

**Economic Impact Statement**

LSA Document #18-280

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

The Indiana State Board of Animal Health (BOAH) is requesting approval to amend its rules governing cattle tuberculosis testing ([345 IAC 2.5-3](#)). Tuberculosis (TB) is a contagious disease of both animals and humans. It is caused by three (3) specific types of bacteria that are part of the Mycobacterium group: Mycobacterium bovis, M. avium, and M. tuberculosis. Bovine TB, caused by M. bovis, can be transmitted from livestock to humans and other animals. BOAH has a long history of engagement in a cooperative effort with the USDA to eradicate bovine TB from cattle, which has made significant progress since the program's inception in 1917. The disease has nearly been eliminated from the livestock population of the United States.

The primary purpose of the changes is to align BOAH rules with the 2005 Bovine Tuberculosis Eradication Uniform Methods and Rules issued by the United States Department of Agriculture - Animal and Plant Health Inspection Service (USDA-APHIS) and the associated federal regulations (9 CFR Part 77). Specifically, BOAH is proposing to modify the definition of "test eligible cattle" for purposes of moving animals to remove sexually intact female cattle of dairy breeds and dairy cross breeds that are six (6) months of age or older from accredited-free and modified accredited advanced states or zones. BOAH is also proposing to repeal the requirement for a person to test sexually intact female cattle of dairy breeds, including dairy cross breeds, that are six (6) months of age or older that originate from an accredited-free state or zone or a modified accredited advanced state or zone prior to movement into the state. The proposed rule also extends the validity of the accredited herd status for both cattle and goat herds from three hundred sixty-five (365) days to seven hundred thirty (730) days from the date it is earned.

**1. Description of Affected Industry**

BOAH currently inspects 1,042 dairy farms with an annual production of 4.15 billion pounds of milk. BOAH's rules for bovine tuberculosis largely align with the federal program standards, which is necessary in order for the state to maintain an accredited-free status. A state's status has a significant economic impact on the state's dairy and beef cattle economy. A lowered status can mean costly movement restrictions and testing regimens. 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 these cattle owners. Rather, by changing the definition of "test eligible cattle", this rule significantly reduces the number of cattle that must receive a tuberculosis test prior to entry into the state. Therefore, this change will translate into a reduction in administrative and record keeping costs for cattle owners because they will not have to pay the costs associated with having a private practitioner include TB test charts when they submit the Certificate of Veterinary Inspection (CVI) for the animals moving into the state.

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

The proposed rule reduces compliance costs for regulated entities by repealing state requirements that are absent from the federal regulations. The first component of the proposed rule repeals the testing requirement for movement into the state of sexually intact dairy cattle six (6) months of age or older. This change to the definition of "test eligible cattle" makes fewer cattle subject to testing requirements. Although this repeal will certainly present a cost savings to dairy farm owners that are importing animals into the state, the annual cost savings per cattle owner is difficult to quantify. BOAH receives Certificates of Veterinary Inspection (CVI) for these animal movements that include age information. Although this information is present in the agency database in order to rapidly respond to a disease event, it is not possible to run a query to extract the total numbers of dairy animals that were imported that fall within this category. It is important to note that, based upon recent payments made to private practitioners for testing services, BOAH roughly estimates a per shipment cost savings of an \$80.00 service fee plus \$8.00 per head tested.

The second component of the proposed rule relates to accredited herd status. This is a voluntary program for cattle and goat owners who wish to engage in routine testing of their animals in order to move animals more freely in intrastate and interstate commerce with exemptions from the testing standards. We currently have nine (9) TB accredited cattle herds enrolled in this program with an average herd size of seventy-eight (78) and two (2) goat herds. The proposed rule seeks to extend validity of accredited herd status from twelve (12) months to twenty-four (24) months. Indiana is currently more stringent than the federal government for herds to participate, so this change will align the state rule with the federal program standards. Based upon recent payments made to private practitioners for testing services, BOAH roughly estimates herd testing costs of an \$80.00 service fee plus \$8.00 per head tested. Therefore, this change will provide an approximate cost savings of \$704.00, or \$352.00 per year,

because a participant will only have to arrange for a whole herd test every other year. BOAH estimates that the total estimated impact (cost) will be less than \$500,000.

#### **4. Justification of Requirements not Mandated by Federal or State Law**

The proposed rule does not impose a requirement or cost beyond what is expressly required by federal or state law. However, the USDA standards are considered minimum standards and do not preclude the adoption of more stringent standards by any state or zone. In 2006, the BOAH made a determination to exercise the ability to develop more stringent standards for Indiana related to dairy animals. During this time, the state was experiencing significant growth in the dairy sector. There were several large dairies being built and they had not yet established a systematic source for their dairy cattle. Therefore, a determination was made that an additional testing requirement for these animals was necessary to minimize the risk of introduction of the disease related to a large number of cattle being imported from various sources across the United States.

There have been several developments since this time that have led to the agency's determination that Indiana's additional testing requirement for sexually intact female dairy cattle six (6) months of age or older should be repealed. For example, the agency has been contacted by several dairy groups that routinely are moving cattle within a production system that crosses state lines. The agency works closely with these entities in the development of commuter herd agreements, which are agreements between the dairies and the BOAH that ensure that they have proper animal identification and documentation in place in order to rapidly respond to a disease event. In the course of the discussions, the agency has become aware that Indiana's testing requirement for dairy cattle has presented difficulties in these dairies' abilities to move animals within their production system. This difficulty is due to the quarantines that must be imposed between the time when a suspect case is identified by the private veterinarian administering the test and the time that a test can be performed by a state or federal official to clear the suspect animal so movements may commence. Therefore, the agency has made a determination that the risk of a positive diagnosis is outweighed by the interference that this testing requirement is imposing on the state's dairy industry.

It is also important to note that most states no longer have this additional, state-specific requirement. Many states no longer require this additional test because recent cases of TB have not predominately been in dairy cattle. This is consistent with Indiana's recent experience, where the BOAH is engaged in an ongoing response related to the diagnosis of bovine TB in two (2) beef cattle herds in southeast Indiana.

#### **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 requirements for cattle owners.

*Posted: 11/07/2018 by Legislative Services Agency*  
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