

Economic Impact Statement

LSA Document #21-34

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 scrapie in sheep and goats ([345 IAC 5](#)). Scrapie is a degenerative and eventually fatal disease affecting the central nervous systems of sheep and goats. Control of scrapie is complicated because the disease has an extremely long incubation period without clinical signs of the disease.

To control the spread of scrapie within the United States, the United States Department of Agriculture, Animal and Plant Health Inspection Service (USDA-APHIS) administers regulations at 9 CFR part 79, which restrict the interstate movement of certain sheep and goats. APHIS also has regulations at 9 CFR part 54, which describe a voluntary scrapie-free flock certification program. The National Scrapie Eradication Program (NSEP) is a cooperative State-Federal-Industry program administered by USDA-APHIS and the states to eradicate classical scrapie. On March 25, 2019, APHIS updated its scrapie regulations and program standards through the publication of a final rule in the Federal Register. The purpose of BOAH's proposed rule is to align with the changes to the federal regulations and program standards. Specifically, the proposed rule will update the incorporation by reference of the USDA-APHIS National Scrapie Eradication Uniform Methods and Rules, June 1, 2005, to the National Scrapie Eradication Program, Scrapie Program Standards Volume 1, effective April 25, 2019.

The USDA-APHIS also updated their standards for the voluntary Scrapie Flock Certification Program (SFCP) in 2016. The SFCP provides sheep and goat producers the opportunity to increase the marketability of their animals through demonstrating scrapie freedom in their flock or herd. The proposed rule updates the incorporation by reference of the USDA-APHIS voluntary Scrapie Flock Certification Program (SFCP) Standards, effective July 1, 1999, to Volume 2, May 2016.

1. Description of Affected Industry

BOAH has 7,540 registered premises that maintain sheep flocks and 12,393 registered premises that maintain goats in this state. The BOAH currently has 11 flocks that participate in the voluntary SFCP. BOAH has worked to involve regulated entities in the development of the rule. Prior to the first reading of a rule, BOAH sends out emails to interested stakeholders so they are aware of upcoming rulemaking matters before the board. The BOAH posts the board agenda in a prominent location on the website so the rule information can be found on this page in addition to the rulemaking docket. The BOAH also sends out an issues newsletter to stakeholders on a quarterly basis. 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. The updated NSEP standards do require sheep and goats in slaughter channels or moving to markets to be accompanied by an owner/hauler statement. The owner/hauler statement that must accompany the animals can be prepared by the owner at no cost. It is important to note that this is already current practice in the industry. To assist with compliance, the BOAH currently has a form on its website where that owner can enter the animal information and provide it to the market. Therefore, because animal owners are already engaged in this practice in order to comply with federal law, it is the position of the agency that this will not increase record keeping or other administrative costs for animal owners or livestock markets.

3. Estimated Total Annual Economic Impact on Small Businesses

The proposed rule updates the SFCP standards, which amends sampling, veterinary inspection, flock movements, and reporting requirements. However, this is a voluntary program for those that choose to participate. The updated NSEP standards being incorporated include two major changes: requires goats to be officially identified in the same manner as sheep, and requires sheep and goats in slaughter channels or moving to markets to have a health certificate or an owner/hauler statement.

With regard to the change to official ID, Indiana already requires goats to be officially identified in the same manner as sheep so this will not change the current practice of Indiana goat owners. With regard to the change to documentation requirements, the owner/hauler statement that must accompany sheep and goats moving in slaughter channels or to markets can be prepared by the owner at no cost. It is the position of the agency that the above-described changes to program requirements since the last incorporation by reference result in a total estimated impact (cost) of less than \$500,000.

4. Justification of Requirements**a. Compliance with Federal and State Law**

This proposed rule is necessary to comply with a state mandate. It is a duty of the board to develop and implement programs for the prevention, detection, control, and eradication of diseases and pests of animals. The board is further authorized to control or prohibit, by permit or other means, the movement and transportation of animals and objects into, out of, or within Indiana. [IC 15-17-3-13](#). In order to carry out this duty, it is critical that the BOAH align its sheep and goat animal health requirements with the updated federal standards. These standards reflect the most current science and incorporate nationally recognized best practices for the eradication of scrapie in sheep and goats.

State law also requires the board to implement programs and procedures for establishing and maintaining certified flocks that are designated as monitored or free of a disease or pest of animals. [IC 15-17-3-13\(2\)](#).

The BOAH currently has 11 flocks that participate in the voluntary SFCP. An inherent component of this statutory duty is to periodically update the voluntary SFCP standards for sheep and goat owners that are seeking to take advantage of the marketing opportunities that this program provides.

The proposed rule is also necessary to comply with a federal mandate. BOAH is authorized to cooperate and enter into agreements with the appropriate departments of the federal government to prevent, detect, control, and eradicate diseases and pests of animals. The BOAH has entered into a cooperative agreement with the USDA-APHIS that allows the state to receive federal resources to support the administration of the USDA scrapie program in Indiana. As a condition of receipt of these resources, the agency's program is audited by the USDA to verify that the state's requirements are consistent with the federal program. The proposed rule makes changes that have been deemed necessary to continue this state-federal partnership. It is also important to note that the updated version of the NSEP will ensure that Indiana's animal movement requirements align with the federal mandates set forth at 9 CFR Part 79.

b. 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. The proposed rule supports economic development by ensuring that Indiana's animal health requirements for sheep and goats aligns with federal law, which is critical for these animals to move in domestic and international commerce.

5. Regulatory Flexibility Analysis

It is the position of the BOAH that the proposed rule does not impose requirements above the current requirements set forth in federal law. BOAH did not consider other alternative approaches to incorporating the federal standards because there is a strong preference in the industry for consistency across states. This is a favored approach over each state creating their own sheep and goat health standards. Aligning Indiana's scrapie program standards with other states will ease the regulatory burden on animal owners that need to move their animals across the US and internationally.

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