

Notice of Public Hearing
LSA Document #08-413**Notice of Public Hearing**

Under [IC 4-22-2-24](#), notice is hereby given that on August 18, 2008, at 10:00 a.m., at the Indiana Government Center North, 100 North Senate Avenue, Room N501, the Natural Resources Commission will hold a public hearing on proposed amendments to [312 IAC 18-3-18](#) governing the regulation of the emerald ash borer (*Agrilus planipennis*), a pest or pathogen, to add counties and townships to the quarantine area.

[IC 4-22-2-24](#)(d)(3) Justification Statement: The emerald ash borer is a serious pest of North American forests. The beetle lives and feeds exclusively on ash (*Fraxinus* sp.) species including white, red, green, blue, black, and pumpkin ash, which are found throughout Indiana. In Indiana, ash comprises approximately seven percent of wood lots in Indiana. The U.S. Forest Service has estimated that there are approximately 147 million ash trees in Indiana forests and wood lots. Urban foresters have estimated that Indiana has nearly as many ash trees in the urban environment, in the form of street trees and landscape plantings, as in the forested environment consisting of another 145 million trees. The reported value of ash logs processed through Indiana mills on an annual basis is over eight million dollars, another 364 million dollars has been estimated to be invested in urban and street trees not on private property. Currently the emerald ash borer has been found in 17 counties in the state of Indiana. At the present time, science has not provided the tools necessary to combat this pest either by early and reliable detection of individuals or low level populations, nor by effective controls over large expanses of territory. Education and regulatory work consistent with the rule being proposed are the best available tools at the present time to prevent long range artificial spread of this pest and its associated impact in tree mortality to Indiana's ash resource.

The primary benefit of the proposed rule is a reduction in the artificial spread of the emerald ash borer. The reduction of spread of this pest directly correlates to a reduced mortality of ash trees in urban and rural settings outside the quarantined area. Fewer ash trees infested with the emerald ash borer equates to less removal of dead trees for private homeowners, less value loss to the timber industry, and increased value to existing habitat in Indiana's natural resources and forests. Secondary benefits to the proposed rule include increased awareness of the damage that invasive pests like the emerald ash borer have on the natural resources, the industry, and the public; advances in forest management techniques; and improvement in conducting forestry business operations. From improvement in business operations, another benefit is the maintenance of trade of ash materials between counties, states, and international entities.

Types of small businesses subject to this rule include: nurseries/nursery dealers, sawmills (primary and secondary), logging companies/timber buyers, arborists, campgrounds, and firewood producers/retailers. The estimated number of entities that will be affected by this rule is approximately 1,260 small businesses in the townships that will be under quarantine. The total potential economic impact to all small businesses in the proposed quarantined area is \$250,320. The estimated fiscal impact to state government for the quarantined townships is \$75,852 if all businesses need and implement a compliance agreement. Impact to the state will primarily be the creation and administration of compliance agreements with each small business. This analysis is based on the assumption that every small business in the quarantined area would require a compliance agreement and utilize regulated materials. It is the opinion of this department that in reality only one-half to three-fourths of the small businesses analyzed in the proposed quarantine area would require a compliance agreement, which would significantly reduce the potential economic impact to the small businesses in the quarantined area.

The 2005 Timber Product Output Survey created by the DNR Division of Forestry determined that 17.9 million board feet of ash lumber was processed by sawmills in the state of Indiana. The estimated annual lost revenue from processing ash in infested counties is \$34,440. The current estimate of annual benefits from a street tree is \$60/tree, which totals \$1,601,730 of lost annual benefits that ash street trees in the quarantined areas provide per year (USDA, Forest Service, "Trees Pay Us Back", NA-IN-11-06). The potential economic loss of ash trees in the infested areas of Indiana, including those used by the sawmill/logging industry and loss benefits provided by street trees, totals \$1,636,170 annually.

The approximate total economic impact to small businesses in the proposed quarantined area is \$250,320. The total economic impact to the state amounts to \$75,852. Assuming all businesses have operations that require compliance agreements, the estimated annual administrative cost for local small businesses and the state totals \$326,172. With an estimated annual benefit lost to emerald ash borer of \$1,636,170 (loss of street tree and sawmill processed ash), the rule is estimated to achieve a 5:1 benefit/cost ratio.

By imposing this rule, the artificial spread of this pest can be slowed. Counties/townships that do not currently have an infestation of the emerald ash borer can be saved from the potential damage to their ash tree resource. By managing the artificial spread to nonquarantined townships and counties, the existing ash stands will continue

to be utilized and the timber industry will be allowed to continue to support this faction of the economy in Indiana. The urban ash resource will continue to provide many benefits. Research will have time to develop more and better methods to manage this pest with the intent to maintain ash as a viable natural resource. Imposing this rule will allow and aid the marketing of ash materials within Indiana's industries and to industries outside Indiana and will prolong ash within the rural and urban forest resource affording more time for research to develop improved management methods and understanding of the emerald ash borer.

Copies of these rules are now on file at the Natural Resources Commission, Division of Hearings, 100 North Senate Avenue, Room N501 and Legislative Services Agency, One North Capitol, Suite 325, Indianapolis, Indiana and are open for public inspection.

Bryan W. Poynter
Chairman
Natural Resources Commission

Posted: 07/09/2008 by Legislative Services Agency
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