

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

<p>1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected</p>	<p>2. Date 6/27/2018</p>									
<p>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) Wis. Admin. Code chs. ATCP 10 and 12</p>										
<p>4. Subject Animal Diseases and Movement; Animal Markets, Dealers and Truckers</p>										
<p>5. Fund Sources Affected <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S</p>	<p>6. Chapter 20, Stats. Appropriations Affected 20.115 (2)(a) and (2)(ha)</p>									
<p>7. Fiscal Effect of Implementing the Rule</p> <table style="width: 100%;"><tr><td><input type="checkbox"/> No Fiscal Effect</td><td><input type="checkbox"/> Increase Existing Revenues</td><td><input type="checkbox"/> Increase Costs</td></tr><tr><td><input checked="" type="checkbox"/> Indeterminate</td><td><input type="checkbox"/> Decrease Existing Revenues</td><td><input type="checkbox"/> Could Absorb Within Agency's Budget</td></tr><tr><td colspan="2"></td><td><input type="checkbox"/> Decrease Cost</td></tr></table>		<input type="checkbox"/> No Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs	<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Could Absorb Within Agency's Budget			<input type="checkbox"/> Decrease Cost
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<p>8. The Rule Will Impact the Following (Check All That Apply)</p> <table style="width: 100%;"><tr><td><input type="checkbox"/> State's Economy</td><td><input checked="" type="checkbox"/> Specific Businesses/Sectors</td></tr><tr><td><input type="checkbox"/> Local Government Units</td><td><input type="checkbox"/> Public Utility Rate Payers</td></tr><tr><td colspan="2"><input checked="" type="checkbox"/> Small Businesses (if checked, complete Attachment A)</td></tr></table>		<input type="checkbox"/> State's Economy	<input checked="" type="checkbox"/> Specific Businesses/Sectors	<input type="checkbox"/> Local Government Units	<input type="checkbox"/> Public Utility Rate Payers	<input checked="" type="checkbox"/> Small Businesses (if checked, complete Attachment A)				
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<input checked="" type="checkbox"/> Small Businesses (if checked, complete Attachment A)										
<p>9. Would Implementation and Compliance Costs Be Greater Than \$20 million? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>										
<p>10. Policy Problem Addressed by the Rule The bulk of this rule makes minor technical changes that streamline the rule and make it simpler to interpret and apply.</p> <p>The rule changes the parameters for the movement of farm-raised deer, namely by banning the movement of farm-raised deer from a CWD-affected county to a non-affected county. The rule also requires enhanced fencing standards for farm-raised deer keepers who do not keep white-tailed deer.</p> <p>The rule addresses the import of Brucellosis positive dogs into Wisconsin. Brucellosis is a zoonotic disease. The importation of Brucellosis-positive dogs results in dog breeding facilities facing quarantines and mandatory testing for a substantial period of time and can often result ultimately in dogs being euthanized. Personal pets determined to have brucellosis, if kept alive, must be maintained in accordance with a life-long quarantine in order to protect animal and public health.</p>										
<p>11. Summary of the businesses, business sectors, associations representing business, local governmental units, and individuals that may be affected by the proposed rule that were contacted for comments. Animal dealers, slaughter plants, keepers of farm-raised deer, and the Wisconsin Pork Association.</p>										
<p>12. Identify the local governmental units that participated in the development of this EIA. None.</p>										
<p>13. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred) There is no fiscal impact on public utility rate payers and or to local governmental units. See the Initial Regulatory Flexibility Analysis for more information pertaining to the fiscal effect upon animal dealers, animal truckers, farm-raised deer keepers, fish farmers, and other livestock owners.</p>										
<p>14. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule The bulk of this proposed rule makes minor, technical changes that assist in making the rule simpler to interpret and</p>										

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apply. Not implementing the proposed rule would leave the rule overly complex and outdated in some areas.

This proposed rule increases the fee assessed for conducting medical separation inspections on all facilities where it is required (except for fish farms, which already achieved this same fee level). The fee change more appropriately places the expense of the service on the entity receiving the service. Not implementing the rule would require those not receiving the service to continue to foot some of the bill for these services.

The rule also requires the enhancement of fencing at farm-raised deer locations that do not contain white-tailed deer. Those who own white tailed farm-raised deer are subject to DNR regulations on fencing. This rule will require enhanced fencing for all farm-raised cervids statewide. Not implementing this rule would result in the continued movement of animals from affected counties to unaffected counties, and the possible transmission of CWD at the fenceline, possibly leading to the further spread of CWD in Wisconsin.

15. Long Range Implications of Implementing the Rule

To protect the health and well-being of animals in this state.

16. Compare With Approaches Being Used by Federal Government

The USDA administers federal regulations related to the interstate movement of animals, particularly with respect to certain major diseases. In most cases, states regulate intrastate movement and imports into the state in relation to these major disease programs in a manner that is consistent with the federal program and that enables the state entities to continue to move deer across state lines.

Federal CWD Herd Certification Program (HCP) requirements include official individual identification of animals, regular inventories, and CWD testing of cervids over 12 months of age that die. Interstate movement of cervids will depend upon a state's participation in the program, maintaining compliance with program requirements, and having achieved herd certification status. In-state regulation of the movement of farm-raised deer is within the discretion of the individual state, so long as the state meets the minimum standards set forth by the Federal CWD HCP.

Federal traceability requirements establish minimum national official identification standards and documentation for the traceability of livestock moving across state lines. These regulations specify approved forms of official identification and documentation for each species.

17. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Surrounding state animal health programs are comparable to those in Wisconsin. Programs for historically important diseases (such as tuberculosis, brucellosis, and CWD) are similar across Midwestern states, as all the states' programs are based on well-established federal standards.

States may apply to become an Approved State HCP if they meet (or exceed) national program requirements. Cervid owners can enroll and participate in their approved state CWD HCP. Interstate movement of animals depends upon each state's participation in the program, maintaining compliance with program requirements, and having achieved herd certification status. Wisconsin, Illinois, Iowa, Michigan, and Minnesota have approved CWD HCPs by the USDA Animal and Plant Health Inspection Service (APHIS). All are implementing the federal requirements, and thus, are similar to current Wisconsin rules.

To meet federal CWD HCP requirements for farm-raised deer to move interstate, a state program must meet approved forms of official identification. Wisconsin, Illinois, Iowa, Michigan, and Minnesota programs are approved as meeting the federal traceability identification requirements in order to move livestock interstate. Therefore, all of these states are implementing the federal requirements, and all should have similar state rules.

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No other state has banned the movement of farm-raised deer from a CWD-affected county, nor has any other state required additional fencing of non positive farm-raised deer herds.

18. Contact Name

Melissa Mace, Acting Division Administrator, Animal Health and
Director, Bureau of Field Services

19. Contact Phone Number

608-224-4883

This document can be made available in alternate formats to individuals with disabilities upon request.

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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

Many of the changes to this rule will have minimal impact or no impact on small business. Many proposed changes streamline the regulations or reduce cost to industry.

Changes to the farm-raised deer fencing requirements and movement regulation may have a significant impact on farm-raised deer keepers.

The net impact is impossible to predict because the rule allows for three options to meet enhanced fencing requirements, all of which have varying degrees of cost. It is anticipated that a majority of farm-raised deer keepers who do not own white-tailed deer will pursue the lowest cost option for enhanced fencing. That option appears to be electric fencing. Based on this assumption, the net impact of this rule will not exceed \$20 million.

Currently, the department has registered approximately 370 locations as having farm-raised deer. Some of these 370 locations are already enclosed with enhanced fencing; the exact number is not known at present. Of the 370 locations, approximately 244 have white-tailed deer and 120 have other species of cervid. The proposed rule applies to the 120 locations that do not have white-tailed deer. Farm-raised deer keepers that are not keeping white-tailed deer are not required to report the acreage of the locations where they keep farm-raised deer, unless the location is a hunting preserve. For that reason, the department is unable to assess with any precision the total amount of fencing that will be installed.

The proposed rule provides that currently existent fencing that is in good repair and that meets the requirements of Wis. Stat. s. 90.20 may continue to serve in some capacity as part of an enhanced fencing system:

A 7'10" fence that is in good repair and compliant with all existing requirements, may serve as the base for a solid fence or an electric fence and may be one of the fences in a double-fenced system.

A 5' fence for genus rangifer (reindeer) that is in good repair and is compliant with all existing requirements may be maintained as the interior fence of a double fenced system only.

All new fences must be built to be 8' tall and must meet fencing standards as set out in the rule. Any existing fences that must be re-built in order to be compliant with the requirements of Wis. Stat. s. 90.20 must meet the standards specified in the rule.

Fencing costs will vary depending on the acreage and terrain of the land to be fenced, labor costs, existing fence types, and the type of fence to be installed.

The department consulted Kencove.com and obtained the following estimated costs for materials for a hypothetical one square acre of fencing:

1. A second fence would cost approximately \$3,646 per square acre (\$1.85 per foot material plus \$2.50 per foot labor), not including gates or shipping and handling, calculated and using materials as follows:
 - Using Fastlock Deer Fence, 20 horizontal lines, 96 inch height, 6 inch vertical spacing, 12.5 gauge high tensile wire,

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330' roll (\$363.50 per roll) and 5" x 12' tapered pine wood posts (\$15.15 per post).

- One square acre would require 836 feet of fencing or 2.53 rolls of fence (\$919.65) + 42 posts (20 ft spacing) (42 x \$15.15 = \$636.30) for a total of \$1,556 for a square acre.

2. Three strands of electric fence would cost approximately \$75.96, or \$350 for a square acre (\$.09 or \$.41 per foot), not including insulators, electric power unit, electricity, or shipping and handling, calculated using materials as follows:

- Using 14 gauge ¼ mile (1,320 feet) electric fence wire (\$31.99 per roll) and 5' steel T posts (\$5.95 per post).
- One square acre would require 836 feet of electric fencing x 3 strands (\$31.99 x 3 = \$99.97) + 42 posts (20 ft spacing) (42 x \$5.95 = \$250) for a total of \$350. If the electric wire is attached directly to the existing fence posts, T posts would not have to be purchased and the total cost would be \$75.96 for square acre.

3. There are various options for a solid fence as no specific material is required. The requirement is that the fence must be constructed and maintained to prevent physical or visual contact. A solid fence that is created by adding shade cloth with 70% density and metal grommets that is secured to the fence every 2 feet via stainless steel cable would cost approximately \$2.65 per foot, or \$2,215.40 per square acre.

Note that the hypothetical one square acre example that is utilized above will tend to magnify the costs as the ratio of fencing perimeter to area decreases with an increase in area. Thus deer farms with areas larger than an acre will not experience costs that are a strict multiple of the estimate here.

The department consulted Straightline Fencing and obtained the following estimated labor costs for fencing installation (non-solid barrier):

- Ideal ground / open field fencing installs ~ \$2.00/ft
- Moderate hills / obstructions / clearing ~ \$2.50/ft
- Hard ground winter work / swamps / thick brush / forest ~ \$3.00-\$4.00/ft

Farm-raised deer keepers may elect to install the fencing themselves, thereby reducing the out-of-pocket costs related to the fencing.

The proposed rule will ban movement of farm-raised deer located in a county designated by the Department of Natural Resources as being affected by chronic wasting disease unless that deer is moved directly to a slaughter establishment, other herds within CWD affected counties, or out of state. The latest data from 2018 show there are 55 out of 72 counties designated by the DNR as CWD-affected. These counties include 288 farm-raised deer herd locations with a total of approximately 14,500 farm-raised deer.

The proposed rule allows herds in affected counties to continue to trade with each other, to move deer to slaughter, and to move deer across state lines if other states will accept their deer. The rule may negatively impact income for deer farmers in CWD-affected counties if they are accustomed to sell or exhibit cervids in locations within the 17 currently unaffected counties. These farmers will need to identify new markets within the 55 affected counties, or in other states that will continue to accept their deer. Since there are more herds in affected counties than in unaffected ones, the net impact of the ban is not anticipated to be significant.

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

The proposed hearing draft was posted on the department's website for 60 calendar days to receive public comment

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regarding the economic impact of the proposed rule.

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

Most, if not all, of the businesses affected by this rule are "small businesses." This rule does not make special exceptions for small business, because disease does not differentiate or respect business size.

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

N/A

5. Describe the Rule's Enforcement Provisions

Civil and criminal enforcement provisions are specified under Wis. Stat. s. 95.99. These provision allow for the division to recommend to a district attorney a civil or criminal penalty, with first offense fines not to exceed \$1000 and first offense forfeitures not less than \$200 or more than \$5000.

An administrative provision under Wis. Stat. s. 93.06(7) allows the department to deny, suspend, or revoke licenses and Wis. Stat. s. 93.06(8) allows the department to proscribe conditions upon a license, for cause.

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes No
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