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:
   - [] a. Impacts business and/or employees
   - [] b. Impacts small businesses
   - [X] c. Impacts jobs or occupations
   - [] d. Impacts California competitiveness
   - [] e. Imposes reporting requirements
   - [] f. Imposes prescriptive instead of performance
   - [] g. Impacts individuals
   - [] 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 [Department of Transportation] 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
   - [X] 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: 6

   Describe the types of businesses (Include nonprofits): 2 Title 21 transponder manufacturers (outside of CA), 46C transponder manufacturers

   Enter the number or percentage of total businesses impacted that are small businesses: 0

4. Enter the number of businesses that will be created: 0 eliminated: 0

   Explain: Transponders can be purchased through existing manufacturers

5. Indicate the geographic extent of impacts: [X] Statewide
   - [] Local or regional (List areas):

6. Enter the number of jobs created: 1584 and eliminated:

   Describe the types of jobs or occupations impacted: The REMI model for California was used.

   Construction, manufacturing, real estate, rental and leasing industries will benefit the most from this regulatory change.

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 [X] 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? $ N/A
   a. Initial costs for a small business: ___________________________ Annual ongoing costs: ___________________________ Years: ___________________________
   b. Initial costs for a typical business: ___________________________ Annual ongoing costs: ___________________________ Year: ___________________________
   c. Initial costs for an individual: ___________________________ Annual ongoing costs: ___________________________ Years: ___________________________
   d. Describe other economic costs that may occur: No costs would be imposed onto businesses or individuals.

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

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. $ ___________________________

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: State regulations need to be updated to transition to newer and less expensive automatic vehicle identification (AVI) technology.
   Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: $ ___________________________

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: California toll agencies will save money, allowing them to pay down bond debt, reinvest in ongoing maintenance and operational cost of their toll facilities. The reinvestment of savings into the system results in improved facilities for users and businesses dependent on the transport industry.

2. Are the benefits the result of ☒ specific statutory requirements, or ☐ goals developed by the agency based on broad statutory authority?
   Explain: These updated regulations allow for a lower cost implementation of SHC section 27565.

3. What are the total statewide benefits from this regulation over its lifetime? $ 266 million in economic ___________________________

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: Manufacturer of 6C transponders would now be able to sell their product to toll agencies here in California.

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 is to continue to operate under current Title 21 conditions. Alternative 2 would be to quickly phase out Title 21 technology within two years as opposed to five years.
2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Benefit</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$266 million</td>
<td>$4.8 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alternative 1</th>
<th>Benefit</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alternative 2</th>
<th>Benefit</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$87.7 million</td>
<td>$4.8 million</td>
</tr>
</tbody>
</table>

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives:

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:

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, 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: Increased economic activity due to the toll agencies transitioning to less expensive AVI technology and reinvesting the cost savings into the state highway system.

   The incentive for innovation in products, materials or processes: N/A

   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: Toll agencies will have lower cost AVI technology that does not require hazardous waste disposal.
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)
  $ 20 Million

☐ 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
   ____________________________________________
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 ________________________________________________________________

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 ________________________________________________________________

FISCIAL OFFICER SIGNATURE

[Signature]

DATE: 9-23-16

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

[Signature]

DATE: 10-24-16

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

DATE: ____________________________