

**Economic Impact Statement**

LSA Document #06-570

**IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses****Estimated Number of Small Businesses Subject to this Rule:**

There are approximately 600 licensed production nurseries registered in the state. It is suspected that less than 5% of these nurseries produce aquatic plants, and only a portion of these produce Brazilian elodea. There are nearly 4,000 retailers in the state that sell plants. Of these retail outlets, it is again projected that only 5% sell aquatic plants, and fewer of these actually sell Brazilian elodea.

There are tens of thousands of ponds in Indiana. There is no way to estimate how many of these ponds are owned by small businesses or how many may be infested with Brazilian elodea. At this time, only 14 waters in the whole state are known to contain Brazilian elodea.

Businesses that specialize in watercraft removal and storage are subject to this rule since they must inspect the equipment as they remove it to be certain there is no Brazilian elodea present. There is no known way to determine the number of small businesses that specialize in this type of service.

**Estimated Average Annual Administrative Costs That Small Businesses Will Incur:**

There is no additional record keeping or reporting required as a result of this rule. The only additional administrative costs will be with the retail outlets working with wholesalers to arrange for an alternate submersed plant to be used in place of Brazilian elodea. These costs will be minimal as there are numerous other submersed plants that can be used in place of Brazilian elodea.

Since all ponds vary in size and depth, there is no way to estimate the costs that would be incurred should a small business have to implement Brazilian elodea eradication efforts in a pond owned by them. Based on previous experiences with Brazilian elodea, chemical eradication costs would be in the neighborhood of \$1,238 per surface acre. If Brazilian elodea is in a contained water garden, the cost of eradication would be minimal as these can usually be drained and cleaned.

As the watercraft storage businesses remove watercraft, they will have to invest some time in the inspection of the equipment to be certain that there is no Brazilian elodea present. For a 30 foot recreational boat, it is expected that the visual inspection and hand removal of all plant material from the boat and trailer would take less than five minutes.

**Estimated Total Annual Economic Impact on Small Businesses:**

Production nurseries, wholesalers, and retail shops who previously produced or sold Brazilian elodea will need to eliminate all inventories of Brazilian elodea unless the plants are held in aquariums and only sold for aquarium use. This loss of inventory is expected to be minimal since the plant can continue to be used in aquariums. It is expected that a typical inventory for a retail outlet would be approximately 100 bunches of Brazilian elodea. Brazilian elodea typically retails for \$1.00 to \$1.50 per bunch. If a business has to eliminate an inventory of 100 bunches of Brazilian elodea, they would lose \$100 to \$150. There are numerous other submersed aquatic plants currently in trade that will be used to replace Brazilian elodea sales. Approximately 25 submersed aquatic plants are known to occur in trade. These replacement options typically range in retail price from \$1.30 to \$2.70 per bunch. Therefore, other than the possible destruction of Brazilian elodea inventory, there should be no other economic loss to businesses.

The eradication of Brazilian elodea can be very costly on a per acre basis. Only 14 waters in Indiana are known to contain this plant, and none of these have been identified as being owned by small businesses. If small businesses comply with the rule by not introducing the plant to their waters, they will never have to incur the cost of eradication.

The economic impact for boat storage businesses will be minimal. Inspection and hand removal of all plant material takes very little time. No special equipment is necessary to clean Brazilian elodea from aquatic equipment.

**Justification Statement of Requirement or Cost:**

Brazilian elodea has been a plant in trade for many decades. Originally it was mostly used in aquariums. The recent popularity of water gardens has resulted in the plant being used in outdoor environments. If the species escapes into a lake or pond, it can displace native aquatic plants, cause fish population imbalances, and reduce recreational opportunities. Eliminating Brazilian elodea from lakes and ponds can be difficult and expensive. A project to eliminate Brazilian elodea from 109 acre Griffy Lake in Bloomington cost nearly \$70,000 for just one year. It is unknown at this time whether additional treatments will be necessary at Griffy Lake to achieve complete elimination of this plant.

**Regulatory Flexibility Analysis of Alternative Methods:**

To lessen the minor impact of complete destruction of Brazilian elodea inventory by businesses, there could be a phase in period where businesses could sell their remaining inventory but not continue to replenish their supplies. Unfortunately, as businesses continue to sell Brazilian elodea to deplete their inventory, they would be "setting up" the consumers who purchase the plant for outdoor use. Under the rule, the plant may not be used anywhere other than indoor aquariums, and steps must be taken to eliminate the species when in an outdoor environment.

Another alternative to this regulation is businesses could warn consumers as to the invasiveness of Brazilian elodea. If businesses effectively express warnings to the consumers and have a less invasive plant as an alternative to be used in place of Brazilian elodea, this could be effective. If businesses do not "buy-in" to the invasiveness of Brazilian elodea, if they do not effectively warn consumers of its invasive characteristics, or if they do not provide alternative plants to substitute for Brazilian elodea, this option will not be suitable to stop the spread of this pest plant.

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