STATE OF CALIFORNIA — DEPARTMENT OF FINANCE

MAJOR REGULATIONS STANDARDIZED REGULATORY IMPACT ASSESSMENT SUMMARY

DF-131 (NEW 11/13)

STANDARDIZED REGULATORY IMPACT ASSESSMENT SUMMARY

Agency (Department) Name	Contact Person	Mailing Address
Fish and Game Commission	Margaret Duncan	Resources Agency 1416 9th St., 12th floor Sacramento, CA 95814
Email Address	**Telephone Number**	
margaret.duncan@wildlife.ca.gov	916 653-4676	

1. Statement of the need for the proposed major regulation.

Assembly Bill 711 (Chapter 742, Statutes of 2013) was signed by the Governor on October 11, 2013, and took effect on January 1, 2014. This legislative action amended Section 3004.5 of the Fish and Game Code, and requires the Fish and Game Commission (Commission) to promulgate regulations by July 1, 2015, to phase in the requirements of Section 3004.5 that will ban the use of lead ammunition when taking all wildlife with a firearm by July 2019.

2. The categories of individuals and business enterprises who will be impacted by the proposed major regulation and the amount of the economic impact on each such category.

Hunters - hunting equipment annual expenditures may increase by 7%, largely due to potentially higher (30 to 90%) nonlead ammunition prices.

Sporting Goods Retailers - May have increase in firearms sales (to replace nonlead-incompatible firearms) & increased revenue from higher priced nonlead ammunition, if manufacturers' supply is sufficient to meet hunters' demand. Insufficient nonlead ammunition from manufacturers may result in declines in hunting ammunition sales revenue.

Ammunition Manufacturers - May have to increase investment to develop new nonlead calibers at higher per unit costs that may take time to recoup. As CA hunters transition to nonlead, lead ammunition sales may soften, however the majority of sales are for target shooting and are not affected by the proposed regulations.

Hunting trip-serving businesses: Fuel, Food & Accommodations - May experience reduced revenue if the number of hunting trips decreases due to hunters not being able to buy nonlead ammunition at favorable prices.

3. Description of all costs and all benefits due to the proposed regulatory change (calculated on an annual basis from estimated date of filing with the Secretary of State through 12 months after the estimated date the proposed major regulation will be fully implemented as estimated by the agency).

If full implementation precipitates more than the anticipated less than 5% reduction in hunting activity, the total economic impact in the following 12 month period (July 1, 2019 - June 30, 2020) could exceed $27 million with a (5%) decline in hunting, if a (10%) decline in hunting by $55 million, or if a (13%) decline in hunting total economic impact could decrease by $71 million. Revenue to the Department could decline by $1 million (5%), by $2.2 million (10%) of by $2.8 million(13%); state sales tax could decline by $921,000 (5%) to $1.8 million (10%) or by $2.4 million (13%). Income tax could decline by $325,000 (5%), by $650,000 (10%) or by $845,000 (13%).
Benefits are difficult to monetize: Reductions in exposure to toxic lead for wildlife, hunters and for those who consume wild game meat are anticipated.

4. Description of the 12-month period in which the agency estimates the economic impact of the proposed major regulation will exceed $50 million.

If there is a 10 percent decrease in hunting activity, the total economic and fiscal impact of the proposed regulations could exceed $50 million, in the 12-month period following full implementation (July 1, 2019 to July 30, 2020).

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5. Description of the agency's baseline:

Latest full year of data is 2013; The baseline is 287,052 licensed hunters with annual direct expenditures of $380,630,952; license & tag sales revenue to the Department of $21,359,921; total economic impact baseline of $769,255,154; sales tax of $25,882,905; state income tax of $9,135,143; salaries & wages of $191,457,369; and 6,471 jobs within the state of California.

6. For each alternative that the agency considered (including those provided by the public or another governmental agency), please describe:

   a. All costs and all benefits of the alternative
   b. The reason for rejecting alternative

Alt.1- Early full implementation in July 2015: Benefits to the environment and wildlife sooner, but higher likelihood of nonlead ammunition supply deficiencies to meet sudden increase in demand, with the potential for more significant disruption to hunting activity. If decline in hunting is by 13%: then total economic impact up to $71,144,170 and total fiscal impact up to $5,246,620.
Alt.2- 1st two phases combined to be effective July 2015 and full implementation in 2019. Risks more significant disruption due to limited supply of nonlead ammunition. Estimated total econ. impact of up to $54,726,284 and total fiscal impact up to $4 million.
Alt. 3 - Delayed implementation until July 2019: Benefit to hunters to transition over longer time period. However, the delay may not give sufficient incentive to manufacturers to produce the variety of required nonlead ammuntion types and could result in more significant supply/demand imbalances. Moreover, Alt. 3 does not meet the statutory requirements to implement all or portions of the law before July 2019.

7. A description of the methods by which the agency sought public input. (Please include documentation of that public outreach).

The Department conducted extensive pre-notice public outreach from Jan 2014 to Oct 2014 at a series of public meetings throughout the state & at three Fish and Game Commission Wildlife Resources Committee meetings (Jan 15, Jul 28, Sep 17, 2014). Public input was also sought at international sporting goods shows and at meetings of the National Wild Turkey Federation in Vacaville, Ducks Unlimited in Corning, and the Director's Hunting Advisory Committee in Sacramento. The Department also contacted ammunition manufacturer & distribution sector representatives. The Director held a meeting with ammunition retailers in Sep 2014. Letters requesting input from major ammunition manufacturers were sent in Aug 2014. More information and documentation is posted on the Department website: http://www.dfg.ca.gov/wildlife/hunting/lead-free/.

8. A description of the economic impact method and approach (including the underlying assumptions the agency used and the rationale and basis for those assumptions).

The Minnesota IMPLAN Group input/output model was utilized with multipliers that had been refined by the United States Fish and Wildlife Service, U.S. Forest Service and the U.S. Department of Agriculture to accommodate NAIC sector detail limitations of IMPLAN.
Literature review of published research on hunting demand and the price elasticity of demand for hunting provided a frame of reference for evaluating estimates of hunter reaction to the proposed regulatory change. Review of the historical record of the state's experience with comparable nonlead prohibitions as well as similar programs at the federal level and in other states.

Agency Signature	Date
	11/20/14
Agency Head (Printed)	
Charlton H. Bonham	