

**Economic Impact Statement**

LSA Document #07-595

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

Pursuant to 7 CFR 301.50-3(a) the Administrator of the U.S. Department of Agriculture (USDA) is authorized to quarantine "each State, or portion of a State, in which the pine shoot beetle has been found". Regulated articles include pine products and articles, products and means of conveyance of the pine shoot beetle as specified in 7 CFR 301.50-2, and previously identified in [312 IAC 18-3-12\(d\)](#). Less than the entirety of the state will be designated as a quarantined area only if the USDA Administrator determines that "the State has adopted and is enforcing a quarantine and regulations that impose restrictions on the intrastate movement of the regulated articles that are equivalent to those imposed by 7 CFR 301.50". 7 CFR 301.50-3(a.) The USDA prohibits, pursuant to 7 CFR 301.50-4, the movement of a regulated article originating from quarantined counties to a nonquarantined area except under a certificate or limited permit. Such certificate or limited permit may only be issued after confirmation of treatment or after inspection. 7 CFR 301.50-5.

The adoption of this rule would impose minimal costs or requirements upon small businesses as there is only one nursery grower and one nursery dealer identified as small businesses that will be subject to the rule. There are four small businesses that buy pine timber from Switzerland County and may be subject to the rule dependent on their current business practices.

There are no Christmas tree farms in Switzerland County. There is one nursery grower and one nursery dealer that will be subject to the proposed rule. The nursery grower in Switzerland County grows approximately 2.5 acres of general nursery stock, stock that does not include pine and will not be impacted by pine shoot beetle. Nursery dealers typically sell nursery products locally (within their county) and as such are less likely to sell or move nursery products outside the county or into proposed quarantined counties. The nursery dealer will bring regulated articles or products originating from other counties (quarantined or nonquarantined) into Switzerland county. The impact to the nursery dealer is the responsibility to ensure that the regulated articles or products meet quarantine requirements should the regulated article or product have the possibility or are actually sold or moved to a destination outside the quarantined county. The timber buyers would be subject to this rule if they buy, sell, or move pine logs and lumber. Pines occur in Switzerland County, but the market for pine is minimal to nonexistent in this county and its use by the business is also estimated to be minimal.

**Estimated Average Annual Reporting, Record Keeping, and Other Administrative Costs Small Businesses Will Incur for Compliance:**

The estimated average annual reporting cost to small businesses is estimated to be very minimal to no cost. The rule would impose no record keeping or other administrative costs to any small business operating in Switzerland County.

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

This rule will have very minimal or no economic impact on small businesses in Switzerland County. The only changes that may occur in response to the rule may be where the nursery dealer acquires their nursery stock. As there are sufficient nursery growers in nonquarantined counties, these nursery dealers will have little problem acquiring nursery products to operate their business. The use of pine by timber buyers in Switzerland County is estimated to be very minimal, thus estimated economic impact to timber buyers in Switzerland County is minimal to nonexistent.

**Justification Statement of Requirement or Cost:**

There are no costs or requirements imposed upon small businesses in Switzerland County associated with compliance with this rule. However, Indiana's failure to make permanent the proposed quarantine of the larger pine shoot beetle in Switzerland County will subject the entire state of Indiana to the federal quarantine by the USDA. Presently 67 Indiana counties, including Switzerland County, are subject to federal regulations. Sixty-six counties are presently subject to this administrative rule, and this proposal will add Switzerland County. Failure to adopt this rule will result in the USDA's quarantine of the state's remaining 25 counties.

Within the state's 25 nonquarantined counties, there presently exists 51 nurseries encompassing 1,143 acres, 22 identified Christmas tree farms, 102 primary sawmills (six of which use pine as a primary material), and 299 timber buyers. These nursery growers, Christmas tree farms, sawmills, and timber buyers will be made subject to the costs and requirements associated with 7 CFR 301.50 in the event this proposed rule is not adopted.

**Regulatory Flexibility Analysis of Alternative Methods:**

The requirements of 7 CFR 301.50 require the implementation of the proposed rule adding Switzerland County as a quarantined area in order to avoid imposition by the USDA of quarantined status upon the entirety of the state of Indiana. No opportunity for regulatory flexibility exists within 7 CFR 301.50, which requires the state's adoption and enforcement of the quarantine in a manner equivalent to federal requirements.

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