DEPARTMENT OF FINANCE
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Millie Barajas
Department of Industrial Relations
2520 Venture Oaks Way, Suite 350
Sacramento, CA 95833

July 31, 2026

Dear Ms. Barajas:

Thank you for submitting the standardized regulatory impact assessment (SRIA) and summary (Form DF-131) for the proposed General Industry Safety Orders for Brush Chippers regulation. The Department of Finance provided comments as required by Government Code Section 11346.3(f). Comments are based solely upon the SRIA and other publicly available information.

The proposed regulation amends safety regulations used in tree and ornamental palm maintenance and removal services to reduce worker injuries and fatalities by requiring employers to install and use a presence sensing system ("PSS") that automatically stops a chipper's mechanical infeed system. Over the last 25 years, a total of eight incidents were related to brush chipper use. Additionally, under the regulations, an employer can seek an exemption from purchasing a brush chipper equipped with PSS or installing a PSS and instead assign a specially trained employee ("designated spotter") to remain within distance of a quick-stop and reversing device while the chipper is operating. The regulation would take effect in January 2027 with full implementation expected in January 2031. The SRIA estimates that the proposed regulation affects approximately 3,400 licensed tree-service businesses, 37,300 employees, and 12,500 brush chippers statewide. The businesses primarily impacted by the proposed regulation include landscaping services and electric power distribution.

The total direct private sector compliance costs are estimated at $119 million over the 10-year period from 2027 to 2036 including $46.2 million in additional labor costs for employers seeking the exemption and $72.8 million for PSS installation, certification, training, and accessories. PSS costs would begin in 2027, totaling $8.3 million, of which $7.1 million are installation costs alone, and decline over time to $5.7 million by 2036 as installation is a one-time expense. Costs for small businesses equipping a brush chipper with a PSS are estimated at $2,280 per year and costs for large businesses are estimated at $47,800 per year. Labor costs associated with businesses that seek an exemption would begin in 2031 at $7.1 million and increase to $8.3 million by 2036. Costs for small businesses seeking the exemption are estimated at $22,600 per year and costs for large businesses are estimated at $474,000 per year. Estimated benefits total $158.6 million over the same 10-year period, increasing from $4 million in 2027 to $19.8 million in 2036, and include avoided fatal and non-fatal injuries, medical expenses, administrative costs, and other uninsured employer costs. Once the proposed regulation is fully implemented, the SRIA estimates that one fatal injury will be avoided every four years and approximately 11 non-fatal injuries will be avoided each year. Estimated compliance costs are approximately $3.4 million for state government, or $340,000 per year on average, and $12.9 million for local governments, or about $1.3 million per year on average, over the same period.

Finance generally concurs with the methodology of the SRIA, with the following exceptions. First, the SRIA must clearly disclose and justify its key assumptions. The SRIA assumes that: 1) 54 percent of impacted businesses currently use a designated spotter and would initially seek an exemption until using a PSS becomes feasible or offers greater protection than existing equipment, 2) 5 percent of brush chippers are incompatible with a PSS and would require a designated spotter, 3)1 percent are already equipped with a PSS, and 4) the remaining 40 percent would require a PSS because of the regulation. The SRIA includes a sensitivity analysis on different PSS adoption rates which ranges from a 36-percent adoption rate resulting in $17.5 million per year in costs to a 46-percent adoption rate resulting in $9.2 million per year. Given the wide range of estimated costs from various adoption rates, the SRIA should clearly state and explain why 5 percent is the most reasonable estimated share of brush chippers that cannot accommodate a PSS. Second, costs and benefits shall be separately identified for different groups or individuals if the impact of the regulation will have significantly different effects on identifiable groups. The SRIA states that local government agencies own or operate on average one to two brush chippers each, however, the SRIA should assess whether the number of brush chippers owned or operated by local government agencies is uniform or unevenly dispersed as municipalities that may operate substantially more equipment would bear a disproportionate share of the estimated local government costs.

The SRIA, a summary of Finance's comments, and any responses must be included in the rulemaking file that is available for public comment. If any significant changes to the proposed regulations result in economic impacts not discussed in the SRIA, please note that the revised economic impacts must be reflected on the Standard Form 399 for the rulemaking file submittal to the Office of Administrative Law. Please let us know if you have any questions regarding our comments.

Sincerely,

Somjita Mitra Digitally signed by Somjita Mitra
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Somjita Mitra
Chief Economist

cc: Ms. Dee Dee Myers, Director, Governor’s Office of Business and Economic Development
Mr. Kenneth Pogue, Director, Office of Administrative Law
Ms. Jennifer Osborn, Director, Department of Industrial Relations Division of Occupational Safety and Health