

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

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME Forestry & Fire Protection/Fire Marshal	CONTACT PERSON Greg Andersen	EMAIL ADDRESS greg.andersen@fire.ca.gov	TELEPHONE NUMBER (626)712-4260
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Automatic Extinguishing System Program (AES) - Fee Increase			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:

- a. Impacts business and/or employees
- b. Impacts small businesses
- c. Impacts jobs or occupations
- d. Impacts California competitiveness
- e. Imposes reporting requirements
- 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 Dept. Forestry & Fire Protection-OSFM 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: Approx. 2,757

Describe the types of businesses (Include nonprofits): Automatic Extinguishing System Installation/Service Companies; CEU Providers

Enter the number or percentage of total businesses impacted that are small businesses: Unknown

4. Enter the number of businesses that will be created: None eliminated: None

Explain: This is a proposed fee increase of the existing license and certification fees in the AES Program.

5. Indicate the geographic extent of impacts: Statewide
 Local or regional (List areas): N/A

6. Enter the number of jobs created: None and eliminated: None

Describe the types of jobs or occupations impacted: The OSFM is not aware of any potential jobs created or eliminated by this fee increase.

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: N/A

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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? \$ 179,070/year
- a. Initial costs for a small business: \$ 20-1,980 Annual ongoing costs: \$ 20-1,980 Years: ongoing
- b. Initial costs for a typical business: \$ 20-1,980 Annual ongoing costs: \$ 20-1,980 Years: ongoing
- c. Initial costs for an individual: \$ 20 Annual ongoing costs: \$ 20 Years: ongoing
- d. Describe other economic costs that may occur: Fees will be paid by businesses and individuals seeking licensure. Total costs to any business are dependent on the business type and number of employees. See attachment.
2. If multiple industries are impacted, enter the share of total costs for each industry: N/A
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.* \$ N/A
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: Federal regulations do not require licensure to service fire protection systems; this is a state requirement, for which the state must recover costs through fees.
- Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ N/A

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 proposed fee increase is necessary to cover increased operational costs, provide better services to stakeholders, and ensure enforcement activities can be properly performed.
2. Are the benefits the result of: specific statutory requirements, or goals developed by the agency based on broad statutory authority?
Explain: Health and Safety Code sections 13137, 13110, 13104, and 13197
3. What are the total statewide benefits from this regulation over its lifetime? \$ Unknown
4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: Unknown

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: Alternative #1 - no increase to CH. 5.5 licensees. Alternative # 2 - increase fees to fund a full staff. However, these alternatives were determined not to be viable as either revenues would not be sufficient or undue burden would be placed on the licensees. (See Attachment)

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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: \$ See below Cost: \$ 179,070

Alternative 1: Benefit: \$ See below Cost: \$ 71,130

Alternative 2: Benefit: \$ See below Cost: \$ 786,834

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 the increased fire and life safety for consumers.

Costs are the result of the increased fees.

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: This is a fee increase to cover the costs associated with the operation of the AES Program and meet statutory requirements. The proposed fee increase is essential to cover the costs to effectively and efficiently operate the program.

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: The regulations ensure that individuals and companies are properly certified/licensed before performing work on fire/life safety equipment in CA.

**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).

\$ 3,850

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 Costs are not mandated by the state, and are optional for local agencies who wish to participate in the program. See attachment.

**ECONOMIC AND FISCAL IMPACT STATEMENT
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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)

\$ 4,290

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 The OSFM anticipates this regulation package will result in additional revenue of \$179,070 to adequately cover the cost of the program. State agencies participation in the program licensure is not mandated. See attach

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)

\$ _____

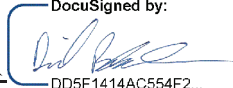
2. Savings in the current State Fiscal Year. (Approximate)

\$ _____

3. No fiscal impact exists. This regulation does not affect any federally funded State agency or program.

4. Other. Explain _____

FISCAL OFFICER SIGNATURE

DocuSigned by:


DATE
10/29/2024

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

 Bryan Cash

DATE
11/18/2024

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

STD-399 Attachment
Automatic Extinguishing Systems Program – Fee Increase

Economic Impact Statement
Section B – Estimated Costs, 1.

The Office of the State Fire Marshal (OSFM) Fire Engineering & Investigation Division is proposing to update its current fee schedule for the Automatic Extinguishing Systems (AES) Program to generate adequate revenue to fund program costs. Below is a chart that shows the existing fee structure as well as the proposed new fee structure.

Source of Revenue	Current Number of Licenses	Current Fee	Current Revenue	Estimated Number of Licenses*	Proposed Fee	Projected Total Revenue**
Type 1 New	4	\$500	\$2,000	4	\$635	\$2,540
Type 1 Renewal	17	\$500	\$8,500	17	\$635	\$10,795
Type 1 Additional Locations	0	\$100	\$0	0	\$125	\$0
Type 1 Reinspection	5	\$200	\$1,000	5	\$250	\$1,250
Type 2 New	0	\$500	\$0	0	\$635	\$0
Type 2 Renewal	43	\$500	\$21,500	43	\$635	\$27,305
Type 2 Additional Locations	0	\$100	\$0	0	\$125	\$0
Type 2 Reinspection	5	\$200	\$1,000	5	\$250	\$1,250
Type L New	49	\$335	\$16,415	49	\$425	\$20,825
Type L New Inspection by Local Authority	10	\$135	\$1,350	10	\$170	\$1,700
Type L Renewal	556	\$135	\$75,060	556	\$170	\$94,520
Type L Additional Locations	0	\$100	\$0	0	\$125	\$0
Type L Reinspection	5	\$200	\$1,000	5	\$250	\$1,250
Weekly Fire Pump New	280	\$80	\$22,400	280	\$100	\$28,000
Weekly Fire Pump Renewal	1,596	\$80	\$127,680	1,596	\$100	\$159,600
Fire Sprinkler Fitter New	217	\$150	\$32,550	217	\$170	\$36,890
Fire Sprinkler Fitter Renewal	3,550	\$150	\$532,500	3,550	\$170	\$603,500
Fire Sprinkler Fitter Apprentice New	309	\$150	\$46,350	309	\$170	\$52,530

STD-399 Attachment
Automatic Extinguishing Systems Program – Fee Increase

Fire Sprinkler Fitter Apprentice Renewal	1035	\$150	\$155,250	1035	\$170	\$175,950
Fire Sprinkler Fitter Trainee New	79	\$150	\$11,850	79	\$170	\$13,430
Fire Sprinkler Fitter Trainee Renewal	87	\$150	\$13,050	87	\$170	\$14,790
Fire Sprinkler Replacement Certification/Registration Identification Card	89	\$25	\$2,225	89	\$25 <i>No fee increase</i>	\$2,225
Continuing Education Unit Course Registration New	24	\$150	\$3,600	24	\$170	\$4,080
Continuing Education Unit Course Registration Renewal (every 3 years)	96	\$150	\$14,400	96	\$170	\$16,320
Totals	8,056		\$1,089,680	8,056		\$1,268,750
Difference						+\$179,070

*Estimates based on number of existing licenses and certifications, with no growth expected in this year.
 **This reflects the total projected revenue at full implementation, expected in fiscal year 2025-26.

Economic Impact Statement
Section B – Estimated Costs, 1.a – 1.d

The OSFM estimates that approximately 2,757 businesses will be impacted by the increased fees proposed in this regulatory package. Fees will be paid by individuals and businesses seeking to become certified or licensed in California to service, install, and maintain automatic sprinkler systems. In addition, businesses that educate industry pipe fitters on new/updated practices and regulations will pay fees based on the amount of continuing education units that they provide.

Pursuant to Government Code (GOV) section 11346.3, a small business is defined as being independently owned and operated, not dominant in its field of operation, and having fewer than 100 employees. The fee increase will be applied consistently throughout the industry regardless of the business type, small or typical. The impact will vary depending upon the applicable license types for that business (see scenarios below). Each scenario may not be considered standard practice, but we have taken into consideration the worst-case scenarios for the increased fees.

Businesses seeking to obtain a Type 1/2/L license would pay an additional \$90-135 in fees for each new application and an additional \$35-135 in fees each year for renewal. Businesses that are Continuing Education Unit (CEU) providers would pay an additional \$20 for each course registration. The costs of fees to a business may vary depending on the licenses they would like to acquire or renew, how many employees they have, or how many CEU courses they are providing. Please reference the table above to see the difference between current and proposed fee amounts. Initial start-up represents new applications if submitted; annual ongoing costs represent renewal fees per license.

- Scenario 1- Businesses that service, maintain, and test automatic extinguisher systems require a Type 1 license in order to work on water-based fire protection systems. Businesses will need a Type 2 license in

STD-399 Attachment
Automatic Extinguishing Systems Program – Fee Increase

order to work on engineered and pre-engineered fixed extinguishing systems. The proposed fees would result in the business paying an additional \$295 in initial fees for both Type 1 and Type 2 licenses from the OFSM and an additional business location/address registration.

$$\$135 \text{ (Type 1 New License)} + \$135 \text{ (Type 2 New License)} + \$25 \text{ (Type 1/2 Additional Location)} = \$295$$

- Scenario 2- Public or private businesses that would like to test and maintain the fire pumps in their own facility/structure, are required to hold a Type L license. This license is an alternative to hiring a third-party company holding a Type 1 license issued by the OSFM or a C-16 Fire Protection license issued by the Contractors State License Board (CSLB) to perform the testing on the building’s automatic extinguisher system. Pursuant to Health and Safety Code (HSC) section 13196.5, these public or private businesses cannot be engaged in the business of performing, testing, and maintenance of wet pipe fire extinguishing systems and which only perform annual testing and maintenance of wet pipe sprinkler systems, standpipe systems, private fire service mains, and weekly fire pump tests in structures or property owned or leased by that public or private business. The proposed fees would result in the business paying an additional \$110 in initial fees in order to participate in the AES Program to receive a Type L license from the OSFM and for at least one internal employee to hold a Weekly Fire Pump license to test and service their fire pump.

$$\$90 \text{ (Type L New License)} + \$20 \text{ (Weekly Fire Pump New)} = \$110$$

- Scenario 3- Sprinkler Fitters that hold licenses from the OSFM and install pipes for automatic extinguisher systems, must be employed by a C-16 Fire Protection Contractor, recognized by the CSLB. The C-16 business itself is not required to pay any fees to the OSFM, but in the event that the business pays for 99 sprinkler fitter, apprentice or trainee licenses or renewals, the proposed fees would result in the business paying an additional \$1,980 in initial fees. A typical business in this industry meets the state guidelines of a small business having fewer than 100 employees.

$$\$20 \times 99 \text{ (Fire Sprinkler Fitter New/Renewal, Fire Sprinkler Fitter Apprentice New/Renewal, Fire Sprinkler Trainee New/Renewal)} = \$1,980$$

- Scenario 4- Fully certified Sprinkler Fitters are required proof of completion of additional CEUs before they are eligible to renew their Sprinkler Fitter license. Businesses that provide and facilitate these CEU courses to pipe fitters, must pay registration fees for each course. There is no limit to how many courses a business can provide. Currently the CEU provider with the most registered courses is 48, which would require an additional \$960 because of the increase in proposed fees.

$$\$20 \times 48 \text{ (Continuing Education Unit Course Registration New/Renewal)} = \$960$$

An individual seeking to obtain a Weekly Fire Pump certificate would pay an additional \$20 in fees for each new application and an additional \$20 in fees each year for renewal. An individual seeking to obtain a Sprinkler Fitter license would pay an additional \$20 in fees for each new application and an additional \$20 in fees each year for renewal. Please reference the table above to see the difference between current and proposed fee amounts. Initial start-up represents new applications if submitted; annual ongoing costs represent renewal fees per license.

- Scenario 1- An individual who works for a public or private business may apply to the OSFM for a Weekly Fire Pump certification in order to perform annual testing and maintenance on automatic extinguisher systems. This certification allows the individual to perform testing and maintenance at specific facilities/buildings with a Type L license. The proposed fees would result in the individual paying an additional \$20 in initial and annual fees for the Weekly Fire Pump certification.

STD-399 Attachment
Automatic Extinguishing Systems Program – Fee Increase

- Scenario 2- An individual who works for a C-16 Fire Protection Contractor may hold a license as a Fire Sprinkler Fitter Trainee, Fire Sprinkler Fitter Apprentice, or a fully certified Fire Sprinkler Fitter. The license will permit individuals to perform installation of water-based fire protection systems and work within the scope of their specific license. The proposed fees would result in the individual paying an additional \$20 in initial and annual fees for any of the three Fire Sprinkler Fitter licenses listed above.

Economic Impact Statement
Section D – Alternatives to the Regulation, 1.

Alternative 1. The OSFM considered an alternative to be less burdensome to the businesses and individuals in carrying out the purposes of the proposed regulation. After input was received from the regulated public, the OSFM proposed no increase to the fees regulated under Chapter 5.5.

Source of Revenue	Current Number of Licenses	Current Fee	Current Revenue	Estimated Number of Licenses*	Proposed Fee	Projected Total Revenue**
Type 1 New	4	\$500	\$2,000	4	\$635	\$2,540
Type 1 Renewal	17	\$500	\$8,500	17	\$635	\$10,795
Type 1 Additional Locations	0	\$100	\$0	0	\$125	\$0
Type 1 Reinspection	5	\$200	\$1,000	5	\$250	\$1,250
Type 2 New	0	\$500	\$0	0	\$635	\$0
Type 2 Renewal	43	\$500	\$21,500	43	\$635	\$27,305
Type 2 Additional Locations	0	\$100	\$0	0	\$125	\$0
Type 2 Reinspection	5	\$200	\$1,000	5	\$250	\$1,250
Type L New	49	\$335	\$16,415	49	\$425	\$20,825
Type L New Inspection by Local Authority	10	\$135	\$1,350	10	\$170	\$1,700
Type L Renewal	556	\$135	\$75,060	556	\$170	\$94,520
Type L Additional Locations	0	\$100	\$0	0	\$125	\$0
Type L Reinspection	5	\$200	\$1,000	5	\$250	\$1,250
Weekly Fire Pump New	280	\$80	\$22,400	280	\$100	\$28,000
Weekly Fire Pump Renewal	1,596	\$80	\$127,680	1,596	\$100	\$159,600
Fire Sprinkler Fitter New	217	\$150	\$32,550	217	\$150	\$32,550
Fire Sprinkler Fitter Renewal	3,550	\$150	\$532,500	3,550	\$150	\$532,500

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Automatic Extinguishing Systems Program – Fee Increase

Fire Sprinkler Fitter Apprentice New	309	\$150	\$46,350	309	\$150	\$46,350
Fire Sprinkler Fitter Apprentice Renewal	1035	\$150	\$155,250	1035	\$150	\$155,250
Fire Sprinkler Fitter Trainee New	79	\$150	\$11,850	79	\$150	\$11,850
Fire Sprinkler Fitter Trainee Renewal	87	\$150	\$13,050	87	\$150	\$13,050
Fire Sprinkler Replacement Certification/Registration Identification Card	89	\$25	\$2,225	89	\$25 <i>No fee increase</i>	\$2,225
Continuing Education Unit Course Registration New	24	\$150	\$3,600	24	\$150	\$3,600
Continuing Education Unit Course Registration Renewal (every 3 years)	96	\$150	\$14,400	96	\$150	\$14,400
Totals	8,056		\$1,089,680	8,056		\$1,160,810
Difference						+\$71,130

*Estimates based on number of existing licenses and certifications, with no growth expected in this year.

**This reflects the total projected revenue at no implementation of sprinkler fitter license increases, expected in fiscal year 2025-26.

- Alternative 1 was not feasible as it would not enable the OSFM to cover the costs associated with implementing the licensing and certification mandates, improve the licensing and certification service and enforcement, and meet current and future work demands. No licensee group can make up for the costs of another group regulated under the same program. Not increasing the fees in the Chapter 5.5 licensee group would result in the program incurring a deficit. By statute the program must fund itself in its entirety.

Alternative 2. The OSFM considered the alternative of increasing the fees to fund a full program staff.

Source of Revenue	Current Number of Licenses	Current Fee	Current Revenue	Estimated Number of Licenses*	Proposed Fee	Projected Total Revenue**
Type 1 New	4	\$500	\$2,000	4	\$1,100	\$4,400
Type 1 Renewal	17	\$500	\$8,500	17	\$1,100	\$18,700
Type 1 Additional Locations	0	\$100	\$0	0	\$220	\$0
Type 1 Reinspection	5	\$200	\$1,000	5	\$440	\$2,200
Type 2 New	0	\$500	\$0	0	\$1,100	\$0

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Automatic Extinguishing Systems Program – Fee Increase

Type 2 Renewal	43	\$500	\$21,500	43	\$1,100	\$47,300
Type 2 Additional Locations	0	\$100	\$0	0	\$220	\$0
Type 2 Reinspection	5	\$200	\$1,000	5	\$440	\$2,200
Type L New	49	\$335	\$16,415	49	\$737	\$36,113
Type L New Inspection by Local Authority	10	\$135	\$1,350	10	\$297	\$2,970
Type L Renewal	556	\$135	\$75,060	556	\$297	\$165,132
Type L Additional Locations	0	\$100	\$0	0	\$220	\$0
Type L Reinspection	5	\$200	\$1,000	5	\$440	\$2,200
Weekly Fire Pump New	280	\$80	\$22,400	280	\$176	\$49,280
Weekly Fire Pump Renewal	1,596	\$80	\$127,680	1,596	\$176	\$280,896
Fire Sprinkler Fitter New	217	\$150	\$32,550	217	\$234	\$50,778
Fire Sprinkler Fitter Renewal	3,550	\$150	\$532,500	3,550	\$234	\$830,700
Fire Sprinkler Fitter Apprentice New	309	\$150	\$46,350	309	\$234	\$72,306
Fire Sprinkler Fitter Apprentice Renewal	1035	\$150	\$155,250	1035	\$234	\$242,190
Fire Sprinkler Fitter Trainee New	79	\$150	\$11,850	79	\$234	\$18,486
Fire Sprinkler Fitter Trainee Renewal	87	\$150	\$13,050	87	\$234	\$20,358
Fire Sprinkler Replacement Certification/Registration Identification Card	89	\$25	\$2,225	89	\$25 <i>No fee increase</i>	\$2,225
Continuing Education Unit Course Registration New	24	\$150	\$3,600	24	\$234	\$5,616
Continuing Education Unit Course Registration Renewal (every 3 years)	96	\$150	\$14,400	96	\$234	\$22,464
Totals	8,056		\$1,089,680	8,056		\$1,876,514
Difference						+\$786,834

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Automatic Extinguishing Systems Program – Fee Increase

*Estimates based on number of existing licenses and certifications, with no growth expected in this year.
 **This reflects the total projected revenue at fifty percent implementation, expected in fiscal year 2025-26.

- Alternative 2 was not feasible as the fee amounts would place too great of a financial burden on the stakeholders. It was determined by the OSFM, as license numbers increase due to enforcement through the OSFM and the partnership with CSLB, the budget and added workload from increased numbers of licensees would support additional staff, rather than increasing fees at a greater value.

Fiscal Impact Statement
Section A – Fiscal Effect on Local Government, 2. & 6.

Costs and participation in the AES Program are not mandated to local agencies by the state. Pursuant to HSC 13196.5, no person shall engage in the business of servicing or testing automatic fire extinguishing systems without a license issued by the State Fire Marshal. The annual testing or maintenance of wet pipe sprinkler systems, standpipe systems or private fire service mains in structures or property owned or leased by that private or public entity may be performed by a Type L concern with an individual who possess a Weekly Fire Pump Test Certificate. Local agencies who choose to participate in the program will pay for fees associated with the cost of the license and/or certification pursuant to HSC 13137. Typically, local agencies are licensed with the AES Program to internally test the fire pumps within the owned building. This entails an individual holding a Weekly Fire Pump Certification and the building holding a Type L license. This certification and licensure is an alternative to hiring a third-party company holding a Type 1 license issued by the OSFM or a C-16 Fire Protection license issued by the CSLB to perform the testing on the building’s fire pump. Currently, 37 Type L licenses and 26 Weekly Fire Pump Certificates are held by local agencies making up for approximately 6% of Type L licenses and 1.4% of Weekly Fire Pump Certificate holders respectively. Using the current values the additional cost to local agencies opting into the program are calculated below:

$$\begin{aligned}
 &\text{Proposed Fees – Current fees = Additional Cost to Agency} \\
 &\text{Type L: } (37 \text{ Local Agencies} \times \$425) - (37 \text{ Local Agencies} \times \$335) = \$3,330 \\
 &\text{Weekly Fire Pump: } (26 \text{ Local Agencies} \times \$100) - (26 \text{ Local Agencies} \times \$80) = \$520 \\
 &\text{Type L } (\$3,330) + \text{Weekly Fire Pump } (\$520) = \$3,850 \\
 &\$3,850 \text{ in additional cost to Local Agencies/year}
 \end{aligned}$$

Fiscal Impact Statement
Section B – Fiscal Effect on State Government, 1a. & 4.

Costs and participation in the AES Program are not mandated to state agencies by the state. Pursuant to HSC 13196.5 no person shall engage in the business of servicing or testing automatic fire extinguishing systems without a license issued by the State Fire Marshal. The annual testing or maintenance of wet pipe sprinkler systems, standpipe systems or private fire service mains in structures or property owned or leased by that private or public entity may be performed by a Type L concern with an individual who possess a Weekly Fire Pump Test Certificate. State agencies who choose to participate in the program will pay for fees associated with the cost of the license and/or certification pursuant to HSC 13137. Typically, state agencies are licensed with the AES Program to internally test the fire pumps within the state-owned building. This entails an individual holding a Weekly Fire Pump Certification and the building holding a Type L license. This certification and licensure is an alternative to hiring a third-party company holding a Type 1 license issued by the OSFM or a C-16 Fire Protection license issued by the CSLB to perform the testing on the building’s fire pump. Currently, 33 Type L licenses and 66 Weekly Fire Pump Certificates are held by state agencies making up for approximately 5.5% of Type L licenses and 3.5% of Weekly Fire Pump Certificate holders respectively. Using the current values the additional cost to state agencies opting into the program are calculated below:

$$\text{Proposed Fees – Current fees = Additional Cost to Agency}$$

STD-399 Attachment
Automatic Extinguishing Systems Program – Fee Increase

Type L: (33 State Agencies x \$425) – (33 State Agencies x \$335) = \$2,970
Weekly Fire Pump: (66 State Agencies x \$100) – (66 State Agencies x \$80) = \$1,320
Type L (\$2,970) + Weekly Fire Pump (\$1,320) = \$4,290

\$4,290 in additional cost to State Agencies/year

Fiscal Impact Statement
Section B – Fiscal Effect on State Government 4. Continued

Accordingly, the OSFM is projecting ongoing annual program expenditures, including personnel costs, at approximately \$1,232,006.

The fee schedule update proposed in this package is to enable the OSFM to sustain AES Program operations and maintain a sufficient operating reserve in the State Fire Marshal Licensing and Certification Fund. As a result of these regulations and the updated fee schedule, the OSFM is projecting increased revenues of \$179,070 annually, for total revenues of \$1,268,750, to be deposited into the State Fire Marshal Licensing and Certification Fund, beginning in 2025-26 and ongoing.