

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

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME <u>Department of Justice</u>	CONTACT PERSON <u>Melan Noble</u>	EMAIL ADDRESS <u>Melan.Noble@doj.ca.gov</u>	TELEPHONE NUMBER <u>916-322-0908</u>
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 <u>Major League Sports Raffle Program</u>			NOTICE FILE NUMBER <u>Z 2016-1115-04</u>

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:

- | | |
|--|---|
| <input checked="" type="checkbox"/> a. Impacts business and/or employees | <input checked="" type="checkbox"/> e. Imposes reporting requirements |
| <input checked="" type="checkbox"/> b. Impacts small businesses | <input type="checkbox"/> f. Imposes prescriptive instead of performance |
| <input type="checkbox"/> c. Impacts jobs or occupations | <input checked="" type="checkbox"/> g. Impacts individuals |
| <input type="checkbox"/> d. Impacts California competitiveness | <input type="checkbox"/> 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 Justice 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: 25Describe the types of businesses (Include nonprofits): see attachmentEnter the number or percentage of total businesses impacted that are small businesses: 04. Enter the number of businesses that will be created: unknown eliminated: 0Explain: Two non-California based suppliers dominate the industry. Prizes will benefit nonprofits and individuals.5. Indicate the geographic extent of impacts: ☒ Statewide
☐ Local or regional (List areas): _____6. Enter the number of jobs created: unknown and eliminated: not knownDescribe the types of jobs or occupations impacted: eligible organizations will have to have trained technical staff to administer the raffles; other related jobs; ticket sellers; security; information technicians; and promoters (see attached)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 ☒ NO

If YES, explain briefly: _____

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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? \$ 459,472a. Initial costs for a small business: \$ 5,000 Annual ongoing costs: \$ 5,000 Years: 2b. Initial costs for a typical business: \$ 6,000 Annual ongoing costs: \$ 6,000 Years: 2c. Initial costs for an individual: \$ 10 Annual ongoing costs: \$ 10 Years: 2d. Describe other economic costs that may occur: Annual registration fee - eligible organization: \$5,000; suppliers: \$5,000affiliated-person registration: \$10 ea.; registered event: \$100 ea. The statute sunsets on 12/31/2018 (see attached)2. If multiple industries are impacted, enter the share of total costs for each industry: Two non-California suppliers are impacted.Each of the two suppliers will pay ten thousand dollars in registration fees over two years.

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. \$ 5004. 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: _____

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: would enable eligible organizations to raise moneyto benefit the charitable cause the organization was formed to promote and to provide money to eligible recipientnon-profits with contributions when the eligible organization donates towards those causes.2. Are the benefits the result of: ☒ specific statutory requirements, or ☐ goals developed by the agency based on broad statutory authority?Explain: Penal Code section 320.6 permits this new type of raffle for eligible organizations.3. What are the total statewide benefits from this regulation over its lifetime? \$ 32,457,686; see attached4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: those non-profits and foundations created by major league sports teams could expand (if in existence now) or new ones may becreated as a result of the new statute. Current non-California businesses providing raffle goods/services could expand.**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: No alternatives were considered.Statute requires regulations for registration of eligible organizations, raffles, suppliers of goods/services, affiliated persons and the equipment used in the raffles.

ECONOMIC IMPACT STATEMENT (CONTINUED)

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

Regulation: Benefit: \$ 6.1 to 10 mil. yr Cost: \$ 229,736 yr

Alternative 1: Benefit: \$ _____ Cost: \$ _____

Alternative 2: Benefit: \$ _____ Cost: \$ _____

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. 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: _____

The incentive for innovation in products, materials or processes: _____

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: _____

**ECONOMIC AND FISCAL IMPACT STATEMENT
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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 _____

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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)\$ 468,000 (see attachment)*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 See loan describe in Penal Code section 320.6, subdivision (o)(5).**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

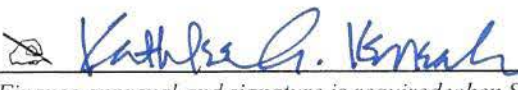


DATE

3-7-17

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

22 MAR 17

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

4/13/17

Section A, Question 3

The types of businesses impacted by this regulation are 23 nonprofit organizations and two, out-of-state suppliers of raffle-related products and/or services, as detailed below.

Table of currently eligible nonprofit organizations affiliated with teams/associations

	Team/Association	Home Games	Venue Capacity	Non-Profit Organization	Registered	
					'16	'17*
1	Los Angeles Angels of Anaheim	81	45050	Angels Baseball Foundation	N	N
2	Los Angeles Dodgers	81	56000	Los Angeles Dodgers Foundation	Y	N
3	Oakland Athletics	81	63132	Oakland A's Community Fund	Y	N
4	San Diego Padres	81	42445	The San Diego Padres Foundation	Y	N
5	San Francisco Giants	81	41915	Giants Community Fund	Y	N
6	Oakland Raiders	8	63132	Raiders Foundation	N	N
7	San Diego Chargers	8	70561	Chargers Community Foundation	N	N
8	San Francisco 49ers	8	68500	49ers Foundation	Y	Y
9	Golden State Warriors	41	19596	Warriors Foundation	Y	Y
10	Los Angeles Clippers	41	19000	LA Clippers Foundation	Y	Y
11	Los Angeles Lakers	41	19000	LA Lakers Youth Foundation	Y	Y
12	Sacramento Kings	41	17608	Sacramento Kings Foundation	Y	Y
13	Anaheim Ducks	41	18336	Anaheim Ducks Foundation	Y	Y
14	Los Angeles Kings	41	18230	LA Kings Care Foundation	Y	Y
15	San Jose Sharks	41	17562	San Jose Sharks Foundation	Y	Y
16	Los Angeles Galaxy	17	25667	Los Angeles Galaxy Foundation	N	N
17	San Jose Earthquakes	17	68500	San Jose Earthquakes Community Fund	Y	N
18	Sacramento River Cats	70	10624	River Cats Foundation	Y	N
19	Inland Empire 66ers	70	5000	66ers Baseball Foundation	N	N
20	Santa Cruz Warriors	24	2505	Golden State Warriors Foundation	N	N
21	Bakersfield Condors	34	10400	Condors Community Foundation	Y	Y
22	Ontario Reign	34	9736	Hope Reigns Foundation	Y	Y
23	LPGA (various locations)	8	20000	LPGA Foundation	N	N
					16	10

* Registration status as of 01/13/17

Table of current suppliers

	Name	Domestic or foreign company?	Registered	
			'16	'17
1	5050 Central	Canadian company	Y	Y
2	Bump 5050 Worldwide	Canadian company	Y	Y

Point of reference information:

Table of teams without a known eligible nonprofit

	Team/Association	Home Games	Venue Capacity	Non-Profit Organization
1	Los Angeles Rams	8	80000	No Known Non-Profit
2	NASCAR Fontana	3	68000	NASCAR Foundation *
3	NASCAR Sonoma	3	47000	NASCAR Foundation *
4	Fresno Grizzlies	70	12500	No Known Non-Profit
5	Lake Elsinore Storm	70	7866	No Known Non-Profit
6	Lancaster JetHawks	70	6860	No Known Non-Profit
7	Modesto Nuts	70	4000	No Known Non-Profit
8	Rancho Cucamonga Quakes	70	6200	No Known Non-Profit
9	San Jose Giants	70	4200	No Known Non-Profit
10	Stockton Ports	70	5300	No Known Non-Profit
11	Visalia Rawhides	70	2468	No Known Non-Profit
12	Los Angeles D-Fenders	24	336	No Known Non-Profit
13	San Diego Gulls	34	12920	No Known Non-Profit
14	Stockton Thunder/Heat	34	9737	No Known Non-Profit
15	San Jose Barracudas	34	17562	No Known Non-Profit
16	Orange County Blues FC	20	2500	No Known Non-Profit
17	L.A. Galaxy II	20	2000	No Known Non-Profit

* Not registered with the California Attorney General's Registry of Charitable Trusts or with the California Secretary of State

Section A, Question 6

It is unknown the number of jobs that will be created because neither statute (Penal Code section 320.6) nor regulation (California Code of Regulation, Title 11, Division 3, Article 8, Sections 2080-2132) require hiring of personnel to staff or administer the raffle. However, eligible organizations will need to secure persons, hired employees or volunteers staff persons, who are trained information technology staff, as well as cashiers, ticket sales staff, security, and promoters to administer the raffle program at their registered events. In 2016, 16 organizations participated in the MLSRP and registered 523 individuals. It is not known if all of the 523 are paid or volunteer positions. The Bureau estimates that if all 23 eligible organizations participated, approximately 736 or more individuals could be registered.

Section B, Question 1

It is unknown what, if any, employment related costs could result from hiring related to this regulation. Because employment-related costs are unknown, they are not tabulated in this section/question.

Section C, Question 3

Using the total number of eligible non-profit organizations and the number games/events in a season multiplied by the estimated average of raffle sales per event, the Bureau projects an estimated \$32,457,686 benefit to the state over the 33-month life of the regulation.

Sport	Eligible	# of Games /Events	Estimated Average Raffle Sales per Event*	Total Estimated Annual Benefit
Major League Baseball*	5	405	\$19,266	\$7,802,730
National Football League	3	24	\$24,919	\$598,056
National Basketball Association	4	164	\$6,434	\$1,055,176
National Hockey League	3	123	\$14,139	\$1,739,097
Major League Soccer	2	34	\$1,238	\$42,092
MLB – Minor League (AAA)	1	70	\$3,291	\$230,370
NHL – Minor League/(2)	2	34	\$3,940	\$133,960
Women's National Basketball Association	0	0	0	\$0
MLB – Minor League (Other)	1	70	\$1,975	\$138,250
MLS – Minor League	0	0	\$619	\$0
NBA – Minor League	1	24	\$483	\$11,592
NASCAR	0	0	0	\$0
PGAA	0	0	0	\$0
LPGA	1	8	\$6,434	\$51,472
				\$11,802,795.00

* Estimate totals may have changed based on projections for a complete season.

Please note, Penal Code section 320.6 outlines elements an non-profit organization must meet in order to be considered for registration as an eligible organization in the MLSRP. Because several of the teams/associations do not have non-profit organizations that meet these parameters at this time, it is not anticipated that any will be able to do so before the statute sunsets.

Section D, Question 2

Sport/# of Teams Participating (Actual)	Average (Per Team/Per Event)	Total Raffle Sales
Major League Baseball/(4)*	\$18,378	\$4,625,952
National Football League/(1)	\$24,919	\$199,349
National Basketball Association/(4)*	\$6,351	\$342,234
National Hockey League/(3)*	\$228,042	\$684,125
Major League Soccer/(2)	\$1,238	\$9,905
MLB – Minor League (AAA)/(1)	\$3,291	\$190,882
NHL – Minor League/(2)	\$3,940	\$74,845
	\$286,159.00	\$6,127,292.00

* Includes post season play

The above chart reflects data for actual eligible organization registrations for 2016 (April thru December). As discussed in Section C, Question 3, the Bureau anticipates an annual benefit of \$11,802,795

Fiscal Impact Statement, Fiscal Effect on State Government

Penal Code section 320.6, effective January 1, 2016, established new, General Funded duties for the Department which are presently not conducted by any entity within it. A temporary position was allocated to the Bureau for the administration of the registration portion of this program, leaving unaddressed inspection, investigations, compliance, and audit functions. The amount listed in this section reflects the amount of moneys necessary for the Bureau to fully staff these audit, compliance and enforcement functions of the program.

Senate Bill 843 (Stats 2016 ch 33 § 16, effective June 27, 2016), provides for an appropriation of no more than \$335,000, in the form of a loan from the General Fund, to address workload related to the initial implementation activities of the Department's Indian and Gaming Law Section. Because an appropriation in that amount has already been allocated, the amount listed in this section does not reflect any costs related to the Indian and Gaming Law Section.