

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

STD. 399 (Rev. 10/2019)

**ECONOMIC IMPACT STATEMENT**

DEPARTMENT NAME <b>Dept. of Toxic Substances Control</b>	CONTACT PERSON <b>Kyle Harris</b>	EMAIL ADDRESS <b>kyle.harris@dtsc.ca.gov</b>	TELEPHONE NUMBER <b>916-934-9402</b>
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 <b>Safer Consumer Products: Nail Products Containing Toluene</b>			NOTICE FILE NUMBER <b>Z</b>

**A. ESTIMATED PRIVATE SECTOR COST IMPACTS** *Include calculations and assumptions in the rulemaking record.*

1. Check the appropriate box(es) below to indicate whether this regulation:

- a. Impacts business and/or employees       e. Imposes reporting requirements  
 b. Impacts small businesses                       f. Imposes prescriptive instead of performance  
 c. Impacts jobs or occupations                       g. Impacts individuals  
 d. Impacts California competitiveness               h. None of the above (Explain below):

*If any box in Items 1 a through g is checked, complete this Economic Impact Statement.**If box in Item 1.h. is checked, complete the Fiscal Impact Statement as appropriate.*2. The Dept. of Toxic Substances Control  
(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: 20 (See attach.)Describe the types of businesses (Include nonprofits): Manufacturers (See attach.; pgs. 1-2)Enter the number or percentage of total  
businesses impacted that are small businesses: 174. Enter the number of businesses that will be created: Indeterminate eliminated: 0Explain: This regulatory proposal will not result in the elimination of any businesses (see attachment pg. 5 for explanation).5. Indicate the geographic extent of impacts:  Statewide  
 Local or regional (List areas): \_\_\_\_\_6. Enter the number of jobs created: Indeterminate and eliminated: IndeterminateDescribe the types of jobs or occupations impacted: The requirement to submit Priority Product Notifications, Alternatives Analysis (AA) Reports, or AA Threshold Notifications (AATNs) is not likely to result in the elimination of jobs in CA (see attachment; pg. 5).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  NOIf YES, explain briefly: The regulation will apply to manufacturers selling nail products containing toluene in CaliforniaTwenty of the 40 potentially impacted manufacturers nationwide are located in states other than California.Only 20 manufacturers are located in California.

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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? \$ \$13,486 - \$3.4 mill.
- a. Initial costs for a small business: \$ \$807 - \$304,960 Annual ongoing costs: \$ 0 Years: 2022-2023
- b. Initial costs for a typical business: \$ \$807 - \$304,960 Annual ongoing costs: \$ 0 Years: 2022-2023
- c. Initial costs for an individual: \$ 0 Annual ongoing costs: \$ 0 Years: N/A
- d. Describe other economic costs that may occur: None anticipated

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

3. If the regulation imposes reporting requirements, enter the annual costs a typical business may incur to comply with these requirements. *Include the dollar costs to do programming, record keeping, reporting, and other paperwork, whether or not the paperwork must be submitted.* \$ 0 (See attach.)

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: This regulatory proposal is necessary given the lack of similar Federal regulations (see attachment pg. 8 for explanation).

Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ 0

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

1. Briefly summarize the benefits of the regulation, which may include among others, the health and welfare of California residents, worker safety and the State's environment: The primary goal of SCP regulations is to protect public health by reducing exposures to potentially harmful chemicals. By listing nail products containing toluene as a priority product, DTSC sets in motion a strategy to reduce human exposure to toluene (see attach. for further explanation).

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

Explain: The statute seeks to minimize adverse health effects, evaluate safer alternatives, and promote safer products.

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

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: Potential job expansion in business consulting; worker safety training, education, and certification; research and development of safer chemicals and products.

**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: DTSC considered two regulatory alternatives to the selected alternative, but determined that no alternative regulatory proposal would be as effective and less burdensome than the chosen alternative (see attachment pgs. 9-10 for further explanation).

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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: \$ Indeterminate Cost: \$ 13.5k - 3.4 mill.

Alternative 1: Benefit: \$ Indeterminate Cost: \$ Indeterminate

Alternative 2: Benefit: \$ Indeterminate Cost: \$ Indeterminate

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: Costs or savings associated with actions taken after the AA is completed are not calculable because such actions cannot be pre-determined (see attach. p 5).

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: N/A

**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: Possible increase in business investments in education, training, certification; research and development of safer chemicals and products.

The incentive for innovation in products, materials or processes: DTSC expects this regulation will stimulate innovation in the development of alternative chemicals and safer products.

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: A reduction in exposure to toluene could benefit the health of CA residents & wildlife (see attach. & Profile for Nail Products Containing Toluene).

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**FISCAL IMPACT STATEMENT**

**A. FISCAL EFFECT ON LOCAL GOVERNMENT** *Indicate appropriate boxes 1 through 6 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year which are reimbursable by the State. (Approximate)  
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ \_\_\_\_\_

a. Funding provided in \_\_\_\_\_

Budget Act of \_\_\_\_\_ or Chapter \_\_\_\_\_, Statutes of \_\_\_\_\_

b. Funding will be requested in the Governor's Budget Act of \_\_\_\_\_

Fiscal Year: \_\_\_\_\_

2. Additional expenditures in the current State Fiscal Year which are NOT reimbursable by the State. (Approximate)  
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ \_\_\_\_\_

*Check reason(s) this regulation is not reimbursable and provide the appropriate information:*

a. Implements the Federal mandate contained in \_\_\_\_\_

b. Implements the court mandate set forth by the \_\_\_\_\_ Court.

Case of: \_\_\_\_\_ vs. \_\_\_\_\_

c. Implements a mandate of the people of this State expressed in their approval of Proposition No. \_\_\_\_\_

Date of Election: \_\_\_\_\_

d. Issued only in response to a specific request from affected local entity(s).

Local entity(s) affected: \_\_\_\_\_  
\_\_\_\_\_

e. Will be fully financed from the fees, revenue, etc. from: \_\_\_\_\_

Authorized by Section: \_\_\_\_\_ of the \_\_\_\_\_ Code;

f. Provides for savings to each affected unit of local government which will, at a minimum, offset any additional costs to each;

g. Creates, eliminates, or changes the penalty for a new crime or infraction contained in \_\_\_\_\_

3. Annual Savings. (approximate)

\$ \_\_\_\_\_

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

5. No fiscal impact exists. This regulation does not affect any local entity or program.

6. Other. Explain \_\_\_\_\_  
\_\_\_\_\_

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**FISCAL IMPACT STATEMENT (CONTINUED)****B. FISCAL EFFECT ON STATE GOVERNMENT** *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.* 1. Additional expenditures in the current State Fiscal Year. (Approximate)

\$ \_\_\_\_\_

*It is anticipated that State agencies will:* a. Absorb these additional costs within their existing budgets and resources. b. Increase the currently authorized budget level for the \_\_\_\_\_ Fiscal Year 2. Savings in the current State Fiscal Year. (Approximate)

\$ \_\_\_\_\_

 3. No fiscal impact exists. This regulation does not affect any State agency or program. 4. Other. Explain This proposed regulation would likely result in no additional costs to the State. DTSC estimates that total costs, which will likely be absorbed, would range from \$1,375,864 to \$4,928,500. See Attachment p.12 for explanation.**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

 **Brian C Brown**Digitally signed by Brian C Brown  
Date: 2022.05.12 09:10:02 -07'00'

DATE

May 12, 2022

*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


 **Jared Blumenfeld**Digitally signed by Jared Blumenfeld  
Date: 2022.06.27 10:50:07 -07'00'

DATE

June 27, 2022

*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

 **Sergio Aguilar**

DATE

9/29/2022