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Instructions and Code Citations:
SAM Section 6601-6616

STATE OF CALIFORNIA — DEPARTMENT OF FINANCE
ECONOMIC AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)
STD. 399 (Rev. 10/2019)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME	CONTACT PERSON	EMAIL ADDRESS	TELEPHONE NUMBER
California Privacy Protection Agency	Tamara Colson	tamara.colson@cppa.ca.gov	(916) 244-6652

DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400	NOTICE FILE NUMBER
Data Broker Updates and Delete Request and Opt-out Platform (DROP) Audits	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:
   - [X] a. Impacts business and/or employees
   - [X] b. Impacts small businesses
   - [ ] c. Impacts jobs or occupations
   - [ ] d. Impacts California competitiveness
   - [X] e. Imposes reporting requirements
   - [X] f. Imposes prescriptive instead of performance
   - [ ] g. Impacts individuals
   - [ ] 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 (Agency/Department) estimates that the economic impact of this regulation (which includes the fiscal impact) is:
   - [X] 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: 680

   Describe the types of businesses (Include nonprofits): Data brokers with active DROP accounts as of November 1, 2026

   Enter the number or percentage of total businesses impacted that are small businesses: 170 (~25%)

4. Enter the number of businesses that will be created: 0 eliminated: 0

   Explain: Incremental regulatory costs are modest; audit obligation and cadence are statutory and excluded

5. Indicate the geographic extent of impacts:
   - [X] Statewide
   - [ ] Local or regional (List areas):

6. Enter the number of jobs created: Unknown and eliminated: 0

   Describe the types of jobs or occupations impacted: Demand may increase for independent auditors and compliance personnel; incremental costs are not expected to eliminate jobs

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 [X] NO

   If YES, explain briefly: Regulations apply uniformly to all data brokers doing business in California and do not disadvantage California-based entities relative to out-of-state competitors

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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? $ 7,917,750

   a. Initial costs for a small business: $1,686 Annual ongoing costs: $ 1,604 Years: 3

   b. Initial costs for a typical business: $3,816 Annual ongoing costs: $ 3,181 Years: 3

   c. Initial costs for an individual: $0 Annual ongoing costs: $ 0 Years: N/A

   d. Describe other economic costs that may occur:

2. If multiple industries are impacted, enter the share of total costs for each industry: 100% - data brokers with active DROP accounts as of November 1, 2026

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.* $2,400

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: There is no federal counterpart governing California data brokers' DROP processing or triennial audits

   Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: $ 0

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: The regulations provide operational clarity and uniform audit standards for statutory obligations, improving identifier-match accuracy and deletion completeness across systems and service providers, supporting standardized suppression list maintenance, and enhancing transparency through reliable status reporting

2. Are the benefits the result of: ☒ specific statutory requirements, or ☐ goals developed by the agency based on broad statutory authority?

   Explain: Implement statutory obligations of Delete Act including DROP operation and statutorily mandated audits

3. What are the total statewide benefits from this regulation over its lifetime? $ Not monetized

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: Likely expansion of IT integration firms, privacy consultants, and independent audit providers offering DROP-related services.

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: 1: Rely on statute alone and decline to adopt regulations; rejected due to risk of highly varied audit scope and rigor; 2: Adopt reduced or tiered audit requirements; rejected due to insufficient statutory authority to vary requirements based on business size

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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: $ Not monetized Cost: $ 7,917,750

Alternative 1: Benefit: $ Not quantified Cost: $ Not quantified

Alternative 2: Benefit: $ Not quantified Cost: $ Not quantified

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: Primary benefits are non-monetary and difficult to monetize (privacy, reduced harms). Audit costs vary by firm size and complexity; exit decisions by marginal firms are uncertain and not precisely quantifiable.

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 Agency retained performance flexibility where appropriate (e.g., manual or automated DROP interfaces) but adopted prescriptive audit elements and certain processing standards where uniformity is essential to ensure reliable deletion outcomes and to satisfy the statutory audit mandate

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 through12 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: Possible increase in investment in privacy, IT integration, and audit services.

The incentive for innovation in products, materials or processes: Encourages development of tools and services for secure hashing, matching, suppression-list management, and audit testing.

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: Strengthened privacy protections, improved consumer control over personal information, and increased trust in digital services.

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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)

$ _____

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 _____

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
Garcia, Tiffany@CPPA Digitally signed by Garcia, Tiffany@CPPA Date: 2026.11.03 12:17:53 -08'00'	11/3/2026

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
Kemp, Tom@CPPA Digitally signed by Kemp, Tom@CPPA Date: 2026.11.03 12:26:39 -08'00'	

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