

Economic Impact Statement

LSA Document #14-236

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

The purpose of the proposed rule is to update Indiana's reportable disease rule to align with the NAHRS and the World Organization for Animal Health (OIE) list. The OIE is the intergovernmental organization responsible for improving animal health worldwide. It is recognized as a reference organization by the World Trade Organization (WTO) and in 2013 had a total of 178 Member Countries. The National Animal Health Reporting System (NAHRS) is the only comprehensive reporting system for OIE-reportable diseases in the United States. Under NAHRS, participating state animal health officials report monthly on the occurrence of confirmed OIE-reportable diseases in U.S. livestock, poultry, and aquaculture species.¹

In addition to updating the diseases on the reportable disease list, the proposed rule will clarify that the reporting requirement for a laboratory diagnosis of a reportable disease applies to a diagnostic laboratory or a veterinarian. It will also clarify the responsibility of veterinarians, owners, caretakers, or custodians who observe an animal presenting signs consistent with a reportable disease, or receives information which provides knowledge or a reason to suspect that a reportable disease exists in the animal, to report that information to the state veterinarian within two business days.

The proposed rule also aligns Indiana's rules with recent federal actions related to swine enteric coronavirus diseases (SECD). On June 5, 2014, the United States Department of Agriculture - APHIS (USDA-APHIS) issued a federal order that requires mandatory reporting to USDA or state animal health officials of confirmed occurrences of porcine epidemic diarrhea (PEDv) and porcine deltacoronavirus (PDCoV). The federal order also requires the development of herd monitoring and management plans for farms with a positive PEDv or PDCoV diagnosis. In order to coordinate the state rule with federal actions, the proposed rule contains similar reporting and herd management plan submission requirements.

1. Description of Affected Industry

BOAH estimates that there are approximately 48,000 livestock and poultry farms and 904 Category II accredited veterinarians with an Indiana address that will be affected by the rule. There is one National Animal Health Laboratory Network (NAHLN) laboratory in the state, which is the Animal Disease Diagnostic Laboratory (ADDL) at Purdue University. The estimated number of farms was obtained from the USDA National Agriculture Statistic Service (USDA-NASS) 2012 Census of Agriculture.² For purposes of the Census, a "farm" is defined as any place from which \$1,000 or more of agricultural products were produced and sold, or normally would have been sold during the census year. The affected industry includes small businesses under the definition at [IC 4-22-2.1-4](#). A classification by industry sector is presented in the table below:

2012 Census of Agriculture		
United States - Summary and State Data - Volume 1, Part 51		
Chapter 2 - State Data, Indiana		
Livestock Sector	# Farms	# Animals
Cattle and Calves Inventory	17,370	821,265
Hogs and Pigs Inventory	2,757	3,747,352
Sheep and Lambs Inventory	2,109	52,169
Horses and Ponies Inventory	13,677	97,383
Goats, all Inventory	2,883	38,632
Poultry		
Layers Inventory	5,584	25,587,222
Pullets for laying flock replacement Inventory	693	7,566,866
Broilers and other meat-type chickens sold	942	6,238,623
Turkeys Inventory	663	5,084,794
Ducks Inventory	1,367	n/a

BOAH has worked to involve regulated entities in the development of the rule. The state veterinarian has been working closely with the state's swine producers and veterinarians since the initial U.S. outbreak of PEDv in May of 2013, which occurred in Southern Indiana. Specifically, the BOAH has brought stakeholders together to share information on positive farms, discuss biosecurity practices and diagnostic capabilities, and assist with the development of an epidemiological strategy to determine the source(s) of transmission of the virus.

Stakeholders that have participated in these conference calls and meetings include organizations such as the Indiana Pork Producers Association, Indiana Veterinary Medical Association, American Association of Swine

Veterinarians, and the National Pork Board. If Indiana does not update its reportable disease list to include PEDv, the state will no longer be in a position to continue to support Indiana's pork producers and processors as they work to mitigate the devastating effects of this virus.

2. Estimated Annual Reporting, Record Keeping, and Other Administrative Costs

Under the current reporting rule, livestock producers, veterinarians, and caretakers are already required to report certain diseases. The proposed rule is merely making amendments to which diseases are required to be reported for each species. Therefore, the proposed rule is not creating a new reporting requirement. It is also important to note that there is no cost to these individuals to report this information to the BOAH.

BOAH will accept a report of an animal presenting signs consistent with a reportable disease by whatever means of communication is most convenient for that individual, which is typically by phone or email. With regard to laboratory diagnoses, BOAH has a dedicated email account where laboratory personnel or veterinary office staff can simply forward the test results. Both laboratories and veterinarians are familiar with this reporting structure, which eases the burden of compliance because they do not typically have to reenter or supplement information beyond what is generated by the laboratory. BOAH has created a similar process for submission of herd management plans so the producer can simply submit what has been provided to USDA pursuant to the federal order.

3. Estimated Total Annual Economic Impact on Small Businesses

The proposed rule does not mandate testing for any disease. However, like all states BOAH does have certain disease testing requirements for interstate and intrastate movement of animals. In other circumstances, disease testing is voluntary as a result of a consultation between a veterinarian and his or her client, such as testing for SECD. The purpose of the reportable disease rule is to establish that, regardless of the reason for testing, if a positive test result is received it must be reported. Therefore, this rule does not impose testing costs on regulated entities.

It is important to note that, if a producer elects to voluntarily test for PEDv, there are federal funds available to pay for testing costs. However, if the test is positive, the producer would be required to submit a herd management plan and periodic testing may be required by USDA to be a component of the plan. BOAH estimates the cost to conduct a PEDv test to be approximately \$40.

The proposed rule does require the development and submission of a herd management plan. However, this requirement fully reflects what is being mandated by USDA in the federal order. The proposed rule is merely intended to require that the plan mandated by USDA also be submitted to the state veterinarian. The USDA has made federal funds available to producers to cover some of the costs associated with development of the plan.

4. Justification of Requirements

a. Compliance with State Law

The proposed rule is necessary to address an urgent matter of animal health. It is a statutory duty of the BOAH to develop programs and work cooperatively with appropriate agencies to prevent, detect, and control diseases. [IC 15-17-3-13](#). State law also requires an owner, veterinarian, or custodian of an animal that knows or has reason to suspect that a dangerous, contagious or infectious disease exists in an animal to report the existence of disease to the state veterinarian within 48 hours after discovering or having reason to suspect the disease exists. [IC 15-17-10-1](#).

In order to carry out these duties, the BOAH must periodically update the list to ensure that the high consequence diseases the nation is currently working to control are included, such as the PED virus. The novel outbreak of the PED virus is presenting a tremendous challenge to the U.S. pork industry. Infections with these coronaviruses can cause significant mortality, particularly in young piglets.³

b. Justification of Requirements Not Mandated by Federal Law

Although Indiana's participation in the NAHRS disease reporting system is not federally mandated, the failure to continue this function would have negative consequences for Indiana livestock producers and processors. As stated above, the purpose of the proposed rule is to align Indiana's rule with the NAHRS and OIE reportable disease lists. NAHRS is an important component of the National Animal Health Surveillance System (NAHSS), which is a network of partners working together through surveillance to protect animal health. NAHRS provides timely information on our nation's animal health status to our trading partners, which protects the U.S. share of the global market for animals and animal products. If Indiana does not participate in the NAHRS, it could jeopardize the ability of Indiana's livestock and poultry companies to ship their product in international commerce. In addition, it may also jeopardize domestic markets for animals and animal products. The vast majority of companies, whether they are located domestically or internationally, rely on their suppliers to be located in a state that is participating in the NAHRS. Such participation ensures that appropriate safeguards are in place to detect and prevent the spread of high consequence diseases of livestock and poultry.

It is estimated that in 2011, Indiana's livestock related industries contributed \$11.6 billion in total economic

output to the Hoosier economy and also supported 53,340 jobs.⁴ This is a considerable amount of private investment at increased risk if BOAH does not update the reportable disease rule. This rule is a critical to ensuring the BOAH is promptly informed of a positive diagnosis of a high consequence disease so regulatory actions that are effective in achieving rapid containment may be implemented. It is also important to remove certain diseases in the state rule that are no longer on the NAHRS list to prevent placing an unnecessary administrative burden on veterinarians and producers.

5. Regulatory Flexibility Analysis

Because the changes to the reportable disease rule fully reflect international trade standards, BOAH did not consider the feasibility of less stringent reporting requirements. The private sector relies upon Indiana to have the appropriate reporting rules in place in order to move their products throughout the U.S. and internationally.

However, BOAH did consider a simpler approach with regard to the sections of the proposed rule that require reporting of SECD cases and submission of a herd management plan. For example, BOAH considered proposing a rule that made no changes to the federal order. However, after consultation with regulated entities, the BOAH revised the rule to make it more flexible. This decision was made primarily due to uncertainties surrounding the implementation of the federal order. For example, USDA is still in the process of issuing guidance documents regarding what types of information must be reported and what a herd management plan must contain. There are further questions from producers regarding the extent of information that must be provided, which may be contingent upon whether or not they are accepting federal funds to develop the plan.

BOAH also added a requirement that a negative case for PEDv, PDCoV, or other emerging swine enteric coronavirus disease must be reported. The addition of this requirement has been supported by swine veterinary practitioners who appreciate the value of the state also receiving negative test results. These results are a critical piece of data in order to study the efficacy of different biosecurity and other management practices in controlling the transmission of the disease. Therefore, through this rulemaking, BOAH will be able to use this data in correlation with other production information to assist in the effort to identify the most likely sources of virus transmission. This approach minimizes the economic impact of the proposed rule because it provides critical information and analysis to livestock farmers to assist them in making individualized production decisions for their farm.

¹ United States Department of Agriculture, Animal and Plant Health Inspection Service.
http://www.aphis.usda.gov/wps/portal/aphis/ourfocus/animalhealth?1dmy&urile=wcm%3Apath%3A/aphis_content_library/sa_our_focus/sa_animal_health/sa_monitoring_and_surveillance/sa_disease_reporting/ct_usda_aphis_animal_health

² United States Department of Agriculture - 2012 Census of Agriculture
http://www.agcensus.usda.gov/Publications/2012/#full_report

³ USDA-APHIS Federal Order, Reporting, Herd Monitoring and Management of Novel Swine Enteric Coronavirus Diseases, June 5, 2014.

⁴ Indiana Business Research Center, Kelley School of Business, Indiana University, Agriculture's Bounty, The Economic Contribution of Agriculture, May 2013.

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