

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

STD. 399 (REV. 12/2013)

**ECONOMIC IMPACT STATEMENT**

DEPARTMENT NAME Department of Alcoholic Beverage Control	CONTACT PERSON Robert de Ruyter	EMAIL ADDRESS Robert.deRuyter@abc.ca.gov	TELEPHONE NUMBER 916-419-8958
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Responsible Beverage Service Training 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 checked="" 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.*

Department of Alcoholic Beverage Control

2. The Department of Alcoholic Beverage Control 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: 56,173Describe the types of businesses (Include nonprofits): ABC On-Sale Licensees, corporate and nonprofit RBS Training ProvidersEnter the number or percentage of total businesses impacted that are small businesses: 33%4. Enter the number of businesses that will be created: 0 eliminated: 0Explain: The number of ABC On-Sale Licensees and RBS Training Providers should remain constant through implementation.5. Indicate the geographic extent of impacts:  Statewide  
 Local or regional (List areas): \_\_\_\_\_6. Enter the number of jobs created: 2,316 and eliminated: 0Describe the types of jobs or occupations impacted: Increased content creation and investment in RBS Training. It is anticipated that \$89 per employed Alcohol Server cost will not result in any lost jobs due to this regulation.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? \$ 206,800,000
- a. Initial costs for a small business: \$ 2,121.40 Annual ongoing costs: \$ 1,060.70 Years: 2022-2024
- b. Initial costs for a typical business: \$ 10,607.00 Annual ongoing costs: \$ 5,303.50 Years: 2022-2024
- c. Initial costs for an individual: \$ 0.00 Annual ongoing costs: \$ 89.00 Years: 2022-2024
- d. Describe other economic costs that may occur: Individual costs are for those being initially hired as Alcohol Servers. Includes opportunity costs of time spent in RBS Course.
2. If multiple industries are impacted, enter the share of total costs for each industry: The ongoing costs will only be to ABC On-Sale Licensees and individuals who become Alcohol Servers.
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.* \$ \$200.00
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: The California Legislature determined the need for a mandatory Responsible Beverage Service Training Program to address the costs to the community of overuse of alcohol.
- 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: Reduce the over use of alcohol by minors and intoxicated persons at ABC On-Sale Licensees to reduce the alcohol related harms and costs to California Communities through providing Alcohol Servers with Responsible Beverage Service Training.
2. Are the benefits the result of:  specific statutory requirements, or  goals developed by the agency based on broad statutory authority?  
Explain: The RBSTPA ensures every Alcohol Server will understand their duty to serve alcohol responsibly.
3. What are the total statewide benefits from this regulation over its lifetime? \$ 3.5 Billion annually
4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: The market for Responsible Beverage Service Training will increase by and estimated 1000% leading to more trainers and investment in effective RBS trainings being developed both in-person and online.

**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: \_\_\_\_\_  
Proposed Solution: ABC Administered Online Certification Exam for Alcohol Servers; Alternative 1: Proctored Certification Exams; Alternative 2: RBS Provider Administered Certification Exam.

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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>7,000,000,000</u>	Cost: \$ <u>206,800,000</u>
Alternative 1:	Benefit: \$ <u>7,000,000,000</u>	Cost: \$ <u>425,800,000</u>
Alternative 2:	Benefit: \$ <u>3,200,000,000</u>	Cost: \$ <u>207,200,000</u>

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: The benefits are an estimated reductions in the economic harms to California due to the overuse of alcohol.

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: In the proposed alternative the State is bearing much of the costs of developing and implementing the required technology to provide a full and robust program as prescribed by the legislature with less fiscal impact

**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: \_\_\_\_\_ Estimated 2020-2021 Investment is \$100.9 Million.

The incentive for innovation in products, materials or processes: Responsible Beverage Service Training Providers will have a strong incentive to innovate and better their training programs to capture more of the newly created market

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: Alcohol Servers and ABC On-Sale Licensees will better be aware of their duty in serving alcohol and all Californians will benefit.

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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 Some local jurisdictions currently have a Mandatory RBS training Requirements, but this program  
should not affect the bulk of their funding for enforcement of mandatory RBS standards.

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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)

\$ 1,829,211

*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 2019-2020 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 Please see attached yearly program cost projecton from 2019-2020 budget proposal.

**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

5/20/19

*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

5/21/19

*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

**Responsible Beverage Service (subset of costs in project for RBS Functionality)**

This analysis is necessary to estimate the credit card cost related to RBS (RBS program cost/volume of transactions = RBS exam rate, which drives the total revenue estimate and the credit card costs related to collecting that revenue)

Personal Services	Monthly Salary	2019-20		2020-21		2021-22		2022-23	
		Pos	Dollars	Pos	Dollars	Pos	Dollars	Pos	Dollars
Product Manager (IT Specialist II)	\$ 7,929	0.50	\$ 47,574	0.50	\$ 47,574	0.50	\$ 47,574	0.00	\$ -
Business Analyst (IT Specialist I)	\$ 6,699	0.50	\$ 40,194	0.50	\$ 40,194	0.50	\$ 40,194	0.00	\$ -
Application Developer (IT Specialist I)	\$ 6,699	0.50	\$ 40,194	0.50	\$ 40,194	0.00	\$ -	0.00	\$ -
Service Desk (IT Associate)	\$ 5,373		\$ -	0.50	\$ 32,238	0.50	\$ 32,238	0.50	\$ 32,238
<b>Total Salaries.</b>		1.50	\$ 127,962	2.00	\$ 160,200	1.50	\$ 120,006	0.50	\$ 32,238
Benefits 64%			\$ 69,099		\$ 86,608		\$ 64,803		\$ 17,409
<b>Total, Salaries and Benefits</b>			\$ 197,061		\$ 246,708		\$ 184,809		\$ 49,647

Operating Expenses	2019-20	2020-21	2021-22	2022-23
OE&E for staff (\$13k per PY)	\$ 19,500	\$ 26,000	\$ 19,500	\$ 6,500

Development and DevOps Contracts	2019-20	2020-21	2021-22	2022-23
Product Management Vendor - transition to ABC Product Manager	\$ 160,000			
Application Development & Deploy (2-3 contractors for 6-9 months)	\$ 500,000			
Application DevOps		\$ 288,000	\$ 140,000	\$ 70,000
Exam Deploy (Development of online exam)	\$ 100,000			
Exam DevOps		\$ 50,000	\$ 50,000	\$ 50,000
Modern Development Environment Deploy	\$ 45,000	\$ 36,000	\$ 36,000	\$ 36,000
Integration Test (initial rollout/test with current RBS jurisdictions)	\$ 150,000			
Examination Vendor	\$ 25,000	\$ 12,500	\$ 12,500	\$ 12,500
<b>Total Contracts</b>	\$ 980,000	\$ 386,500	\$ 238,500	\$ 168,500

Services from Department of Technology	2019-20	2020-21	2021-22	2022-23
Statewide Technology Procurement	\$ 7,875			
Project Approval Lifecycle	\$ 9,188			
Project Oversight	\$ 27,583	\$ 36,750		
<b>Total Services from CDT</b>	\$ 44,625	\$ 36,750	\$ -	\$ -

	2019-20	2020-21	2021-22	2022-23
Call Center Support		\$ 50,000	\$ 25,000	\$ 10,000
Hosting Costs	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Development Tools	\$ 2,025	\$ 2,025	\$ 2,025	\$ 2,025

<b>Total Operating Expenses</b>	\$ 1,071,150	\$ 526,275	\$ 310,025	\$ 212,025
<b>Total Additional Costs</b>	\$ 1,268,211	\$ 772,983	\$ 494,834	\$ 261,672
2018-19 BCP Costs	\$ 581,000	\$ 381,000	\$ 381,000	\$ 381,000
<b>Total Annual Costs</b>	\$ 1,829,211	\$ 1,153,983	\$ 875,834	\$ 642,672
Projected Volume of Exams		1,000,000	300,000	300,000
Projected Revenue		\$ 3,174,813	\$ 952,444	\$ 952,444
Credit Card Fees (2%)		\$ 63,496	\$ 19,049	\$ 19,049
<b>Total Additional Costs with Credit Card</b>	\$ 1,288,211	\$ 836,479	\$ 513,883	\$ 280,720

Total Costs for first 5 years (including \$578,000 in 2018-19) \$ 6,079,700  
 Total Volume 1,600,000  
 Exam fee to recover first 5 years of cost \$ 3.17