

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

STD. 399 (Rev. 10/2019)

**ECONOMIC IMPACT STATEMENT**

DEPARTMENT NAME <b>State Water Resources Control Board</b>	CONTACT PERSON <b>Melissa Hall</b>	EMAIL ADDRESS <b>Melissa.Hall@Waterboards.ca.gov</b>	TELEPHONE NUMBER <b>(916)323-0373</b>
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 <b>Hexavalent Chromium Maximum Contaminant Level</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:

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

*If any box in Items 1 a through g is checked, complete this Economic Impact Statement.  
If box in Item 1.h. is checked, complete the Fiscal Impact Statement as appropriate.*

2. The State Water Resources Control Board 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: 146Describe the types of businesses (Include nonprofits): Public water systems (PWS) in CaliforniaEnter the number or percentage of total businesses impacted that are small businesses: 554. Enter the number of businesses that will be created: insignificant; 0 eliminated: insignificant; 0Explain: Businesses providing the goods and services needed are likely to expand in size or number. See attachment.5. Indicate the geographic extent of impacts:  Statewide  
 Local or regional (List areas): \_\_\_\_\_6. Enter the number of jobs created: 0 and eliminated: 401/yrDescribe the types of jobs or occupations impacted: Jobs in industries such as testing service providers and laboratories, services in hexavalent chromium water treatment, consulting firms, construction firms, and the material and labor industries. See attachment.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: N/A

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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? \$ 179,568,183/yr
- a. Initial costs for a small business: \$ 2,203 Annual ongoing costs: \$ 66,974 Years: Indefinite
- b. Initial costs for a typical business: \$ 2,442 Annual ongoing costs: \$ 185,692 Years: Indefinite
- c. Initial costs for an individual: \$ 0 Annual ongoing costs: \$ 0 Years: N/A
- d. Describe other economic costs that may occur: None.

2. If multiple industries are impacted, enter the share of total costs for each industry: Water, sewage, and other systems: 85%; waste mgmt. & remediation services: 4%; other basic inorganic chemical manufacturing: 10%; other: 2%. See attachment.

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. \$ 7,619 one-time

4. Will this regulation directly impact housing costs?  YES  NO
- If YES, enter the annual dollar cost per housing unit: \$ N/A
- Number of units: N/A

5. Are there comparable Federal regulations?  YES  NO

Explain the need for State regulation given the existence or absence of Federal regulations: HSC section 116270(f) declares California's intent to improve upon the minimum federal requirements; HSC 116365.5 requires development of a hexavalent chromium MCL.

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: Primary benefits are improved public health through the improvement of drinking water quality. Approximately 898 cancer cases are expected to be avoided over 70 years. A reduction in noncancer cases (liver toxicity) is also expected, but cannot be quantified. See attachment.

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

Explain: HSC 116365 requires that MCL be set at the lowest level technologically and economically feasible. See attachment.

3. What are the total statewide benefits from this regulation over its lifetime? \$ 898 avoided cancer cases

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: Businesses that sell water treatment equipment and services, analytical laboratories, consulting firms, construction firms, and material and labor industries may experience an increased demand. See attachment.

**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: MCL at 12 ug/L. Alternative 2: MCL at 8 ug/L. Alternative 3: MCL at 1 ug/L. Alternative 1 is less stringent than the proposed MCL; Alternatives 2 and 3 are more stringent than the proposed MCL. See attachment.

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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: \$ N/A Cost: \$ 179,568,183/yr  
 Alternative 1: Benefit: \$ N/A Cost: \$ 134,355,492/yr  
 Alternative 2: Benefit: \$ N/A Cost: \$ 278,736,533/yr

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: While the avoided cancer cases can be estimated for the regulation and alternatives, avoided noncancer cases cannot be estimated. See attachment.

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 regulation does not mandate the use of specific technologies or equipment, rather a performance standard in the form of an MCL.

The regulation would prescribe the use of specific analytical methods for the analysis of hexavalent chromium; no additional methods were proposed.

**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: MCL at 12 ug/L. See attachment.

Alternative 2: MCL at 8 ug/L. See attachment.

*(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 \$ 179,568,183/yr Cost-effectiveness ratio: \$ 14,002,455  
 Alternative 1: Total Cost \$ 134,355,492/yr Cost-effectiveness ratio: \$ 13,194,643  
 Alternative 2: Total Cost \$ 278,736,533/yr Cost-effectiveness ratio: \$ 17,176,369

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: Impact on investment (capital costs) per year will be an increase of almost \$94 million. The impact is insubstantial compared to California's economy. See attachment.

The incentive for innovation in products, materials or processes: Proposed MCL will lead to systems installing treatment technologies capable of removing hexavalent chromium from their water. Systems' search for effective technologies will drive innovation. See attachment.

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: Primary benefits are improved public health - mainly avoided cancer cases - through the improvement of drinking water quality. See attachment.

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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: PWS adjustment to rate structures to customers. See attachment.

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 Increase in local sales tax revenue estimated at \$3.1 million in 2025, \$1.7 million in 2026, \$0.6 million in 2027, and \$0.2 million in each subsequent year.

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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)

\$ 43,024

*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 Impact will be accommodated through redistribution of existing staff resources. Additional personnel may be needed. Increase in state sales tax revenue estimated at \$24.1 million in 2025, \$13.2 million in 2026, \$4.5 million in 2027, and \$1.4 million in each subsequent year.

**C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS** *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year. (Approximate)

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

2. Savings in the current State Fiscal Year. (Approximate)

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

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

4. Other. Explain \_\_\_\_\_

FISCAL OFFICER SIGNATURE




DATE

May 22, 2023

*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

  
Eric Jarvis (May 25, 2023 15:56 PDT)

DATE

05/25/2023

*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

 Somjita Mitra

Digitally signed by Somjita Mitra  
Date: 2024.05.31 15:03:59 -07'00'

DATE