

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

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME Department of Justice	CONTACT PERSON Melan Noble	EMAIL ADDRESS Melan.Noble@doj.ca.gov	TELEPHONE NUMBER 916-210-7011
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Major League Sports Raffle Program			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:

- | | |
|--|---|
| <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: 22Describe 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: _____

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

STD. 399 (REV. 12/2013)

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? \$ 1,303,110
- a. Initial costs for a small business: \$ 14,400 Annual ongoing costs: \$ 14,400 Years: 4.5
- b. Initial costs for a typical business: \$ 14,400 Annual ongoing costs: \$ 14,400 Years: 4.5
- c. Initial costs for an individual: \$ 20 Annual ongoing costs: \$ 20 Years: 4.5
- d. Describe other economic costs that may occur: Annual registration fee - eligible organization: \$14,400; suppliers: \$432,000
affiliated-person registration: \$20 ea.; registered event: \$200 ea. The statute sunsets on 01/01/2024 (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 \$432,000 in registration fees per year.
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. \$ 500
4. 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 money
to benefit the charitable cause the organization was formed to promote and to provide money to eligible recipient
non-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? \$ 84,000,000; see attached
4. 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 be
created 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 AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)**

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT (CONTINUED)

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

Regulation: Benefit: \$ 12,000,000 yr Cost: \$ 1,345,580 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: It is unknown if this regulation will result in a decrease of investment to the State.The incentive for innovation in products, materials or processes: The statute permits the sale of tickets electronically. Prior to this, raffle tickets were traditionally two-part, paper only. This facilitates electronic payments as well.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: Revenues generated by these raffles support beneficial, charitable activities throughout California, including disaster relief and research.

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

STD. 399 (REV. 12/2013)

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 _____

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

STD. 399 (REV. 12/2013)

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)\$ \$600,473*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 2018-19 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 described in Penal Code section 320.6, subdivision (o)(5)(B).**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

12/4/18

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

12/16/18

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

Section A, Question 3

The types of businesses impacted by this regulation are 20 nonprofit organizations and two, out-of-state suppliers of raffle-related products and/or services, as detailed below.

Table of currently registered, eligible nonprofit organizations affiliated with teams/associations, and the number of events the organizations have registered for 2018:

	Eligible Organization	2018 events
1	Sharks Foundation	49
2	LA Clippers Foundation	45
3	Hope Reigns Charity Foundation	38
4	LA Kings Care Foundation	48
5	Oakland A's Community Fund	44
6	Anaheim Ducks Foundation	46
7	Sacramento Kings Foundation	44
8	Condors Community Foundation	33
9	GS Warriors Community Foundation	48
10	LA Rams Foundation	11
11	San Jose Earthquakes	16
12	Stockton Heat HC Foundation	33
13	San Diego Padres Foundation	78
14	LA Dodgers Foundation	92
15	SF Giants Community Fund	82
16	Sacramento River Cats	68
17	LAFC	0
18	66ers Foundation	26
19	49ers Foundation	10
20	Los Angeles Chargers	4

* Registration status as of 11/19/2018

Table of current suppliers

	Name	Domestic or foreign company?
1	5050 Central	Canadian company
2	Bump 5050 Worldwide	Canadian company

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.

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

In 2016, raffles conducted pursuant to this regulation generated \$6,146,507 in ticket sales, resulting in \$3,073,253.00 to charity. In 2017, \$12,097,784.00 in ticket sales, resulting in \$6,048,892.00 to charity. Should the same number of eligible organizations conduct the same approximate number of events, raffles conducted pursuant to this regulation could generate over the entire life of the program an estimated \$84,000,000 in raffle ticket sales, with \$42,000,000 to charities and \$42,000,000 to raffle winners.

Section D, Question 2

Based on registrations from 2018 and the fee schedule necessary to support the positions required for audits, administration, compliance, and enforcement, the costs to the regulated community are as follows:

Category	Fee	2018 registrations	Total
Organization	\$14,400	20	\$288,000
Manufacturers and Distributors	\$432,000	2	\$864,000
Manual Draw Supervisors	\$20	79	\$1,580
Events	\$200	900	\$180,000
			\$1,333,580.00

Fiscal Impact Statement, Fiscal Effect on State Government

When Senate Bill 549 was enacted in October 2015, the Bureau submitted a legislative budget change proposal for funding and position authority to address mandates, compliance, and enforcement of the statute. That proposal was not incorporated into the budget for Fiscal Year 2016-2017. A temporary position was allocated to the Bureau for the administration of the registration portion of the statute. When Assembly Bill 888 was enacted in September 2018, it did not contain spending and position authority for the Bureau to address mandates, compliance, and enforcement of the statute. The Bureau has submitted a legislative budget change proposal accordingly. The amount listed in this section reflects the amount the Bureau requested in the original proposal. (\$1,200,946 budget year; \$1,134,001 ongoing)