

Economic Impact Statement

LSA Document #17-449

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

Small Business Economic Impact Statement:

In order to fully evaluate the economic impact on small businesses, we make the following assumptions regarding small egg producers and the inputs required by the proposed rule.

Relative to the impact on small producers:

- Egg cartons do cost more when you cannot purchase in bulk quantities. The current cost of cartons in large volumes is approximately \$.15 per one dozen cartons. Purchasing in small quantities through on-line purchases is costing around \$.30 per carton, based on the averages of several on-line suppliers for the same cartons.
- We currently have 119 registered small wholesalers (distributing fewer than 150 dozen per week). They are distributing approximately 134,000 one dozen cartons per year. If all of these eggs were being distributed in used cartons and had to switch to new cartons, it would cost this group of wholesalers \$40,200 per year for new cartons or an average of \$337.81 per producer.
- When based on an **average** estimated price for eggs distributed by small wholesalers at \$2.66 per dozen (calculated from the average producer price for all specialty type eggs reported by USDA market news, August 28, 2017) the carton cost represents 11.28% of the final product value.
- When making the same assumptions on the current commodity egg price, the price for eggs to the producer is an average \$.64 per dozen. The carton cost represents 23% of the final product value.
- Any small producer selling eggs to a mid-size retailer will already be using new cartons. Retailers will not take the food safety risk associated with used cartons. We only see used cartons in the small grocery, health food store, or convenience stores that want to support a local producer. Although the volume of eggs offered for sale at retail outlets in used cartons is not something we track, our field staff have made a general observation that the larger volume small producers (> 30 dozen per week) use new cartons. The remaining 93 producers may or may not use new cartons. These 93 producers have reported sales of 11,115 dozen eggs marketed per year. New cartons would cost them \$3,334.50 or \$35.85 per producer.

The impact of utilizing new packaging materials will be a minimal cost increase to the smallest egg producers who are wholesaling. We anticipate the additional cost to be approximately \$36 per producer per year. It is important to note that the utilization of new packaging will serve as a risk mitigation step by reducing the potential for creating a foodborne illness through the reuse of contaminated cartons.

Modifying the shelf life of eggs at retail from 30 – 45 days will give extra time to market the product and likely result in reducing any potential loss, as a result of expired product, to the retailer and ultimately the producer.

We anticipate little to no impact on the small egg producers in Indiana.

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