

**ECONOMIC AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)**

STD. 399 (Rev. 10/2019)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME California Privacy Protection Agency	CONTACT PERSON Tamara Colson	EMAIL ADDRESS tamara.colson@coppa.ca.gov	TELEPHONE NUMBER (916) 244-6652
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 CCPA Updates, Cyber, Risk, ADMT, and Insurance Regulations			NOTICE FILE NUMBER Z

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 | ☒ e. Imposes reporting requirements |
| ☒ b. Impacts small businesses | ☐ f. Imposes prescriptive instead of performance |
| ☒ c. Impacts jobs or occupations | ☒ g. Impacts individuals |
| ☒ d. Impacts California competitiveness | ☐ 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 California Privacy Protection Agency estimates that the economic impact of this regulation (which includes the fiscal impact) is:
(Agency/Department)

- ☐ Below \$10 million
- ☐ Between \$10 and \$25 million
- ☐ Between \$25 and \$50 million
- ☒ 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: 52,326Describe the types of businesses (Include nonprofits): All California businesses covered by the California Consumer Privacy Act.Enter the number or percentage of total businesses impacted that are small businesses: 6,915 to 27,6594. Enter the number of businesses that will be created: Unknown eliminated: UnknownExplain: Increased labor demand may create new business. See FSOR for more details.5. Indicate the geographic extent of impacts: ☒ Statewide
☐ Local or regional (List areas): _____6. Enter the number of jobs created: 358,000 in 2037 and eliminated: 92,000 in 2028Describe the types of jobs or occupations impacted: Many types of firms buy, collect, share, or sell consumer personal information (PI). Occupations in those businesses are highly varied across 23 two-digit NAICS industrial classifications. See FSOR for more details.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 ☐ NOIf YES, explain briefly: Proposed regulations will impact businesses' competitiveness against out-of-state competitors. Costs for businesses subject to the proposed regulations will impinge on profit and investment. Reductions in firm revenues will be small compared to baseline, but may divert some business to out-of-state alternatives. See FSOR for more details.

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ECONOMIC IMPACT STATEMENT (CONTINUED)**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? \$ 4.8 B over 10 yrsa. Initial costs for a small business: \$ 6,058 to 38,225 Annual ongoing costs: \$ 16,377 Years: 10 yearsb. Initial costs for a typical business: \$ 6,058 to 65,312 Annual ongoing costs: \$ 20,431 Years: 10 yearsc. Initial costs for an individual: \$ Unknown passed on Annual ongoing costs: \$ Unknown Years: 10 yearsd. Describe other economic costs that may occur: Unknown2. If multiple industries are impacted, enter the share of total costs for each industry: 24,667 firms in 23 two-digit NAICS meet \$28M criterion. Another 27,659 businesses are subject to the regulations by other threshold criteria. Many industries are impacted.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. \$ 20,4314. 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 ☒ NOExplain the need for State regulation given the existence or absence of Federal regulations: The Agency is directed by statute to adopt regulations to further implement the California Consumer Privacy Act of 2018.Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ None**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: One benefit quantified is reduced risk of cybercrimes. Benefits are \$1.0 billion in 2028 and rise to \$111 billion by 2037. There are many benefits for businesses and the economy that cannot be quantified. Consumers benefit from stronger privacy protections, including more protection, transparency and control of their PI. See ISOR for more details.2. Are the benefits the result of: ☒ specific statutory requirements, or ☐ goals developed by the agency based on broad statutory authority?Explain: Estimated benefits are derived from further implementation of the California Consumer Privacy Act.3. What are the total statewide benefits from this regulation over its lifetime? \$ 282 billion over 10 years4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: The Agency anticipates that demand for expertise in CSAs, RAs, and ADMTs will result in expansion for businesses with that expertise. Incentives to innovate and invest in more effective and efficient ways to protect consumer privacy will expand the information and technology sectors.**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: The Agency considered less stringent and more stringent alternatives. Less stringent required fewer firms to conduct CSAs, also removed criterion on consumer profiling for advertising. The more stringent alternative would subject more firms to CSA, RA and ADMT requirements. See FSOR for more details.

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ECONOMIC IMPACT STATEMENT (CONTINUED)

2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:

Regulation:	Benefit: \$	<u>282 B</u>	Cost: \$	<u>4.8 B</u>
Alternative 1:	Benefit: \$	<u>60.1 B</u>	Cost: \$	<u>7.8 B</u>
Alternative 2:	Benefit: \$	<u>186 B</u>	Cost: \$	<u>19.6 B</u>

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

Main quantification issue is disparity between the unquantified benefits and costs, former being much more significant. Lack of information on relative benefits of CSA, RA, or both.

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: The proposed regulations do not mandate the use of specific technologies or equipment or prescribe specific actions or procedures.

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. and 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: High initial compliance costs will discourage other investment temporarily among covered businesses. Options to reduce reliance on PI may be taken by firms, competitors, or new entrants. Firms will use more privacy-enhancing technologies, which will increase investment.

The incentive for innovation in products, materials or processes: Substantive industry regulations can be expected to induce innovation by covered businesses. Where existing practices are subject to restrictions, it is reasonable to expect firms will innovate and invest in product differentiation.

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: Regulations will result in a reduction in cybercrimes. Consumers will benefit from stronger protection of their PI, additional transparency, more control over their PI, and reduced discrimination.

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FISCAL IMPACT STATEMENT**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)

\$ _____

- ☐ 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 Local governments are not subject to the proposed regulations because they do not meet the CCPA's definition of a "business." There may be short-term net costs to local governments if net costs to businesses reduce their property or excise taxes, but these impacts would not be reimbursable.

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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 Additional costs to the Agency within two subsequent fiscal years include a one-time cost of \$44,625 for new webforms and ongoing costs of \$129,035 for responses to consumer complaints and filings of CSA and RA certifications and abridged RAs.**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 _____

FISCAL OFFICER SIGNATURE

DATE

August 4, 2025

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

DATE

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

September 4, 2025