

**Notice of Changes to the Form 399, Economic and Fiscal Impact Statement,
for the Adoption of the Proposed Amendments to Section 4076, *Wholesale Cost of
Tobacco Products*, and New Section 4077, *Tobacco Product Manufacturer*, in
Title 18 of the California Code of Regulations**

To Interested Parties,

Notice is hereby given that the California Department of Tax and Fee Administration (CDTFA) made changes to the Form 399, Economic and Fiscal Impact Statement, for the adoption of the proposed amendments to California Code of Regulations, title 18, section (Regulation) 4076, *Wholesale Cost of Tobacco Products*, and new Regulation 4077, *Tobacco Product Manufacturer*, and the attachment to the form.

Reason for Changes to the Form

The Department of Finance (DOF) reviewed and initially concurred with the CDTFA's original Form 399 and the attachment to the form before the CDTFA published its notice regarding the proposed adoption of the amendments to Regulation 4076 and new Regulation 4077. However, DOF subsequently reviewed the CDTFA's Form 399 when the CDTFA requested DOF's final concurrence and requested that CDTFA quantify the impact of the proposed regulatory action on businesses, move as much of its existing answers from the attachment to the form as possible in the space provided on the form, and complete questions D3, D4, and E5 in the economic impact statement on the form.

As a result, the CDTFA changed its answer to question A3 in the economic impact statement on the Form 399 to quantify that between 0 and 140 businesses, including small businesses, may be impacted by the proposed regulatory action. The CDTFA changed its answer to questions B1 and D2 in the economic impact statement on the form to quantify that the impacted businesses may collectively incur up to \$5,400 in costs to comply with the proposed regulatory action. The CDTFA changed its answers to questions C3 and D2 in the economic impact statement on the form to quantify that there will be no quantifiable monetary benefits to the impacted businesses from the proposed regulatory action. The CDTFA changed its answers to questions A3, A4, A6, C1, and C2 in the economic impact statement and question B4 in the fiscal impact statement on the form so that they included as much information as possible from the attachment to the original form and the current answers to questions A3, A4, and A6 no longer refer readers to the attachment to the form. The CDTFA completed questions D3, D4, and E5 in the economic impact statement on the form so they respectively discuss the CDTFA's quantification issues, explain that the regulatory action does not mandate the use of specific technologies or equipment, and explain that there will no quantifiable monetary benefits to the impacted businesses from the proposed regulatory action and the proposed regulatory action will not impact investment in the state or provide an incentive for innovation. The CDTFA also made related changes to the attachment to the Form 399's discussions of the CDTFA's responses to questions A3, A4, A6, B1, C1, and C2 in the economic impact statement and question B1 in the fiscal impact statement on the Form 399, and discussed its new answers to questions D2 and D3

in the revised attachment. And, DOF concurred with the CDTFA's revised Form 399 and attachment.

Revised Form and Attachment

The CDTFA is making the revised Form 399 and attachment available to the public by placing it in the rulemaking file. If you wish to review the rulemaking file, it is available for your inspection at 450 N Street, Sacramento, California, from 8:00 a.m. to 5:00 p.m. Monday through Friday, excluding state holidays.

Contact Persons

Questions regarding the substance of the changes to the Form 399 and attachment should be directed to Ms. Lynn Whitaker, Supervising Tax Auditor II, by telephone at (916) 309-5220, by e-mail at Lynn.Whitaker@cdtfa.ca.gov, or by mail at California Department of Tax and Fee Administration, Attn: Lynn Whitaker, MIC: 50, 450 N Street, P.O. Box 942879, Sacramento, CA 94279-0050.

Requests for copies of the original and revised Form 399 and attachment, written comments regarding the changes to the Form 399 and attachment, and other inquiries concerning the proposed regulatory action should be directed to Ms. Kim DeArte, Regulations Coordinator, by telephone at (916) 309-5227, by fax at (916) 322-2958, by e-mail at CDTFARegulations@cdtfa.ca.gov, or by mail at California Department of Tax and Fee Administration, Attn: Kim DeArte, MIC: 50, 450 N Street, P.O. Box 942879, Sacramento, CA 94279-0050. Ms. DeArte is the designated backup contact person to Ms. Whitaker.

Written Comments Regarding the Changes

Any interested person may submit written comments regarding the changes to the Form 399 and attachment. The written comment period ends at 11:59 p.m. (PDT) on December 10, 2020. The CDTFA will consider written comments received by Ms. DeArte at the postal address, email address, or fax number provided above, prior to the close of the written comment period, before the CDTFA decides whether to adopt the proposed amendments to Regulation 4076 and new Regulation 4077 and will respond to the written comments received in the Final Statement of Reasons.