

Economic Impact Statement

LSA Document #09-491

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses**1. Description of the Rule:**

a. The proposed rule:

1. Clarifies requirements to move cervidae into the state.
2. Adds a requirement for tuberculosis testing of cervids prior to moving cervidae within the state.
3. Makes conforming and correcting technical amendments.

b. The rule is in response to an outbreak of tuberculosis in captive cervid herds in the state. Current rules require tuberculosis testing of cervids to move them into the state but do not require tuberculosis testing to move cervids within the state. The rule adds tuberculosis testing requirements to move cervids within the state to increase surveillance for the disease.

2. Description of Affected Industry:

The Indiana State Board of Animal Health (BOAH) has 351 captive cervid facilities registered with the agency as of July 1, 2009. BOAH estimates that there are 6,830 total cervids on these premises. The number of cervids on these farms range from a herd size of one animal to a herd of more than 100 animals.

3. Reporting, Record Keeping, and Other Administrative Costs:

Small cervid farm businesses are currently subjected to the BOAH tuberculosis, brucellosis, and chronic wasting disease rules. The proposed changes do not substantially increase the reporting, record keeping, or other administrative costs associated with the rules.

4. Estimated Total Annual Economic Impact on Small Businesses and Evaluation of Benefits and Costs:**a. Benefits of the proposed rule:**

The rule will increase the likelihood that tuberculosis infection in cervids is discovered. Once discovered, the spread of the disease can be controlled and eventually the disease may be eliminated. Eliminating tuberculosis in captive cervids will:

1. prevent economic loss to cervid farmers from sick animals; and
2. aid in preventing tuberculosis infection in cattle, wildlife, and people.

The United States Department of Agriculture has declared the state of Indiana free of tuberculosis in cattle. The tuberculosis free designation is critical to the marketing of cattle from Indiana to other states and countries. If tuberculosis is established in the Indiana cattle herd and USDA changes Indiana's tuberculosis status for cattle, Indiana cattle farmers will be forced to test their animals for tuberculosis before selling outside Indiana costing Indiana farmers hundreds of thousands of dollars each year.

Additional testing will demonstrate to other states and countries that Indiana has taken steps necessary to detect and control tuberculosis in cervids. Other states and countries are less likely to impose Indiana-specific requirements to move cervids from Indiana cervid farms to those states or countries with an intrastate testing rule.

b. Costs of the proposed rule:

BOAH estimates that it costs about \$75 per animal to test a cervid for tuberculosis if there are chutes and other equipment available to hold the animal while the animal is tested. If the animal must be tranquilized to test it, the cost increases about \$25 per animal. Therefore, the cost to test a cervid for tuberculosis ranges from \$75 to \$100 per animal.

The cost of the rule will depend on the number of animals moved in a year which is completely up to the cervid owners. BOAH does not know how many cervids move within the state in a one year period. The following scenarios illustrate the range of possible costs:

1. If no cervidae were moved within the state in the course of a year, the cost of the rule changes would be zero. This is highly unlikely.
2. If every cervid in the state was moved during the course of the year and every animal had to be darted for testing, the estimated total cost of the proposed change would be $6,830 \times \$100 = \$683,000$. This is highly unlikely.
3. If 20 percent of the animals were moved in a year and the cost per test was at the high end of the scale, the cost for testing would be: $(6,830 \times .20) (100) = \$136,600$. This number represents a reasonable estimate of the annual cost to cervid owners because of the proposed rule changes.

c. The direct and indirect benefits of the proposed rule outweigh the costs.**5. Regulatory Flexibility Analysis:**

When researching the proposed rule, BOAH considered not changing the rule. Because of the need described in section 2 and the benefits outlined in section 3, BOAH decided that the benefits of increased testing for tuberculosis far outweighed the cost.

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