

Initial Statement of Reasons

Title 13, Division 1, Chapter 1

Article 6.0 - Administration

The department began adjusting fees in 2004 for the fees that were effective as of January 1, 2005, under the authority of Senate Bill 1055 (Chapter 719; Statutes of 2003), requiring the department to annually review and adjust fees based on the increases to the Consumer Price Index (CPI). The initial calculations were based on the CPI for All Urban Consumers and all fee adjustments since 2004 have also been calculated using the CPI for All Urban Consumers.

The department is proposing to amend Section 423.00(a) to make clear that its fee adjustments identified in subsections (b) and (c) are based on increases to the CPI for All Urban Consumers (CPI-U) made available on the Department of Finance's website. The department utilizes the CPI for All Urban Consumers because it represents most Californians. The CPI for All Urban Consumers is updated periodically and when the department updates its fees, it will use the version of the CPI in effect at that time. The amended text also makes clear the department will access the CPI-U forecast for December of the current year when calculating fees for the next year. The department is also adopting the Department of Finance website where the CPI-U is accessed by the department. These amendments are necessary to ensure transparency by identifying the CPI database used to adjust the department's fees, as well as provide the website from where the department retrieves the CPI-U forecasts used to calculate the next year fees. The department has been using the CPI for All Urban Consumers since it began adjusting its fees in regulation and there is no expectation the department will choose another database upon which to base its fee adjustments. However, if a change is made to utilize another database, the department will amend Section 423.00 to identify the CPI database upon which fees are calculated.

ECONOMIC AND FISCAL IMPACT DETERMINATIONS

- Cost Or Savings to Any State Agency: None.
- Other Non-Discretionary Cost or Savings to Local Agencies: None.
- Costs or Savings in Federal Funding to the State: None.
- Cost Impact on Representative Private Persons or Businesses: 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.
- Local Agency/School District Mandates: The proposed regulatory action will not impose a mandate on local agencies or school districts, or a mandate that requires reimbursement pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code.
- Small Business Impact: This proposed action is unlikely to impact small businesses as the amendment only provides clarity related to the CPI database used to calculate annual fee adjustments.
- Potential significant statewide adverse economic impact: The proposed regulatory action will not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

ECONOMIC IMPACT ASSESSMENT

(Government Code section 11346.3)

In considering this proposed regulatory action, the department has determined that this action will not result in,

1) Creation or elimination of jobs within the state

The department does not anticipate this action will create or eliminate jobs within California. This action is limited to identifying the CPI database used by the department when calculating its annual fee adjustments.

2) Creation of new businesses or the elimination of existing businesses within the state

The department does not anticipate this action will create new businesses or eliminate existing businesses within California. This action is limited to identifying the CPI database used by the department when calculating its annual fee adjustments.

3) Expansion of businesses currently doing business within the state

The department does not anticipate this action is likely to expand businesses currently doing business in California. This action is limited to identifying the CPI database used by the department when calculating its annual fee adjustments.

4) Benefits to the health and welfare of California residents, worker safety or the state's environment

This action will have no benefit to the health of California residents, worker safety or the state's environment. This action may benefit California residents by providing transparency related to the process by which the department adjusts its fees.

DEPARTMENTAL DOCUMENTATION SUPPORTING

GOVERNMENT CODE SECTIONS 11346.2(b)(3) THROUGH (b)(5)

- Studies, Reports or Documents - Government Code section 11346.2(b)(3):
None.
- Reasonable Alternatives and Department's Response – Government Code section 11346.2(b)(4)(A):
No alternatives were presented that would be as effective.
- Reasonable Alternatives That Would Lessen Any Adverse Impact on Small Business – Government Code section 11346.2(b)(4)(B):
No alternatives were presented that would lessen any adverse impact on small businesses.
- Evidence Supporting Determination of No Significant Adverse Economic Impact on Business – Government Code section 11346.2(b)(5):
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. This action is limited to identifying the CPI database used by the department when calculating its annual fee adjustments. There is no adverse economic impact to businesses as the amendments are adopted to provide transparency.