

TITLE 1. DEPARTMENT OF FINANCE

NOTICE IS HEREBY GIVEN that the Department of Finance is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at 915 L Street, Redwood Room, Sacramento, California, at 9 a.m. on August 29, 2013. Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the Department at its office not later than 5:00 p.m. on August 26, 2013 or must be received by the Department at the hearing. The Department, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 11346.3 and 11346.36 of the Government Code, and to implement, interpret or make specific Sections 11342.548, 11346.3, 11346.36 and 11349.1.5 of said Code, the Department is considering adopting regulations in Division 3 of Title 1 of the California Code of Regulations as follows:

INFORMATIVE DIGEST

A. Informative Digest

SB 617 (Chap. 496, Stats. 2011) and subsequent follow-up legislation (SB 1520, Chap. 766, Stats. 2012) require the Department of Finance (Department) to adopt regulations for conducting the standardized regulatory impact assessment ("SRIA") required for the adoption of a major regulation on or after November 1, 2013 and to review, from time to time, the standardized regulatory impact analyses submitted by agencies for adherence to the regulations described above.

This proposal would implement, interpret and make specific the laws listed above, as follows: It would clarify the term "major regulation" and "economic impact" for purposes of conducting the required standardized regulatory impact analysis. It would require an agency to notify the Department by a set time of any anticipated major regulations and to provide specified information to the Department regarding those regulations. It would also require an agency proposing a major regulation to contact and involve those who would be subject to or affected by the regulations, including other state and local agencies.

This proposal would also identify the characteristics which a method or approach to economic impact assessment must possess, would provide guidance with

respect to certain aspects of assessing economic impact, and would prescribe those elements required to be included within that assessment.

This proposal would specify the timeframe for submitting a SRIA to the Department and the information that must be contained in the SRIA, including the contents of a form that must accompany the SRIA.

Finally, this proposal would describe how the Department will respond to an agency that has failed to comply in whole or in part with these regulations.

B. Policy Statement Overview/Anticipated Benefits of Proposal

These regulations would provide the guidance to state agencies in assessing the economic impact of proposed major regulations, as required by SB 617 (Chap. 496, Stats. 2011) and subsequent follow-up legislation (SB 1520, Chap. 766, Stats. 2012). Those bills require the Department of Finance (Department) to adopt regulations for conducting the standardized regulatory impact analyses required for the adoption of major regulations on or after November 1, 2013.

Benefits of Proposal:

These regulations would increase openness and transparency in government because affected individuals, businesses and governmental agencies must be offered the opportunity to participate in the regulation development process. They would provide consistency and greater transparency to the process of estimating the economic impact of a major regulation. They would also promote the health and welfare of California residents because they should result in better, more cost effective regulations.

C. Consistency and Compatibility with Existing State Regulations

The Department has evaluated this regulatory proposal and it is not inconsistent nor incompatible with existing state regulations, as a search of the California Code of Regulations reveals that there are no regulations currently in existence that describe the methodology to be used in assessing the economic impact of a proposed regulation.

FISCAL IMPACT ESTIMATES:

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: Costs of \$1.4 to \$2.3 million annually.

Nondiscretionary Costs/Savings to Local Agencies: None

Local Mandate: None

Cost to Any Local Agency or School District for Which Government Code Sections 17500 - 17630 Require Reimbursement: None

Business Impact:

The Department has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

The following studies/relevant data were relied upon in making the above determination:

The proposed regulations do not impact businesses. They apply only to the processes used by state agencies that are proposing major regulations.

Cost Impact on Representative Private Person or Business:

The Department is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Effect on Housing Costs: None

EFFECT ON SMALL BUSINESS:

The Department has determined that the proposed regulations would not affect small businesses because the proposed regulations do not impact businesses. They apply only to the processes used by state agencies that are proposing major regulations.

RESULTS OF ECONOMIC IMPACT ASSESSMENT/ANALYSIS:

Impact on Jobs/Businesses:

The Department has determined that this regulatory proposal will not have a significant impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Benefits of Regulation:

The Department has determined that this regulatory proposal will have the following benefits to health and welfare of California residents, worker safety, and state's environment: These regulations would increase openness and transparency in government because affected individuals, businesses and governmental agencies must be offered the opportunity to participate in the regulation development process. They would also promote the health and welfare of California residents because they should result in better, more cost effective regulations.

CONSIDERATION OF ALTERNATIVES:

The Department must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposal described in this Notice, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

INITIAL STATEMENT OF REASONS AND INFORMATION:

The Department has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL:

Copies of the exact language of the proposed regulations, and any document incorporated by reference, and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the Department of Finance, attention: Forecasting, Labor and Transportation Unit, at 915 L Street, Sacramento, California 95814

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE:

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the website listed below.

CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name:	Chris Ryan
Address:	915 L Street, Sacramento, CA 95814
Telephone No.:	(916) 322-2263
E-Mail Address:	Chris.Ryan@dof.ca.gov

The backup contact person is:

Name: Dennis Meyers
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Website Access: Materials regarding this proposal can be found at
<http://www.dof.ca.gov/>.