

**Economic Impact Statement**

LSA Document #15-160

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

The Board of Animal Health (BOAH) is requesting approval to amend its requirements governing cattle brucellosis testing and certification ([345 IAC 2-6](#)). The primary purpose of the changes is to conform BOAH rules to the final rule issued by the United States Department of Agriculture - Animal and Plant Health Inspection Service (USDA-APHIS) amending its regulations on testing and certification for brucellosis class-free states and certified brucellosis-free herds. This rule became effective on December 10, 2014. The rule amends the definition of "test eligible cattle" to align with the federal regulations. It changes the age of cattle to be included in a herd blood test for purposes of establishing and maintaining a certified brucellosis-free herd. BOAH is also proposing to amend the requirements to certify and recertify a dairy herd as brucellosis-free to provide more options for the herd owner.

**1. Description of Affected Industry**

According to the 2012 census conducted by the National Agricultural Statistics Service (NASS), Indiana has 821,265 cattle on 17,370 farms. In 2013, there were 84,641 cattle moved into the state. The state currently has 10 active certified brucellosis-free herds.

BOAH has worked to involve these regulated entities in the development of the rule. Prior to the first reading of the rule at the quarterly board meeting on July 9th, the agency sent out an e-mail communication to stakeholders making them aware of the changes so they have the opportunity to provide input. The affected industry includes small businesses under the definition at [IC 4-22-2.1-4](#).

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

The proposed rule does not increase annual reporting, record keeping, or other administrative costs for regulated entities. As stated above, the proposed rule updates existing brucellosis rules to align with USDA-APHIS regulations. Because all states are currently under Class Free status, cattle entering Indiana are currently exempt from testing requirements. However, if another state's classification were to change, this rule may actually decrease record keeping costs because the change to the definition of "test eligible cattle" makes fewer cattle subject to testing requirements. The changes to testing protocols for certified brucellosis-free herds similarly have the potential to reduce record keeping requirements because fewer animals are required to be tested.

**3. Estimated Total Annual Economic Impact on Small Businesses**

This rule does not increase compliance costs for regulated entities. Rather, by amending current requirements, it has the potential to lower compliance costs for cattle owners. By increasing the testing age of cattle for purposes of moving into the state, the rule reduces the number of cattle that require testing. However, because all states are currently under Class Free status, this testing is not taking place so there are no current costs savings to cattle owners.

The proposed rule also provides flexibility in how a certified brucellosis-free herd may be established and maintained, which presents opportunities for cost savings. Although not required, some cattle producers voluntarily enter into an agreement with the BOAH to establish and maintain a certified brucellosis-free herd. Establishing a certified brucellosis-free herd provides benefits to an owner related to marketing of animals. In addition, if the status of Indiana or another state were to change, this designation allows the herd owners to move animals interstate without additional testing requirements.

Under the current BOAH rule, in order to establish certification, two consecutive herd blood tests must be conducted not less than ten (10) months and not more than fourteen (14) months apart. In order to maintain a certification, an owner of a certified brucellosis-free herd must conduct a herd blood test annually. The proposed rule increases the age of cattle and bison to be included in the herd blood test from six (6) months to eighteen (18) months of age for all sexually intact cattle. This change simplifies the rule by aligning this standard with the age cattle must be tested for purposes of interstate movement. It also reduces costs to the herd owner because it targets sexually mature animals, which present the greatest risk for transmission of brucellosis, and therefore fewer animals in the herd must be tested.

Based on available data, it is not possible for the BOAH to determine how many of our current certified herds have animals in the six (6) month to eighteen (18) month range that will no longer have to be included in the herd blood test. However, it is important to note that the approximate cost of the blood test is \$1.75 per animal with a \$10.00 accession fee per submission. This does not include the fees charged by the veterinarian drawing and submitting the samples.

The proposed rule also provides potential cost savings for owners of dairy herds. Under the current BOAH

rule, owners of dairy herds are able to use a brucellosis ring test (BRT) along with a blood test as a component of establishing their certification. The BRT is a test conducted on the milk produced by the dairy cow. The proposed rule will allow these herd owners to use new types of brucellosis milk tests that enter the marketplace, which may be less expensive than the BRT test. It also makes a change that gives dairy herd owners the option of maintaining certification based solely on the milk ring test, or another brucellosis milk test approved by the state veterinarian, versus requiring a blood test.

The BRT is currently run at no cost to the producer for regulatory surveillance purposes. Therefore, it is unknown how much a producer will be charged to have multiple tests run for the purpose of achieving certified brucellosis-free status. It is also not possible to quantify the cost savings of the ability to use new types of milk tests that are still being developed and have not yet entered the marketplace.

#### **4. Justification of Requirements**

##### **a. Compliance with Federal Law**

The proposed rule is necessary to comply with a federal mandate. Brucellosis is a contagious disease caused by bacteria of the genus *Brucella*, which affects both animals and humans. The federal brucellosis regulations, contained in 9 CFR Part 78, provide a system for classifying states according to the rate of *Brucella abortus* (*B. abortus*) infection present and the general effectiveness of a brucellosis control and eradication program. The classifications are Class Free, Class A, Class B, and Class C. Restrictions on moving cattle interstate become less stringent when a state achieves Class Free status, which is the current status of all states.

If the BOAH does not periodically update its rule to align with the federal brucellosis regulations, it could jeopardize the state's Class Free status. A modification of the state's status would have negative consequences with regard to economic development. Indiana's cattle farmers rely on the board to adopt and enforce standards that align with the national brucellosis program. If the board's brucellosis rule does not align with the federal regulations, it would make these animal owners vulnerable to additional costly movement restrictions being imposed at the federal level.

##### **b. Compliance with State Law**

This proposed rule is necessary to comply with a state mandate. State law requires the board to develop, adopt, and implement programs and procedures for the establishment and maintenance of certified brucellosis-free herds, animals, and areas. [IC 15-17-3-13](#). The regulations set forth at 9 CFR 78 are the federal standards that are used by states to carry out this duty. Therefore, in order to comply with this statutory mandate, the agency must ensure that the state brucellosis rule aligns with the most recent version of the federal standards.

##### **c. Justification of Requirements not Mandated by Federal Law**

The proposed rule does not impose a requirement or cost beyond what is expressly required by federal law.

#### **5. Regulatory Flexibility Analysis**

Because the proposed rule does not impose requirements above the federal standards, BOAH did not examine alternative methods with regard to the rule changes. As stated above, the purpose of this rule is to keep the state aligned with the federal regulations to ensure that cattle producers are able to ship their animals in interstate commerce without being vulnerable to additional state or federal movement restrictions.

*Posted: 09/02/2015 by Legislative Services Agency*

An [html](#) version of this document.