

**Proposed Amendments  
to the  
California Code of Regulations  
Title 23. Waters  
Division 3. State Water Resources Control Board  
and Regional Water Quality Control Boards  
Chapter 16. Underground Storage Tank  
Regulations**

**SUPPLEMENTAL  
ECONOMIC AND FISCAL  
IMPACT STATEMENT**

**November 2017  
State Water Resources Control Board  
Division of Water Quality**

# ECONOMIC/FISCAL IMPACT STATEMENT

## DATA SOURCES

The primary source of the data used for this economic and fiscal statement is the California Environmental Reporting System (CERS), California's database for electronically reporting, collecting, and managing hazardous materials-related data. Additional data to determine the rate at which piping requires repair is from GeoTracker, California's database for tracking soil and groundwater contamination from releases from underground storage tanks (USTs). Finally, the estimates of cost for complying with additional testing, inspection, and upgrade requirements for existing equipment comes from bids solicited from businesses in California that currently offer services necessary to satisfy the proposed regulations.

## ECONOMIC IMPACT STATEMENT

### A. ESTIMATED PRIVATE SECTOR COST IMPACTS

#### 3. How many businesses are impacted?

The State Water Resources Control Board (State Water Board) has determined that the proposed regulations impact 100 percent of the facilities (businesses) that own or operate USTs. There are approximately 12,173 businesses with approximately 35,139 USTs. Representative businesses include retail and fleet fuel-dispensing businesses, manufacturing plants, fuel farms, communication companies, hospitals, data centers, parking structures, dry cleaners, property management, and marinas. The State Water Board estimates that 80 percent of these businesses are small businesses with less than 500 employees, are independently owned and operated, and are not dominant in their field of operation.

#### 4. How many businesses will be created or eliminated?

##### *Businesses Created*

As explained in more detail below, the State Water Board has determined that the proposed regulatory action will not have an effect on the creation of new businesses within the State of California, because the added testing, inspection, and upgrade requirements for existing equipment do not create a significant enough workload to support the creation of new businesses.

The proposed regulations do not require any additional tests, but do impose new requirements on testing that already occurs. The additional requirements are related to how the testing is performed and how test results are recorded and reported. The workload created from these additional requirements will be absorbed by businesses already offering UST service technician services.

The proposed regulations do not require any new facility inspections, but do impose new requirements on the designated UST operator inspection that already occurs. The additional requirements are related to the frequency the inspection is performed, how the inspection is performed, and how results are recorded. The

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workload created from these additional requirements will be absorbed by businesses already offering designated UST operator services.

The proposed regulations do impose a new overfill prevention equipment inspection requirement. The workload created by the proposed regulations will be absorbed by businesses already offering UST service technician services.

The proposed regulations do impose new upgrade requirements when repair to specific UST components are required. Approximately 47 percent of California's USTs, or 16,583 USTs, may be subject to at least one proposed upgrade requirement, but approximately 89 percent of those USTs, or 14,759 USTs, may require, at most, the removal of existing equipment and reprogramming of other existing equipment to satisfy the upgrade requirements. (See Figure 1.)

The remaining approximately 11 percent, or 1,824 USTs, may be subject to at least one proposed upgrade requirement and will require retrofitting the USTs with new equipment to satisfy the upgrade requirements. Of the 1,824 USTs that may require retrofitting with new equipment to satisfy the upgrade requirements, many will not be required to upgrade before permanently closing. Approximately 43 percent of the 1,842 USTs, or 810 USTs, are subject to existing requirements that require the permanent closure of single-walled USTs by December 31, 2025. (See Health & Saf. Code, § 25292.05.) These 810 USTs will contribute to an increase in workload for UST contractors and service technicians for only 8 years. That leaves only approximately 1,014 USTs that will remain subject to being retrofitted with new equipment to satisfy the upgrade requirements for the lifetime of the regulation or until the USTs are permanently closed.

Since the upgrades only are required if a repair to a specific UST component is required, some USTs will never be required to upgrade before the USTs are permanently closed and will not create any additional workload. The workload that is created will be spread out over many years and is dependent on the rate at which repairs to specific components subject to upgrade are required. The State Water Board estimates the workload created will be greatest in the first year because of additional inspection requirements focused on verifying the proper operation of equipment to determine if a repair is required. However, in subsequent years, the State Water Board suspects the workload will not be sustained because the majority of workload created already will have been completed. The increase in workload is not significant enough to support creation of new businesses. The workload created by the proposed regulations will be absorbed by businesses already performing UST contractor and service technician work.

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Potential Workload Created
<ul style="list-style-type: none"><li>▪ 16,583 USTs subject to upgrade requirements<ul style="list-style-type: none"><li>• 14,759 USTs equipped with equipment that requires, at most, removal of some equipment and reprogramming of other equipment to satisfy the upgrade requirements</li><li>• 1,824 USTs require retrofitting with new equipment to satisfy the upgrade requirements<ul style="list-style-type: none"><li>○ 810 USTs are subject to existing requirements that require the permanent closure of these USTs by December 31, 2025</li><li>○ 1,014 USTs that will remain subject to retrofitting the USTs with new equipment to satisfy the upgrade requirements until the USTs are permanently closed</li></ul></li></ul></li></ul>

Figure 1

## *Businesses Eliminated*

As explained in more detail below, the State Water Board has determined that the proposed regulatory action may result in up to 19 businesses permanently closing not just their USTs, but their whole business due to their reliance on their USTs to generate revenue, if they are unable or unwilling to replace the closed USTs with new USTs that meet all of the regulatory requirements. (See Table 1.)

The State Water Board estimates that up to 19 businesses within the State of California will be eliminated over the next 8 years because of the proposed regulations. Many businesses subject to the proposed regulations rely on operating a UST to generate revenue. The proposed regulations require buried single-walled pipe, which requires repair, to be upgraded to be double-walled and continuously interstitially monitored. However, Health and Safety Code section 25292.05 requires single-walled pipe and single-walled USTs to be fully double-walled and interstitially monitored or permanently closed by December 31, 2025. The proposed regulations may result in some businesses with only single-walled USTs to either permanently close their single-walled USTs before December 31, 2025 or upgrade the buried single-walled piping connected to their single-walled USTs as a temporary solution knowing that they will need to permanently close their USTs by December 31, 2025. Businesses that are unable or unwilling to invest in equipment to meet upgrade requirements or unable to replace their USTs may be eliminated.

The proposed regulations require buried single-walled pipe, which requires repair, to be upgraded. Pipe requires repair when the pipe causes a release of hazardous substance to the environment. Over the past 10 years approximately five USTs per year have had piping repaired or replaced due to a discovered release. These releases most likely were a result of single-walled pipe leaking. A little over half the USTs with single-walled pipe are connected to single-walled USTs subject to Health and Safety Code section 25292.05. Most single-walled USTs with single-walled pipe are owned or operated by businesses with only single-walled USTs subject to Health and Safety Code section 25292.05. Using a weighted average,

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approximately 46 percent of the releases from piping will occur at businesses with only single-walled USTs subject to permanently closing their USTs by December 31, 2025. Some, if not all, of those businesses with only single-walled USTs will be unable to replace their USTs or will choose to permanently close their single-walled USTs before December 31, 2025. After taking into account the effect of Health and Safety Code section 25292.05 and the rate at which piping subject to the upgrade requirements requires repairs, the State Water Board estimates that up to 19 businesses that own or operate USTs may be eliminated due to the proposed regulations before December 31, 2025. It should be noted, however, that some of these businesses may be eligible for a grant and/or a low-interest loan from the State Water Board's Replacing, Removing, or Upgrading Underground Storage Tanks (RUST) grant and loan program to assist with the required costs.

<b>Maximum Estimate of Businesses Eliminated Due to the Proposed Regulations</b>	
USTs with Single-Walled Piping	1,477
USTs at Businesses with Only Single-Walled USTs and Piping	684
USTs with Piping which Required Repair (Annual Average)	5
Years USTs with Single-Walled Piping Subject to Upgrade	8
Calculation of Businesses Eliminated (684/1,477) x 5 x 8 = 18.5	19

Table 1

6. How many jobs will be created or eliminated?

As explained in more detail below, the State Water Board has determined that the proposed regulatory action may have an effect on the creation of jobs within the State of California, because the added inspection and upgrade requirements for existing equipment create a significant enough workload to support the creation of an estimated 50 new jobs. The State Water Board also has determined that the proposed regulatory action may have an effect on the elimination of jobs within the State of California, because of businesses permanently closing not just their USTs, but the whole business, resulting in approximately 76 jobs being eliminated.

*Jobs Created*

The State Water Board estimates that statewide approximately 50 jobs may be created within businesses offering UST inspection and contracting services because of the proposed regulations. (See Table 2.) This estimation is based on an estimate of the time an activity takes to be completed times the number of USTs statewide impacted by the proposed regulations divided by the number of work hours in a year for an individual working full time after taking into account holidays and a typical amount of vacation and sick leave.

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<b>Jobs Created Statewide</b>				
<b>Activity</b>	<b>Approximate Number USTs Impacted</b>	<b>Hours Necessary to Complete Activity</b>	<b>Work Hours in a Year</b>	<b>Number of Jobs Created</b>
Overfill Prevention Equipment Inspections	35,139	1	1,980	18
Calculation of Overfill Prevention Equipment Inspections Jobs Created (35,139 x 1)/1,980 = 17.75 Jobs				
Overfill Prevention Equipment Upgrade	15,541	4	1,980	32
Calculation of Overfill Prevention Equipment Upgrade Jobs Created (15,541 x 4)/1,980 = 31.47 Jobs				
<b>Total Number of Jobs Created</b>				<b>50</b>

Table 2

### *Jobs Eliminated*

The State Water Board estimates that approximately 76 jobs may be eliminated because of the proposed regulations. (See Figure 2.) The estimation is based on the elimination of 19 businesses due to their reliance on their USTs to generate revenue and their inability or unwillingness to replace the closed USTs with new USTs that meet all of the regulatory requirements with four employees per business.

<b>Jobs Eliminated Statewide</b>
19 Businesses Eliminated x 4 Jobs Per Business = 76 Jobs Eliminated

Figure 2

## **B. ESTIMATED COST**

1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime?

The State Water Board estimates that the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime to be \$60,924,150. (See Table 3.)

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<b>Regulatory Lifetime Estimates of Statewide Dollar Costs</b>			
<b>Requirement</b>	<b>Approximate Number of Businesses or USTs Impacted</b>	<b>Cost Per Business or UST</b>	<b>Cost over the Regulation's Lifetime (20 Years)</b>
Removal & Reprogramming of Overfill Prevention Equipment Capital Costs	15,143 USTs	\$600	\$9,085,800
Retrofit of Overfill Prevention Equipment Capital Costs	398 USTs	\$1,200	\$477,600
Upgrade of Pipe Capital Costs	25 USTs	\$90,000	\$2,250,000
Increased Triennial Testing Costs	25 USTs	\$2,500	\$418,750
Increased Annual Reporting Costs	12,173 Businesses	\$50	\$12,173,000
Increased Annual Inspection Costs	12,173 Businesses	\$150	\$36,519,000
<b>Lifetime Statewide Total</b>			<b>\$60,924,150</b>

Table 3

a. *Costs for a small business*

All businesses will be subject to an increase in annual ongoing costs of \$200 to meet new periodic inspection and reporting requirements. The \$200 annual ongoing costs includes \$50 for additional reporting costs and \$150 to cover the cost of new periodic inspections. Whether a business incurs any additional capital costs or ongoing costs for periodic testing depends on the construction of the USTs owned and operated by the business.

Small businesses typically own two to four USTs, so for the purpose of this analysis the State Water Board will assume each of the affected businesses own and operate three USTs. It is unlikely that all three of a business's USTs would be subject to meeting all the upgrade requirements within a single year because the upgrade requirements must be met only when specific equipment requires repair and the upgrades may never be required if the specific equipment does not require repair before the UST is permanently closed. For purposes of calculating the maximum costs of the proposed regulations, however, the State Water Board will assume all three of a business's USTs will be subject to meeting all the upgrade requirements within a single year.

Based on these assumptions, the State Water Board estimates that approximately 700 businesses, or almost eight percent of small businesses, may be subject to \$270,000 in capital costs for meeting piping upgrade requirements and \$2,500 in associated annual ongoing costs for periodic testing. Some of these businesses also may be subject to meeting the overfill prevention

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equipment upgrade requirement with up to \$3,600 in capital costs, depending on whether new equipment must be installed or if it only is necessary to remove certain equipment and recalibrate the remaining equipment. A business that is subject to all of these requirements for all three of its USTs will incur approximately \$327,600 in costs over the lifetime of the proposed regulations. (See Table 4 for the maximum cost estimates for a business that is subject to all of these requirements.) Some of these small businesses, however, may be eligible for a grant and/or a low-interest loan from the RUST grant and loan program to assist with the required costs.

<b>Regulatory Lifetime Estimates of Maximum Small Business Dollar Costs</b>		
<b>Requirement</b>	<b>Cost</b>	<b>Cost over the Regulation's Lifetime (20 Years)</b>
<b>Capital Costs</b>		
Upgrade of Pipe	\$270,000	\$270,000
Upgrade of Overfill Prevention Equipment	\$3,600	\$3,600
<b>Annual Ongoing Costs</b>		
Increased Reporting Costs	\$50	\$1,000
Increased Testing Costs	\$2,500	\$50,000
Increased Inspection Costs	\$150	\$3,000
<b>Lifetime Maximum Small Business Costs</b>		<b>\$327,600</b>

Table 4

Approximately 4,701 businesses, or almost 40 percent of all businesses, may be subject to the overfill prevention equipment upgrade requirement. A business that is subject to the overfill prevention equipment upgrade requirement but is not subject to either the piping upgrade requirements or the associated annual ongoing costs for periodic testing will incur up to \$3,600 in capital costs and approximately \$200 in annual ongoing costs to meet new periodic inspection and reporting requirements resulting in a cost of up to \$7,600 over the lifetime of the regulations. The remaining small businesses that are not required to complete any upgrades will incur approximately \$4,000 in costs to meet new periodic inspection and reporting over the lifetime of the regulations. (See Table 5 for a typical business that is not subject to either the piping upgrade requirements or the associated annual ongoing costs for periodic testing.) Therefore, while almost eight percent of small businesses may incur approximately \$327,600 in costs over the lifetime of the regulations, the majority of small businesses will incur approximately \$4,000 to \$7,600 in costs over the lifetime of the proposed regulations.

*b. Costs for a typical business*

The State Water Board has determined that approximately 80 percent of affected businesses are small businesses, therefore, a typical business is a small business. The impact on a typical business, however, should be much

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less than the impact on some of the smallest businesses. A typical business owns and operates USTs that are not subject to the piping upgrade requirements or the associated annual ongoing costs for periodic testing.

As discussed above, approximately 4,701 businesses, or almost 40 percent of all businesses, may be subject to the overfill prevention equipment upgrade requirement. A business that is subject to the overfill prevention equipment upgrade requirement but is not subject to either the piping upgrade requirements or the associated annual ongoing periodic testing, will incur up to \$3,600 in capital costs and approximately \$200 in annual ongoing cost to meet new periodic inspection and reporting requirements resulting in a cost of up to \$7,600 over the lifetime of the regulations. The remaining businesses that are not required to complete any upgrades will incur approximately \$4,000 for ongoing cost to meet new periodic inspection and reporting requirements over the lifetime of the regulations. Therefore, the typical business will incur approximately \$4,000 to \$7,600 in costs over the lifetime of the proposed regulations. (See Table 5.)

<b>Regulatory Lifetime Estimates of Typical Business Dollar Costs</b>		
<b>Requirement</b>	<b>Cost Per Business</b>	<b>Cost over the Regulation's Lifetime (20 Years)</b>
<b>Capital Costs</b>		
Upgrade of Overfill Prevention Equipment Capital Costs, only if required	Up to \$3,600	Up to \$3,600
<b>Ongoing Annual Costs</b>		
Increased Annual Reporting Costs	\$50	\$1,000
Increased Annual Inspection Costs	\$150	\$3,000
<b>Lifetime Typical Business Costs</b>		\$4,000-\$7,600

Table 5

c. *Costs for an individual*

The State Water Board has determined that the individuals affected by the proposed regulations are those individuals or sole proprietors that own small businesses, therefore, the costs for an individual will be the same as the costs for a small business as explained above.

5. What is the need for State regulation given the existence of Federal regulations?

Effective October 13, 2015, the United States Environmental Protection Agency (U.S. EPA) amended part 280 of 40 Code of Federal Regulations (Federal UST Regulations) for USTs. Some of the new requirements in the Federal UST

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Regulations became effective immediately on October 13, 2015. Other requirements have staggered implementation dates out to October 13, 2018.

UST owners and operators in States without an approved UST Program, including California, are required to comply with Federal UST Regulations immediately. Some of the new requirements in the Federal UST Regulations are more stringent than, or are inconsistent with, the California Code of Regulations, title 23, division 3, chapter 16 (California UST Regulations). Consequently, California UST owners and operators now have two sets of requirements to meet: 1) the existing California UST program implemented and enforced by the State Water Board and the Unified Program Agencies (UPAs) (who implement the existing California UST program on the State Water Board's behalf); and 2) the U.S. EPA inspection and enforcement of those Federal UST Regulations that are more stringent than, or are inconsistent with, the California UST Regulations.

The State Water Board proposes to amend the California UST Regulations to make California UST Regulations at least as stringent as the Federal UST Regulations. Without the regulatory changes, California UST owners and operators will continue to have two sets of requirements to meet. In addition, the State Water Board's continued grant funding from U.S. EPA may be in jeopardy if the California UST program is not at least as stringent as the Federal UST program by October 13, 2018, when the Federal UST Regulations are fully implemented.

The State Water Board estimates additional costs of \$100 to businesses and/or individuals due to State - Federal differences. The proposed regulations, in comparison to the Federal UST Regulations, require results of testing and inspections to be recorded on specific forms that are included in the proposed regulations and those forms to be submitted to the applicable UPA for review. This \$100 cost includes the entire \$50 increase in reporting costs and another \$50 for implementing testing and inspections requirements that differ from the Federal UST Regulations.

### C. ESTIMATED BENEFITS

1. What are 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 proposed regulations will: 1) improve the health and welfare of California residents, worker safety, and the state's environment; 2) result in a savings in cleanup costs to businesses and the UST Cleanup Fund; 3) reduce confusion within the regulated community; 4) alleviate the risk of the UST Program losing continued annual grant funding from U.S. EPA; and 5) be consistent with the established policy of the State recognizing the human right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. By proposing regulations, regarding the construction, monitoring, and testing of USTs, to reduce the risk of soil and groundwater contamination from UST releases results in a savings in cleanup costs to businesses and the UST Cleanup Fund that in turns keeps businesses in operation. Proposing regulations that are at least as stringent

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as the Federal UST Regulations alleviates the risk of losing continued annual grant funding from U.S. EPA to the UST Program for not having regulations at least as stringent as the Federal UST Regulations. Creating regulations that are consistent with California's existing requirements and with groundwater protection policies reduces confusion within the regulated community.

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

The benefits are the result of specific statutory requirements. Health and Safety Code sections 25280.5 and 25299.3 requires the State Water Board to adopt regulations implementing a state UST program in lieu of a federal program. As stated in response to question 5 of section B above, California UST owners and operators currently have two sets of requirements to meet: 1) the existing California UST program implemented and enforced by the State Water Board and the UPAs; and 2) the U.S. EPA inspection and enforcement of those Federal UST Regulations that are more stringent than, or are inconsistent with, the California UST Regulations. The proposed regulations will meet the specific statutory requirements that all applicable UST requirements be unified under the California UST program.

3. What is the estimation of the dollar value of the total statewide benefits from this regulation over its lifetime?

The State Water Board has determined that the proposed regulations could have statewide benefits estimated in the millions and possibly billions of dollars over the lifetime of the regulations. While the proposed regulations may cause an increase in claims to the UST Cleanup Fund in the short term, in the long term the proposed regulations could save businesses and the UST Cleanup Fund millions or even billions of dollars in cleanup costs by reducing the number and the severity of releases from USTs. Further, by adopting regulations as stringent as the Federal UST Regulations, the State Water Board will no longer be in jeopardy of losing \$1 million annually in grant funding from U.S. EPA. The proposed regulations also benefit the health and welfare of California residents, worker safety, and the state's environment consistent with the established policy of the State recognizing the human right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. These benefits are difficult to quantify in dollar value, however, the loss of a source of safe, clean water and the cost of providing replacement water can be in the billions.

4. Describe any expansion of businesses currently performing business within the State of California that would result from this regulation?

The State Water Board has determined that the proposed regulatory action could have a positive effect on the expansion of businesses currently providing UST upgrades, inspections, and testing services within California. Minimal jobs may be created due to the additional workload created by the proposed upgrades,

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inspections, and testing requirements as discussed in response to question 6 of section A above.

## D. ALTERNATIVES TO THE REGULATION

### 1. What alternatives were considered?

#### *Regulation*

The State Water Board has determined that no reasonable alternative to these proposed regulations would be: 1) more effective in carrying out the purpose for which the proposed regulations are proposed; 2) more effective and less burdensome to affected private persons, industry, local governments, and state agencies; 3) more cost effective to affected private persons, industry, local governments, and state agencies; 4) equally effective in implementing the statutory policy or other provision of law; 5) more effective at avoiding direct regulation by the federal government of businesses already subject to California UST Regulations; or 6) more consistent with California's existing requirements and groundwater protection policies.

#### *Alternative 1*

The State Water Board considered not making California UST Regulations as stringent as the Federal UST Regulations. This alternative would be in direct conflict with Health and Safety Code section 25280.5(b) which requires the State Water Board to create regulations to avoid direct regulation by the federal government of persons already subject to California UST Regulations. Creating California UST Regulations that are not as stringent as the Federal UST Regulations is not acceptable because California UST owners and operators would continue to have two sets of requirements to meet: 1) the California UST program implemented and enforced by the State Water Board and the UPAs; and 2) the U.S. EPA inspection and enforcement of those Federal UST Regulations that are more stringent than, or are inconsistent with, the California UST Regulations. This inspection and enforcement split in the program is highly undesirable for regulators and would be confusing to the regulated community. Not having California UST Regulations at least as stringent as the Federal UST Regulations could cause the UST Program to lose continued annual grant funding from U.S. EPA.

#### *Alternative 2*

The State Water Board also considered adopting California UST Regulations exactly identical to the Federal UST Regulations. This alternative is not acceptable because this alternative would not be: 1) more effective in carrying out the purpose for which the proposed regulations are proposed; 2) more effective and less burdensome to affected private persons, industry, local governments, and state agencies; 3) more cost effective to affected private persons, industry, local governments, and state agencies; 4) equally effective in implementing the statutory policy or other provision of law; 5) more effective at avoiding direct regulation by the

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federal government of businesses already subject to California UST Regulations; or 6) more consistent with California's existing requirements and groundwater protection policies.

### 2. What are the total statewide costs and benefits from this regulation and each alternative considered?

#### *Regulation*

If the State Water Board adopts the proposed regulations the total statewide cost will be in the millions of dollars; however, there also will be millions or even billions of dollars in total statewide benefit. The proposed regulations will benefit the state by: 1) providing UPAs the authority to enforce requirements that reduce the number of releases from USTs resulting in millions of dollars in savings to businesses and the UST Cleanup Fund; 2) protecting approximately \$1 million in annual grant funding from the U.S. EPA; 3) reducing confusion within the regulated community that is created by having two sets of requirement for California UST owners and operators to meet; 4) having regulations consistent with California's existing requirements; and 5) being consistent with groundwater protection policies.

#### *Alternatives 1*

If the State Water Board adopts the proposed regulations not as stringent as the Federal UST Regulations, the total statewide cost would be zero dollars, but this alternative would result in a loss of benefits. If the State Water Board adopts the proposed regulations not as stringent as the Federal UST Regulations, California will: 1) continue to have two sets of requirement for California UST owners and operators to meet creating confusion within the regulated community; 2) not be able to prevent as many or reduce the severity of releases from USTs because UPAs would not have the authority to enforce requirements that reduce the number and severity of releases from USTs; 3) not benefit from as much savings to businesses and the UST Cleanup Fund; 4) not have UST Regulations that are at least as stringent as the Federal UST Regulation jeopardizing approximately \$1 million in annual grant funding from the U.S. EPA; 5) not avoid direct regulation by the federal government of businesses already subject to California UST Regulations; and 6) not be consistent with established policy of the State recognizing the human right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

#### *Alternative 2*

If State Water Board adopts regulations that are identical to the Federal UST Regulations, the total statewide cost would be zero dollars and California would have UST Regulations equivalent to the Federal UST Regulation no longer jeopardizing approximately \$1 million in annual grant funding from the U.S. EPA. This alternative however would be: 1) more effective in carrying out the purpose for which the proposed regulations are proposed; 2) more effective and less burdensome to affected private persons, industry, local governments, and state

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agencies; 3) more cost effective to affected private persons, industry, local governments, and state agencies; 4) equally effective in implementing the statutory policy or other provision of law; 5) more effective at avoiding direct regulation by the federal government of businesses already subject to California UST Regulations; or 6) more consistent with California's existing requirements and groundwater protection policies.

3. What are the quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives?

The quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives are estimating: 1) the difference in the number of releases that would occur; 2) the cost of cleaning up releases; and 3) rates at which equipment fails to function properly requiring upgrade.

4. Where regulation mandates the use of specific technologies or equipment, or prescribes specific actions or procedures, explain why regulation does not use performance standards to lower compliance costs?

The proposed regulations do not use performance based requirements when the difference in compliance costs between prescriptive and performance based requirements is insignificant and the benefit gained through prescriptive requirements results in a reduction in releases.

### E. MAJOR REGULATIONS

5. Briefly describe the following:

- c. *What are 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?*

The purpose of the UST Program is to protect public health and safety and the environment from releases of hazardous substances from tanks. The proposed regulations will improve the health and welfare of California residents, worker safety, and the state's environment because the proposed regulations regarding the construction, monitoring, and testing of USTs will reduce the risk of groundwater contamination resulting from UST releases.

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## FISCAL IMPACT STATEMENT

### A. FISCAL EFFECT ON LOCAL GOVERNMENT

2. Additional expenditures in the current State Fiscal Year which are NOT reimbursable by the State.

The State Water Board estimates additional statewide expenditures in the current State Fiscal Year which are not reimbursable by the State of \$304,325. (See Table 6.) This estimate is for the additional time necessary for the UPA to review submitted documentation of an additional inspection result.

Estimated Statewide Expenditure				
Activity	Number Businesses Impacted	Hours Necessary to Complete Activity	UPA Hourly Expenditure	Total Expenditure
Review of Overfill Prevention Equipment Inspection Results	12,173	0.25	\$100	\$304,325
Calculation of Statewide Expenditure 12,173 x 0.25 x \$100 = \$304,325				

Table 6

### B. FISCAL EFFECT ON STATE GOVERNMENT

3. Does the regulation have a fiscal impact on any State agency or program?

The State Water Board has determined that there are no fiscal impacts on any State agency or program because the regulations apply to owners and operators of USTs that are regulated by UPAs who implement the existing California UST program on the State Water Board's behalf.

### C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS

4. Other. Explain

A California UST program that is not at least as stringent as the Federal UST program by October 13, 2018, when the Federal UST Regulations are fully implemented, may ultimately affect the State Water Board's continued annual grant funding from U.S. EPA of approximately \$1 million.