by regulation, or otherwise Department-authorized

Permits

- Simplify WT facility permit renewal
- Allow 5-year WT facility permit review rather than current requirement for a new WT facility permit application
- Add WT facility permit exemption application and permit exclusion notice

Waste Tire Hauler Registration

- Allow a registered WT hauler to request one additional temporary registration certificate for each 10 vehicles registered

Waste Tire Hauler Manifest System

- Revise manifest system requirements for exempt common carrier or registered WT hauler delivery of WTs to a port terminal

Other

- Address creation of Department of Resources Recycling and Recovery in PRC 40400 et seq
- Correct grammar and punctuation errors in existing WT regulations

III. STD. 399, ECONOMIC IMPACT STATEMENT: Line-Item Detail

Part A. ESTIMATED PRIVATE SECTOR COST IMPACTS

Part A.1. Groups Impacted, Requirements/Standards Imposed

The proposed regulations revisions impose costs/savings on:

- Non-agricultural WT facilities
- Agricultural businesses with WTs
- Businesses with a minor or major WT facility permit
- Agricultural businesses with 500+ WTs that are eligible for a permit exemption
- WT beneficial reuse projects, cement plants, and tire retreaders that are eligible for a permit exemption, and
- Auto dismantlers, WT collection locations, tire dealers and other businesses with WTs that are eligible for a permit exclusion

Part A.2. Number/Types of Businesses Impacted

An estimated 7,642 businesses would be impacted:

- 3,346 Tire dealer & others, including: auto body, auto repair, car dealer, crumb rubber, service station, shredder, tire derived fuel, trucking fleet
- 2,967 Agricultural operations¹
- 1,236 Auto dismantlers²
- 71 Tire retreaders
- 17 WT collection locations
- 5 Cement plants

¹ "Agricultural operation" is a Waste Tire Management System (WTMS) database term that means agricultural business.

² Attachment D, item B.3., explains why the Department uses a count of 1,236 auto dismantler locations for economic impact purposes.

Using a small business criterion of 100 or fewer employees per establishment, and Employment Development Department (EDD) 2010 Quarterly Census of Employment and

Wages (QCEW) data on non-agricultural industry sectors impacted, about 98% of impacted businesses are small businesses.

WT facility survey results, measured in estimated additional employee hours worked, are summarized in Attachment D, Part A., Tables 1 and 2. Corresponding dollar cost/savings per WT facility, and statewide WT facility dollar cost/savings, are summarized in Part B.1, Table 1, below.

Part A.3. Number of Businesses Created/Eliminated

The primary annual economic impact would be an estimated additional 65 hours per year of recordkeeping by a non-agricultural WT facility. Based on December 2011 through April 2012 Department survey results, WT facilities said this would not affect the creation or elimination of businesses within California.

Part A.4. Geographic Extent of Impacts

Geographic impact of the proposed regulations revisions is statewide.

Part A.5. Number of Jobs Created/Eliminated

Surveyed WT facilities indicated there would be minimal cost impacts for each business and therefore no creation or elimination of jobs in California.

Part A.6. Impact on CA Businesses to Compete with Other States

Surveyed WT facilities did not indicate the proposed regulations revisions would impact the ability of California businesses to compete with businesses in other states to produce goods or services within California. The proposed regulations revisions are intended to create more equitable WT business competition within California.

Part B. ESTIMATED COSTS

Part B.1. Statewide Dollar Costs That Businesses/Individuals May Incur

The proposed regulations would impose an estimated statewide initial year \$9,129,201 net cost, and an estimated statewide \$6,449,219 net cost for each of four subsequent years. The five-year net cost for an estimated 7,642 private sector WT facilities, plus 392 State and local government WT facilities, would be \$34,926,077:

Year 1	=	\$9,129,201 x 1 year	=	\$ 9,129,201
Years 2-5	=	\$6,449,219 x 4 years	=	<u>\$25,796,876</u>
				\$34,926,077

(a) Initial year cost for a small business would be \$2 to \$1,759, and the annual ongoing cost for each of 4 subsequent years would be \$2 to \$1,274.

(b) Initial year cost for a typical business or government agency would be \$1,274, and the annual ongoing cost for each of 4 subsequent years would be \$1,274.

(c) Initial year cost for an individual would be \$0, and the annual ongoing cost for each of 4 subsequent years would be \$0.

(d) Based on December 2011 through April 2012, and July 2013, Department surveys, no other economic costs would occur.

The above cost estimate amounts are based on December 2011 through April 2012, and July 2013, Department surveys of WT facilities to identify average additional employee hours that would be worked to comply with the proposed regulations.

To determine hourly labor cost, the Department used:

- U.S. Bureau of Labor Statistics (BLS) occupation titles within major occupation groups that best fit the nature of the additional work required
- May 2010 BLS California mean hourly wage estimates, and
- December 2011 BLS private industry employer benefit costs as a percent of total compensation

Table 1 below, “Estimated WT Facility Cost/Savings of Proposed Waste Tire Storage/Permit and Penalty Criteria Revisions,” summarizes hourly labor cost, annual individual WT facility cost/savings, and statewide WT facility cost/savings calculations for each proposed regulation that would have an economic or fiscal impact.

Table 1: Estimated WT Facility Cost/Savings of Proposed Waste Tire Storage/Permit and Penalty Criteria Revisions

Labor Cost Per Hour	Cost/Savings Per WT Facility	Statewide WT Facility Cost/Savings
<p><u>Business With WTs</u> MAY 2010 CA Mean Hourly Wage + DEC 2011 Employer Benefits Cost: Weigher, Measurer, Checker, Sampler, Recordkeeping Non-Ag: \$13.35 + 46.8% = \$19.60 Ag : \$13.35 + 49.0% = \$19.89</p>	<p>Recordkeeping: 14 CCR 17357 <u>Non-Ag Business With WTs</u> \$19.60 per hour x 65.0 hours per year = \$1,274.00 <u>Ag Business With WTs</u> \$19.89 per hour x 0.104 hours per year = \$2.07 State or Local Gov't WT Facility \$19.89 per hour x 65.0 hour = \$1,274.00</p>	<p>Annual Cost <u>A. Non-Ag Businesses With WTs</u> \$1,274.00 x 4,675 = \$5,955,950 <u>B. Ag Businesses With WTs</u> \$2.07 x 2,967 = \$6,142 <u>C. State & Local Gov't WT Facilities</u> \$1,274.00 x 392 = \$499,408</p>
<p><u>Tire Dealer & Other with WT Facility Permit</u> MAY 2010 CA Mean Hourly Wage + DEC 2011 Employer Benefits Cost: Compliance Officer \$33.69 + 43.9% = \$48.48</p>	<p>Permit Review/Revision: 14 CCR 18426 and 18427 <u>Tire Dealer & Other with WT Facility Permit</u> <i>Existing 14 CCR 18426 Permit Renewal cost:</i> Labor: \$48.48 per hour x 7.7478 hours per year = \$ 375.61 Consulting + USPS = <u>21.06</u> \$ 396.67 <i>Proposed 14 CCR 18426 Permit Review, and 14 CCR 18427 Permit Revision cost:</i> Labor: \$48.48 per hour x 1.0847 hours per year = \$ 52.59 Consulting + USPS = <u>\$ 2.95</u> \$ 55.54 Net Savings: \$396.67 – \$55.54 = (\$341.13)</p>	<p>Annual Savings <u>D. Tire Dealer & Others with WT Facility Permit</u> (\$341.13) x 36 = (\$12,281)</p>
<p><u>Ag Business With 500+ WTs</u> MAY 2010 CA Mean Hourly Wage + DEC 2011 Employer Benefits Cost: First-Line Supervisor of Farming, Fishing and Forestry Workers \$20.00 + 49.0% = \$29.80 <u>Beneficial Reuse Project, Cement Plant, Tire Retreader</u> MAY 2010 CA Mean Hourly Wage + DEC 2011 Employer Benefits Cost: Compliance Officer \$33.69 + 43.9% = \$48.48</p>	<p>Permit Exemption Application: 14 CCR 18431.1 <u>Ag Business With 500+ WTs</u> \$29.80 per hour x 10.00 hours = \$298.00 <u>Beneficial Reuse Project, Cement Plant, Tire Retreader</u> \$48.48 per hour x 10.00 hours = \$484.80</p>	<p>One-Time Cost <u>E. Ag Businesses With 500+ WTs</u> \$298.00 x 750 = \$223,500 <u>F. Beneficial Reuse Projects, Cement Plants, Tire Retreaders</u> \$484.80 x (0 + 5 + 71) = \$36,845</p>
<p><u>Auto Dismantler, Tire Dealer & Other, WT Collection Location</u> MAY 2010 CA Mean Hourly Wage + DEC 2011 Employer Benefits Cost: Compliance Officer \$33.69 + 43.9% = \$48.48</p>	<p>Permit Exclusion Notification: 14 CCR 18431.2 <u>Auto Dismantler, Tire Dealer & Other, WT Collection Location</u> \$48.48 per hour x 10.00 hours = \$484.80</p>	<p>One-Time Cost <u>G. Auto Dismantlers, Tire Dealer & Others, WT Collection Locations</u> \$484.80 x (1,236 + 3,738 + 17) = \$2,419,637</p>
<p>Year 1 Net Cost (sum A thru G): \$9,129,201 Year 2+ Net Cost (sum A thru D): \$6,449,219</p>		

Ag = Agricultural.
CA = California.
CCR = California Code of Regulations.

WT = Waste Tire.

“WT Facility” excludes:

- 687 registered WT haulers who do not generate or receive “end-use” WTs, and
- 5 existing Beneficial Reuse Projects that, due to prior Department approval of each project, are not required to apply for a permit exemption.

“WT Facility” includes:

- 3,346 Tire Dealers & Other, including: Auto Body, Auto Repair, Car Dealer, Crumb Rubber, Service Station, Shredder, Tire Derived Fuel, Trucking Fleet
- 2,967 Ag Operations¹ (~750 of 2,967 Ag Operations have 500+ WTs)
- 1,236 Auto Dismantlers
- 71 Tire Retreaders
- 17 WT Collection Locations
- 5 Cement Plants
- 0 Beneficial Reuse Projects (unknown number of projects expected to be proposed or approved by Department on or after effective date of proposed 14 CCR 18431.1, Permit Exemption Application)
- 7,642 (private sector subtotal)

- 392 Government
- 8,034 (total)

¹ “Agricultural Operation” is a WTMS database term that means agricultural business.

Part B.2. Multiple Industry Costs: Share of Total Cost by Industry

The proposed regulations revisions impact multiple industries that generate or accept WTs. The share of total cost by industry would depend on the size of WT loads, the number of WT loads, and the extent to which proposed WT facility recordkeeping and permit requirements would require additional employee hours worked at each WT facility. Table 2 below lists the estimated number of impacted non-agricultural business establishments by North American Industry Classification System (NAICS) code and title:

TABLE 2: 2010 Annual Average Number of Non-Agricultural Establishments by Selected NAICS Codes

NAICS Code	Detailed Industry Title	CA 2010 Annual Average Number of Establishments	% of Establishments
Subsector 326 – Plastics and Rubber Products Manufacturing			
326212	Tire Retreading	36	0.1
Subsector 327 – Nonmetallic Mineral Product Manufacturing			
327310	Cement Manufacturing	17	0.1
Subsector 423 – Merchant Wholesalers, Durable Goods			
423130	Tire and Tube Merchant Wholesalers	143	0.5
423140	Used Motor Vehicle Part Merchant Wholesalers	275	1.0
423930	Recyclable Material Merchant Wholesalers	783	2.9
Subsector 441 – Motor Vehicle and Parts Dealers			
441110	New Car Dealers	1,928	7.1
441120	Used Car Dealers	1,006	3.7
441229	All Other Motor Vehicle Dealers	176	0.6
441320	Tire Dealers	1,752	6.5
Subsector 484 – Truck Transportation			
484110	General Freight Trucking, Local	2,998	11.1
484121	General Freight Trucking, Long-Distance, Truckload	1,273	4.7
484122	General Freight Trucking, Long-Distance, Less Than Truckload	444	1.6
484210	Used Household and Office Goods Moving	858	3.2
484220	Other Specialized Trucking, Local	1,894	7.0
Subsector 562 – Waste Management and Remediation Services			
562111	Solid Waste Collection	539	2.0
562119	Other Waste Collection	80	0.3
Subsector 811 – Repair and Maintenance			
811111	General Automotive Repair	8,530	31.5
811121	Automotive Body and Interior Repair	3,498	12.9
811198	All Other Automotive Repair/Maintenance	<u>879</u>	<u>3.2</u>
	total	27,109	100.0

Source: State of California, Employment Development Department, 2010 Quarterly Census of Employment and Wages

Based on 2,967 agricultural operations¹ included in the Department's WTMS database plus 27,109 non-agricultural business establishments in Table 2 above, the estimated share of total cost by industry is:

31%	Automotive Repair and Maintenance
25%	General Freight and Specialized Trucking
12%	Automotive Body and Interior Repair
10%	Motor Vehicle Dealers
10%	Agricultural Operations ¹
12%	Other Industries
100%	

¹ "Agricultural operation" is a WTMS database term that means agricultural business.

Part B.3. Annual Typical Business Cost if Regulation Imposes Reporting Requirements

The proposed regulations revisions would impose recordkeeping, but not reporting, requirements.

Part B.4. Direct Housing Cost Impact: Cost/Housing Unit, Number of Units

The proposed regulations revisions would not impact housing or housing costs.

Part B.5. Comparable Federal Regulations: State Regulation Need: Added Costs to Businesses/Individuals

No federal regulations are comparable to the proposed regulations revisions. State regulation is needed to implement PRC sections (commencing with Section 42800, Article 1, Chapter 16, Part 1, Division 30) that relate to handling, hauling, storage, and disposal of waste and used tires.

Part C. ESTIMATED BENEFITS

Part C.1. Benefits Summary/Who Will Benefit

California residents will have improved protection of public health, safety and the environment. Businesses with WTs will have: more equitable WT business competition within California, reduced regulatory duplication, reorganized WT facility penalty criteria, and a streamlined penalty process with lower penalties if a total WT penalty is below a Department-specified amount.

Streamlined WT penalties allow the Department to prosecute more enforcement cases more promptly than going through an Administrative Complaint (AC) process. The Department's streamlined penalty process for WT haulers in 2008: (1) reduced the number of WT hauler ACs, and (2) improved compliance among WT haulers who agreed to pay a streamlined penalty or received an AC after paying a streamlined penalty.

Permitted WT businesses will have a simplified permit renewal process. Registered WT haulers with ten or more vehicles will have the option to request more than one temporary registration certificate. Exempt common carriers and registered WT haulers delivering WTs to a port terminal will have manifest system requirements that are easier to follow.

Part C.2. Benefits Are The Result of Specific Statutory Requirement, or Agency Goals Based on Broad Statutory Authority?

The benefits are the result of goals developed by the Department based on its broad statutory authority. The Department has worked to streamline its WT permit processes, equitably enforce California WT law, and modify California WT regulations to address statewide and global WT industry change.

Part C.3. Statewide Dollar Benefits From This Regulation Over Its Lifetime

The statewide dollar value of the benefits of these proposed regulations revisions over their lifetime is estimated at \$61,405. About thirty-six (36) permitted WT facility operators statewide will benefit from changes that allow them to review and renew a permit every five years rather than submit a new permit application every five years. When swifter, more effective WT enforcement is combined with improved data on the location and quantity of WTs in California, protection of public health, safety and the environment improves.

Part D. ALTERNATIVES TO THE REGULATION

Part D.1. Alternatives Considered/If None, Explanation

Proposed Regulation (April 2010, July 2010, February 2011 and June 2011 Department drafts for informal public comment)

- Expand existing streamlined penalty program for WT haulers to one for WT facilities
- Clarify WT facility enforcement penalty criteria
- Revise indoor and outdoor WT facility storage and disposal standards to conform to 2010 California Fire Code (CFC)
- Allow a WT facility 5-year permit review rather than requiring a new WT facility permit application
- Revise exempt common carrier and registered WT hauler Manifest Form requirements for WT delivery to port terminals
- For a WT facility permit exemption or exclusion, require a:
 - WT facility exemption application, or
 - WT facility exclusion notification
- Add WT facility recordkeeping requirements for WTs not subject to Manifest Form requirements.

Alternative 1 Continue to require a WT facility to reapply for a permit every 5 years.

Part D.2. Summarize The Total Statewide Costs And Benefits From This Regulation And Each Alternative Considered

		<u>Lifetime¹</u>	
	<u>Benefit</u>	<u>Cost</u>	<u>Net Cost</u>
Regulation:	\$ 0.06M ²	\$ 34.99M ³	\$34.93M
Alternative 1:	none	\$ 0.06M ²	\$ 0.06M

¹ 5 years.

² (\$12,281 x 5 years) / \$1,000,000.

³ Excludes lifetime benefit; [\$9,141,482 + (\$6,461,500 x 4 years)] / \$1,000,000.

Part D.3. Quantification Issues Relevant to Comparison of Statewide Dollar Costs/Benefits of This Regulation & Each Alternative Considered

None.

Part D.4. Consideration of Performance Standards to Lower Compliance Costs

The proposed regulations revisions would impose a performance standard and provide a level of flexibility to the regulated community.

Part E. MAJOR REGULATIONS

The Department is exempt from this requirement because it is under the Natural Resources Agency until July 1, 2013.

IV. STD. 399, FISCAL IMPACT STATEMENT: Line-Item Detail

Part A. FISCAL EFFECT ON LOCAL GOVERNMENT

Additional local government expenditures in the current and two subsequent State Fiscal Years (SFYs) would not be reimbursable by the State pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code because they are not the result of a mandate. Local agency participation as a WT facility is voluntary. The proposed regulations revisions would impose an annual recordkeeping, but not reporting, requirement on some local governments. Given the limited voluntary survey responses by local government agencies, the Department opted to use the business cost data to ensure local government costs are not underestimated. The Department estimates a local government WT facility average SFY cost would be the same as the Department's estimated annual cost for a private sector WT facility: \$1,274. The estimated expenditures would be:

SFY 2013-14 (Q3, Q4)	\$0.19M	[300 local gov't WT facilities x (\$1,274 / 2)]
SFY 2014-15	\$0.38M	(300 local gov't WT facilities x \$1,274)
SFY 2015-16	\$0.38M	(300 local gov't WT facilities x \$1,274)

Part B. FISCAL EFFECT ON STATE GOVERNMENT

State government would have additional expenditures of approximately \$0.065M in the current SFY and \$0.130M in each of the two subsequent SFYs.

The Department would have an additional expenditure of approximately \$0.005M for SFY 2013-14, \$0.010 for SFY 2014-15, and \$0.010 for SFY 2015-16 to:

- Print and mail additional WT hauler registration certificates, and
- Mail and/or serve additional WT enforcement ACs.

The proposed regulations revisions would impose an annual recordkeeping, but not reporting, requirement on some State government agencies. Given the limited voluntary survey responses by State government agencies, the Department opted to use the business cost data to ensure State government costs are not underestimated. The Department estimates a State government WT facility average SFY cost would be the same as the Department's estimated annual cost for a private sector WT facility: \$1,274.

SFY 2013-14 (Q3,Q4)	\$0.06M	[92 State gov't WT facilities x (\$1,274 / 2)]
SFY 2014-15	\$0.12M	[92 State gov't WT facilities x \$1,274]
SFY 2015-16	\$0.12M	[92 State gov't WT facilities x \$1,274]

It is anticipated that all State agencies will be able to absorb these additional costs within their existing budgets and resources.

Part C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS

No fiscal impact exists because the proposed regulations revisions do not affect a federally funded State agency or program.

Attachment B

Table of Proposed Regulations By Regulatory Effect With Estimated Economic And Fiscal Impact

Proposed 14 CCR Section		Regulatory Effect					Economic And Fiscal Impact	
		No		Yes		No	Year 1	Year 2+
Number	Title	Deleted & Moved	Unchanged	Added	Revised	Revised		
17225.717	Collection.	X					NO	NO
18432	Operation Plan.		X				NO	NO
18434	Reduction/Elimination Plan.		X				NO	NO
18459	Waste Tire Manifest System Requirements.		X				NO	NO
17225.821	Indoor or Indoors.			X			NO	NO
17225.822	Exempt or Excluded.			X			NO	NO
17225.850	Waste Tire Facility.			X			NO	NO
17357	Recordkeeping.			X			(\$6,461,500)	(\$6,461,500)
17358	Waste Tire Transportation.			X			NO	NO
17359	Tire Derived Product Handling.			X			NO	NO
18420.1	Waste Tire Collection Location.			X			NO	NO
18431.1	Permit Exemption.			X			(\$260,345)	NO
18431.2	Permit Exclusion.			X			(\$2,419,637)	NO
18431.3	Beneficial Reuse Project.			X			NO	NO
18450(a)(25)	Definitions. (25) Port Terminal			X			NO	NO
17346	Authority and Scope.				X		NO	NO
17350	Applicability.				X		NO	NO
17354	Storage of Waste Tires Outdoors.				X		NO	NO
17356	Storage of Waste Tires Indoors.				X		NO	NO
18420	Applicability.				X		NO	NO
18423	Permit Application Filing.				X		NO	NO
18426	Permit Review.				X		\$12,281	\$12,281
18427	Permit Revision.				X			
18429	Penalty Schedule.				X		NO	NO
18450(a)(8)	Definitions. (8) Collection Location				X		NO	NO
18456.4	Temporary Registration of Alternate Vehicles.				X		NO	NO
18460.1.1	Waste Tire Manifest System Requirements for Common Carrier Exemption.				X		NO	NO
18460.2	Waste Tire Manifest System Requirements for Registered Waste Tire Haulers.				X		NO	NO

Attachment B (continued)

Proposed 14 CCR Section		Regulatory Effect					Economic And Fiscal Impact	
		No		Yes		No	Year 1	Year 2+
Number	Title	Deleted & Moved	Unchanged	Added	Revised	Revised		
18461	Manifest System Requirements for Waste Tire End-Use Facilities.				X		NO	NO
18462	Manifest System Requirements for Waste Tire Generators.				X		NO	NO
17351	Fire Prevention Measures.					X	NO	NO
17352	Facility Access and Security.					X	NO	NO
17353	Vector Control Measures.					X	NO	NO
17355	Disposal of Waste Tires at Solid Waste Facilities.					X	NO	NO
18424	Permit Application Amendment.					X	NO	NO
18425	Permit Issuance.					X	NO	NO
18428	Change of Owner, Operator, and/or Address.					X	NO	NO
18431	Application.					X	NO	NO
18433	Emergency Response Plan.					X	NO	NO
18450(a)(6)	Definitions. (6) CIWMB					X	NO	NO
18450(a)(11)	Definitions. (11) Comprehensive Trip Log					X	NO	NO
18450(a)(33)	Definitions. (33) Unregistered Hauler & Comprehensive Trip Log Substitution Form					X	NO	NO
18450(a)(34)	Definitions. (34) Used or Waste Tire Generator					X	NO	NO
18450(a)(39)	Definitions. (39) Waste Tire Hauler Decal					X	NO	NO
18450(a)(41)	Definitions. (41) Waste Tire Manifest System					X	NO	NO
Red Color Font = Cost. Green Color Font = Savings.								

PROPOSED REGULATIONS REVISIONS: NO ECONOMIC OR FISCAL IMPACT

Forty (40) of forty-five (45) Title 14, California Code of Regulations (14 CCR) sections in this proposed regulatory package have no economic impact on businesses:

One (1) existing section (17225.717) is deleted and moved to a proposed section (18420.1) that keeps the same requirement:

- 17225.717 Collection
- 18420.1 Waste Tire Collection Location

Three (3) existing sections are unchanged, but included for reviewer convenience:

- 18432 Operation Plan
- 18434 Reduction/Elimination Plan, and
- 18459 Waste Tire Manifest System Requirements

Eight (8) proposed sections are added to ensure consistency and clarity, but not impose a new requirement:

1. 17225.821 Indoor or Indoors
Defines a term referenced in this regulations package that is not defined in the Public Resources Code (PRC), and does not impose a requirement
2. 17225.822 Exempt or Excluded
Defines a term referenced in this regulations package that is not defined in PRC, and does not impose a requirement
3. 17225.850 Waste Tire Facility
Clarifies PRC 42808 (Waste tire facility), by specifying waste tire (WT) facility includes, but is not limited to, exempt or excluded facilities, and does not impose a requirement
4. 17358 Waste Tire Transportation
Clarifies PRC 42953 (Arrangements to transport waste or used tires; hauler registration requirement) by specifying a “person” includes, but is not limited to, a WT facility, and does not impose a requirement
5. 17359 Tire Derived Product Handling
Clarifies PRC 42805.7 (Tire derived product) by requiring WT facility to document on-site tire derived product is purchased by different business; no economic impact because recording purchaser name/address is standard business practice
6. 18420.1 Waste Tire Collection Location
 - (a) Includes existing 14 CCR 17225.717, Collection, requirements
 - (b) Clarifies PRC 42808 (Waste tire facility), by specifying a WT collection location may be excluded or exempt from WT facility permit requirement

(c) Supports proposed 14 CCR 17225.850, Waste Tire Facility, by clarifying a WT collection location is a WT facility

(d) No economic impact per April 2012 Department phone survey

7. 18431.3 Beneficial Reuse Project

Existing WT beneficial reuse project requirements are reorganized and clarified in proposed 14 CCR 18431.3. Since these requirements exist, proposed 14 CCR 18431.3 has no economic impact

8. 18450(a)(25) Definitions. (25) Port Terminal

Defines a term referenced in this regulations package that is not defined in PRC, and does not impose a requirement

Twenty-eight (28) existing sections are revised to clarify, but not impose a new, requirement:

(1) 17346(f) Authority and Scope

(a) Clarifies definition of WT beneficial reuse, and

(b) Moves WT beneficial reuse criteria to proposed 14 CCR 18431.3, Beneficial Reuse Project

(c) Neither of these two changes impose a requirement

(2) 17350 Applicability

(a) Proposed subsection (a) clarifies which WT facilities storing 500 or more WTs shall comply with existing Department WT Storage and Disposal Standards. This does not impose a new requirement

(b) Proposed subsection (b) clarifies any WT facility storing any amount of WTs outdoors shall comply with existing specified Department WT Storage and Disposal Standards and comply with 2010 California Fire Code (2010 CFC) sections applicable to WTs and WT facilities. This does not impose a new requirement

(c) Proposed subsection (c) clarifies any WT facility storing any amount of WTs indoors shall comply with existing specified Department WT Storage and Disposal Standards and comply with 2010 CFC sections applicable to WTs and WT facilities. This does not impose a new requirement

(d) Proposed subsection (d) clarifies an incomplete reference to existing 14 CCR 17355, Disposal of Waste Tires at Solid Waste Facilities, requirements for disposal or storage of WTs at a SWF, and has no economic impact because it does not change existing 14 CCR 17355

(e) Proposed subsection (e) is revised for conformity with existing 14 CCR 17255.770 which defines Passenger Tire Equivalents (PTE). This does not impose a new requirement

(f) Proposed subsection (f) clarifies the Department or its authorized representative may inspect any WT facility authorized by the Department, statute or regulation, for compliance with WT Storage and Disposal Standards and WT facility permit terms and conditions. This does not impose a new requirement; see PRC 42832(c) (Scope of regulations, included activities) and existing 14 CCR 18443(a) and (d), Inspection

- (3) 17351 Fire Prevention Measures
 - (a) Conforms existing 4A:40BC fire extinguisher rating to 2010 CFC sections applicable to WTs and WT facilities
 - (b) Economic and fiscal impact is covered in 2010 CFC regulatory approval
- (4) 17352 Facility Access and Security
 - (a) Conforms existing WTF fire apparatus access requirements to 2010 CFC sections applicable to WTs and WT facilities
 - (b) Economic and fiscal impact is covered in 2010 CFC regulatory approval
- (5) 17353 Vector Control Measures
 - (a) Reflects January 1, 2010 State agency name change from California Integrated Waste Management Board (CIWMB) to Department of Resources Recycling and Recovery (Department)
 - (b) Required by PRC 40400 et seq. (Department of Resources Recycling and Recovery; creation; administration)
- (6) 17354 Storage of Waste Tires Outdoors
 - (a) Clarifies PRC 42820(b) (Regulations for permits and fire prevention) and PRC 42832(a) (Scope of regulations; included activities) for consistency with existing 2010 CFC
 - (b) Economic and fiscal impact is covered in 2010 CFC regulatory approval
- (7) 17355 Disposal of Waste Tires at Solid Waste Facilities
 - (a) Reflects 1/1/2010 State agency name change from CIWMB to Department
 - (b) Required by PRC 40400 et seq. (Department of Resources Recycling and Recovery; creation; administration)
- (8) 17356 Storage of Waste Tires Indoors
 - (a) Clarifies PRC 42820(b) (Regulations for permits and fire prevention) and PRC 42832(a) (Scope of regulations; included activities) for consistency with existing 2010 CFC
 - (b) Economic and fiscal impact is covered in 2010 CFC regulatory approval
- (9) 18420 Applicability
 - (a) Subsection (a)(1) clarifies PRC 42808 (Waste tire facility) by specifying a permitted SWF, without a WT permit, may receive less than 150 WTs per day averaged on an annual basis
 - (b) Subsection (c) clarifies PRC 42808 (Waste tire facility) by specifying a permitted SWF, without a WT permit, may not store 500 or more WTs at any time
 - (c) No economic impact because these revisions clarify PRC 42808 upper limits of 149 WTs received per day and 499 WTs stored at any time, unless superseded by a WT facility permit
- (10) 18423(a) Permit Application Filing
 - (a) Conforms to proposed 14 CCR 18426, Permit Review, and proposed 14 CCR 18427, Permit Revision, by reducing requirement for complete permit application every five (5) years regardless of change at WT facility since prior permit application
 - (b) The economic impact of this reduced requirement is captured in the Economic And Fiscal Impact Statement, STD. 399, Attachment A, Table 1, row 2

- (11) 18424 Permit Application Amendment
 - (a) Reflects January 1, 2010 State agency name change from CIWMB to Department
 - (b) Required by PRC 40400 et seq. (Department of Resources Recycling and Recovery; creation; administration)

- (12) 18425 Permit Issuance
 - (a) Reflects January 1, 2010 State agency name change from CIWMB to Department
 - (a) Required by PRC 40400 et seq. (Department of Resources Recycling and Recovery; creation; administration)

- (13) 18428 Change of Owner, Operator, and/or Address
 - (a) Reflects January 1, 2010 State agency name change from CIWMB to Department
 - (b) Required by PRC 40400 et seq. (Department of Resources Recycling and Recovery; creation; administration)
 - (c) Corrects grammar and punctuation without imposing a new requirement

- (14) 18429 Penalty Schedule
 - (a) Entire existing text deleted; information reorganized and expanded for consistency, clarity, completeness, and non-duplication without imposing a new requirement
 - (b) Table 6 of subsection (g), Penalty Tables, refers to violations of proposed 14 CCR 18427, 18431.1 and 18431.2, which have economic impacts captured in the Economic And Fiscal Impact Statement, STD. 399, Attachment A, Table 1, rows 2, 3 and 4

- (15) 18431 Application
 - (a) Revised for conformity with proposed 14 CCR 18426, Permit Review, and 18427, Permit Revision, and
 - (b) Adds "Appendix A" location without imposing a new requirement

- (16) 18433 Emergency Response Plan
 - (a) Reflects January 1, 2010 State agency name change from CIWMB to Department
 - (b) Required by PRC 40400 et seq. (Department of Resources Recycling and Recovery; creation; administration)

- (17) 18450(a)(6) Definitions. (6) CIWMB
 - (a) Reflects January 1, 2010 State agency name change from CIWMB to Department
 - (b) Required by PRC 40400 et seq. (Department of Resources Recycling and Recovery; creation; administration)

- (18) 18450(a)(8) Definitions. (8) Collection Location
 - (a) Clarifies proposed 14 CCR 18420.1, Waste Tire Collection Location
 - (b) Has no economic impact because a definition is not a requirement

- (19) 18450(a)(11) Definitions. (11) Comprehensive Trip Log
 - (a) Conforms WT manifest system name to PRC 42961.5 (California Uniform Waste and Used Tire Manifest System), and
 - (b) Adds "Appendix A" location without imposing a new requirement

- (20) 18450(a)(33) Definitions. (33) Unregistered Hauler & Comprehensive Trip Log Substitution Form
(a) Adds “Appendix A” location without imposing a new requirement
- (21) 18450(a)(34) Definitions. (34) Used or Waste Tire Generator
(a) Without imposing a new requirement, clarifies current 14 CCR 18450(a)(33) definition of “Used or Waste Tire Generator” or “Generator” by deleting misleading reference to selected business types, deleting unnecessary reference to PRC 42950(l), and adding reference to manifest system requirements for waste tire generators in proposed 14 CCR 18462
- (22) 18450(a)(39) Definitions. (39) Waste Tire Hauler Decal
(a) Clarifies by improving specificity, grammar, applicability, without imposing a new requirement
- (23) 18450(a)(41) Definitions. (41) Waste Tire Manifest System
Conforms WT manifest system name to PRC 49261.5 (California Uniform Waste and Used Tire Manifest System)
- (24) 18456.4 Temporary Registration of Alternate Vehicles
(a) Specifies total number of temporary WT hauler registration certificates that may be assigned to a registered WT hauler, without imposing a new requirement
(b) Adds “Appendix A” location without imposing a new requirement
- (25) 18460.1.1 Waste Tire Manifest System Requirements for Common Carrier Exemption
(a) If WT final destination is port terminal, exempt common carrier is required to provide completed 3-1/4” X 8-1/2” 1-part Manifest Form receipt and confirming documentation to WT generator, not to port terminal operator. WT generator is currently required to retain these records for three years and make them available for inspection by an authorized Department representative
(b) This exempt common carrier requirement change consists of providing a completed Manifest Form receipt and confirming documentation to a WT generator rather than to a port terminal operator. There is no economic impact on an exempt common carrier. Records retention cost does not change, as WT generator is currently required to retain these records for three years and make them available for inspection by an authorized Department representative
- (26) 18460.2 Waste Tire Manifest System Requirements for Registered Waste Tire Haulers
(a) Section title limits applicability to a registered WT hauler
(b) If WT final destination is port terminal, registered WT hauler is required to provide completed 3-1/4” X 8-1/2” 1-part Manifest Form receipt and confirming documentation to WT generator, not to port terminal operator. WT generator is currently required to retain these records for three years and make them available for inspection by an authorized Department representative
(c) This registered WT hauler requirement change consists of providing a completed Manifest Form receipt and confirming documentation to a WT generator rather than to a port terminal operator. There is no economic impact on a registered WT hauler

(27) 18461 Manifest System Requirements for Waste Tire End-Use Facilities

- (a) If WT final destination is a port terminal, a registered WT hauler or exempt common carrier is currently required to provide completed 3-1/4" X 8-1/2" 1-part Manifest Form receipt and confirming documentation to WT generator, not to port terminal operator. WT generator is currently required to retain these records for three years and make them available for inspection by an authorized Department representative
- (b) This change for a port terminal WT end-use facility consists of no California regulatory requirement to accept and retain for three years a completed Manifest Form receipt and confirming document from a registered WT hauler or exempt common carrier. There is no economic impact on a port terminal WT end-use facility because no port terminal will accept a completed Manifest Form and confirming documentation

(28) 18462 Manifest System Requirements for Waste Tire Generators

- (a) If WT final destination is a port terminal, a registered WT hauler or exempt common carrier is required to provide completed 3-1/4" X 8-1/2" 1-part Manifest Form receipt and confirming documentation to WT generator, not to port terminal operator. WT generator is currently required to retain these records for three years and make them available for inspection by an authorized Department representative
- (b) This recordkeeping requirement shift from port terminal operator to WT generator does not change the existing net economic impact on businesses
- (c) Penalty for WT generator failure to retain these records for three years as required by 14 CCR 18447, Retention of Records, is \$500 to \$5,000 for each day of violation. Since WT generator is not required to violate 14 CCR 18447, there is no economic impact

WASTE TIRE FACILITY SURVEYS

A. Results

Table 1: Proposed Title 14, California Code of Regulations, Waste Tire Recordkeeping and Permit Exemption/Exclusion Requirement Cost

WTMS “Business Types” That Estimated Costs	Additional Annual Recordkeeping (hours)	One-Time Permit Exemption Application (hours)	One-Time Permit Exclusion Notification (hours)
Agricultural Operation ¹ : 13	0.104	10.000 ³	n/a ²
Auto Dismantler: 16	65.000	n/a ²	10.000 ³
Beneficial Reuse Project: 0	(project specific)	10.000 ³	n/a ²
Cement Plant: 3	65.000	10.000 ³	n/a ²
Tire Dealer & Other: 39	65.000	n/a ¹	10.000 ³
Tire Retreader: 6	65.000	10.000 ³	n/a ²
WT Collection Location: 15	(none) ⁴	n/a ²	10.000 ³

¹ “Agricultural Operation” is a Waste Tire Management System (WTMS) database term that means agricultural business.

² A waste tire (WT) facility may have a permit exemption or exclusion, not both.

³ Information needed to complete a permit exemption application or permit exclusion notification would be the same for each WT “business type” included in the surveys.

⁴ No added recordkeeping cost; proposed additional recordkeeping is current practice.

Table 2: Existing and Proposed Title 14, California Code of Regulations, Waste Tire Permit Review/Revision Requirement Cost/Savings

Permitted WT Businesses That Estimated Costs	Existing Annual Permit Review/Revision Cost (hours)	Proposed Annual Permit Review/Revision Cost (hours)	Proposed Annual Permit Review/Revision Savings (hours)
Major WT Facility Permit: 6	7.748	1.085	6.663
Minor WT Facility Permit: 16	7.748	1.085	6.663

B. Methodology

B.1. Introduction

The Department determined that:

- Five proposed Title 14, California Code of Regulations (14 CCR) sections may have an economic impact on some WT facilities:

- 17357 Recordkeeping
 - 18426 Permit Review
 - 18427 Permit Revision
 - 18431.1 Permit Exemption, and
 - 18431.2 Permit Exclusion
- As many as seven WTMS “business types” would be economically impacted by at least one of the five proposed 14 CCR sections:
 - Agricultural Operation¹
 - Auto Dismantler
 - Beneficial Reuse Project
 - Cement Plant
 - Tire Dealer & Other, including: Auto Body, Auto Repair, Car Dealer, Crumb Rubber, Government, Service Station, Shredder, Tire Derived Fuel, Trucking Fleet
 - Tire Retreader, and
 - WT Collection Location
 - Because wage and benefit cost data for a private sector WT facility is proprietary, the Department would:
 - Survey WT facilities to determine employee hours required to comply with proposed regulations
 - Multiply the employee hours by applicable U.S. Bureau of Labor Statistics (BLS) wage and benefit cost factors to estimate average dollar cost/savings per facility, and
 - Multiply average dollar cost/savings per facility by the number of facilities statewide to estimate statewide facility dollar cost/savings.

See Attachment A, STD 399, ECONOMIC AND FISCAL IMPACT STATEMENT: LINE-ITEM DETAIL, Part B.1., Statewide Dollar Costs That Businesses/Individuals May Incur.

¹ “Agricultural Operation” is a WTMS database term that means agricultural business.

B.2. Assumptions

- WT facilities are the best data source for estimates of employee hours required to comply with the proposed regulations
- BLS is the best data source for hourly wage and benefit cost estimates
- WTMS includes all legitimate California WT facilities
- WTMS may overstate the number of WT facilities by WTMS “business type,” and
- The Department can use WTMS to select a representative number of WT facilities by WTMS “business type” that are subject to the proposed regulations

B.3. WTMS Limitations

WTMS records “business types” based on a self-report by each WT facility. The self-report may comprise any combination of sixteen general “business types,” such as “Agriculture,” “Auto Repair,” “Crumb Rubber,” “Dismantler,” “Government,” plus “Other.” The Department does not:

- Use the North American Industry Classification System to classify a WT facility
- Use a rigorous, standardized procedure to assign a primary WTMS “business type” to a WT facility, and/or
- Conduct a standardized, periodic redetermination of WTMS “business type(s)” reported by a WT facility.

The Department is required to periodically inspect WT facilities, but the time interval between inspections may be several years. Therefore, WTMS provides only a rough approximation of the maximum number of WT facilities by WTMS “business type.” For example, for calendar year 2011, WTMS indicates there were 2,466 active WT facilities with a self-reported WTMS “business type(s)” that includes “Dismantler.” In contrast, the State of California Auto Dismantlers Association reports that as of February 9, 2012, there were 1,107 DMV-licensed auto dismantlers in California, plus 129 satellite auto dismantler yards.¹ The Department uses 1,236 auto dismantlers as a more accurate count of auto dismantler locations in this economic impact analysis.

¹ February 9, 2012, phone message from Martha Cowell, Executive Director, State of California Auto Dismantlers Association.

B.4. Surveys

From December 2011 through April 2012, the Department conducted three surveys to estimate the economic impact of the proposed regulations. Survey samples were selected from 9,269 WT facilities in WTMS that were:

- “Active” on any date in calendar year 2011, and
- Subject to one or more of the five proposed 14 CCR sections that may have an economic impact.

The Department phoned 223 WT facilities to request voluntary participation in a Department survey:

- Ninety-two (41%) agreed to provide cost estimates
- One hundred nine (49%) declined to provide cost estimates for reasons such as: “do not want to provide cost data,” and “not authorized to provide cost data,” and
- Twenty-two (10%) had an out-of-service telephone line, or did not answer three consecutive Department phone calls.

The Department attempted a random sample survey of four WTMS “business types”: 13 of 71 Tire Retreaders, 50 of 2,466 Auto Dismantlers, 51 of 2,967 Agricultural Operations, and 51 of 3,702 Tire Dealer & Other - No WT Facility Permit. See Table 3, “Facilities With Waste Tires: In Waste Tire Management System Database, In Random Sample, In Total Population Survey, Successfully Surveyed,” rows 1-4, below. The samples were determined in accordance with Moore, David. *Statistics: Concepts and Controversies*. New York: W.H. Freeman and Company, 2001. 19-70. Print.

The Department attempted a total population survey of three WTMS “business types:” 5 Cement Plants, 36 Tire Dealer & Other - With WT Facility Permit, and 17 WT Collection Locations. See Table 3, rows 5-7, below.

The Department did not attempt a survey of the Beneficial Reuse Project WTMS “business type” as explained in item B.5. below.

Table 3: Facilities With Waste Tires: In Waste Tire Management System Database, In Random Sample, In Total Population Survey, Successfully Surveyed

<u>WTMS</u> “Business Type”	In WTMS Database				In Random Sample	In Total Population Survey ¹	Successfully Surveyed
	Major WT Facility Permit	Minor WT Facility Permit	No WT Facility Permit	Total			
Agricultural Operation ²	0	0	2,967	2,967	51	n/a	13
Auto Dismantler ³	0	0	2,466	2,466	50	n/a	16
Tire Dealer & Other - No WT Facility Permit	0	0	3,702	3,702	51	n/a	17
Tire Retreader	0	0	71	71	13	n/a	6
Cement Plant	0	0	5	5	n/a	5	3
Tire Dealer & Other - With WT Facility Permit ⁴	7	29	0	36	0	36	22
WT Collection Location	0	0	17	17	n/a	17	15
Beneficial Reuse Project	0	0	5	5	n/a	n/a	n/a
total	7	29	9,233	9,269	165	58	92

¹ To increase survey accuracy, the Department attempted a total population survey of a WTMS “business type” if the WTMS population was less than 50, excluding “Beneficial Reuse Project” discussed below in item B.5.

² “Agricultural Operation” is a WTMS database term that means agricultural business.

³ See item B.3. above.

⁴ To increase survey accuracy of annual savings from proposed 14 CCR sections 18426 and 18427, the Department attempted a total population survey of “Tire Dealer & Other” with a major or minor WT facility permit.

In July 2013, the Department conducted one survey to estimate the fiscal impact of the proposed regulations on local and State governments. Survey samples were randomly selected from 300 local government and 92 State government WT facilities in WTMS that were:

- “Active” at the time of the survey, and
- Subject to recordkeeping requirements in proposed 14 CCR section 17357.

The Department phoned 15 of 92 State government WT facilities to request voluntary participation in the Department survey:

- 2 (13%) agreed to provide cost estimates
- 1 (7%) declined to provide cost estimates
- 12 (80%) did not respond to Department phone calls

The Department phoned 26 of 300 local government WT facilities to request voluntary participation in the Department survey:

- 8 (31%) agreed to provide cost estimates
- 7 (27%) declined to provide cost estimates
- 11 (42%) did not respond to Department phone calls

The samples were determined in accordance with Moore, David. *Statistics: Concepts and Controversies*. New York: W.H. Freeman and Company, 2001. 19-70. Print.

Table 4: Local and State Government Facilities With Waste Tires: In Waste Tire Management System Database, In Random Sample, Successfully Surveyed

WTMS “Business Type”	In WTMS Database				In Random Sample	Successfully Surveyed
	Major WT Facility Permit	Minor WT Facility Permit	No WT Facility Permit	Total		
State Government	0	0	92	92	15	2
Local Government	0	0	300	300	26	8
total	0	0	392	392	41	10

B.5. Survey Sample Selection: Small Population WTMS “Business Types”

To increase survey accuracy for a WTMS “business type” with a population less than 50, and for a WTMS “business type” with a major or minor WT facility permit, the Department attempted to survey all:

- 5 Cement Plants
- 36 Tire Dealer & Others with major or minor WT facility permit
- 17 WT Collection Locations.

Five Beneficial Reuse Projects are identified in WTMS. The Department determined the only economic or fiscal impact of the proposed regulations on a Beneficial Reuse Project would be a requirement that a proposed Beneficial Reuse Project complete a Department permit exemption application. The number of proposed Beneficial Reuse Projects that would be approved by the Department on and after the effective date of the proposed regulation is unknown. Accordingly, the Department did not attempt to survey the five existing Beneficial Reuse Projects. Instead, it relied on Agricultural Operation¹, Cement Plant, and Tire Retreader survey results to estimate how many employee hours would be required to complete a Department permit exemption application. Information needed to complete a permit exemption application would be the same for an agricultural operation¹, beneficial reuse project, cement plant, and tire retreader.

¹ “Agricultural Operation” is a WTMS database term that means agricultural business.

B.6. Survey Sample Selection: Large Population WTMS “Business Types”

Aiming for ± 5% data accuracy with a 90% confidence level, the Department used stratified random sampling to select survey samples from four WTMS “business type” populations:

- 51 of 2,967 Agricultural Operations¹
- 50 of 2,466 Auto Dismantlers
- 51 of 3,702 Tire Dealer & Others, including: Auto Body, Auto Repair, Car Dealer, Crumb Rubber, Government, Service Station, Shredder, Tire Derived Fuel, Trucking Fleet, and
- 13 of 71 Tire Retreaders.

¹ “Agricultural Operation” is a WTMS database term that means agricultural business.

B.7. Survey 1: Proposed 14 CCR Sections and WTMS “Business Types”

The first survey examined the cost of three proposed 14 CCR sections:

- 17357 Recordkeeping
- 18431.1 Permit Exemption, and
- 18431.2 Permit Exclusion.

This first survey covered five WTMS “business types”:

1. Agricultural Operation¹
2. Auto Dismantler
3. Cement Plant
4. Tire Dealer & Other, including: Auto Body, Auto Repair, Car Dealer, Crumb Rubber, Government, Service Station, Shredder, Tire Derived Fuel, Trucking Fleet, and
5. Tire Retreader.

¹ “Agricultural Operation” is a WTMS database term that means agricultural business.

B.8. Survey 2: Proposed 14 CCR Sections and WTMS “Business Types”

The second survey examined the cost/savings of two proposed 14 CCR sections:

- 18426 Permit Review, and
- 18427 Permit Revision.

This second survey covered one WTMS “business type”: Tire Dealer & Other - With WT Facility Permit.

B.9. Survey 3: Proposed 14 CCR Sections and WTMS “Business Types”

The third survey examined the cost of two proposed 14 CCR sections:

- 17357 Recordkeeping, and
- 18431.1 Permit Exemption.

This third survey covered one WTMS “business type”: WT Collection Location. It was needed because Survey 1 described above did not cover WT Collection Locations.

B.10. Survey 4: Proposed 14 CCR Sections and WTMS “Business Types”

The fourth survey examined the cost of one proposed 14 CCR section: 17357, Recordkeeping.

This fourth survey covered one WTMS “business type”: Government. It was needed because Surveys 1 and 3 do not include State and local government WT facilities.