

## Wisconsin Department of Agriculture, Trade and Consumer Protection

### Business Impact Analysis<sup>1</sup>

<b>Rule Subject:</b>	<b>Animal Health Fees</b>
<b>Adm. Code Ref.:</b>	<b>ATCP 10 and 12</b>
<b>Rules Clearinghouse #:</b>	<b>07-061</b>
<b>DATCP Docket #:</b>	<b>07-R-02</b>

The Department of Agriculture, Trade and Consumer Protection (“DATCP”) administers Wisconsin’s animal health and disease control program. The program is funded, in significant part, by animal health fees. This rule increases current fees, and creates some new fees, to help pay for animal health and disease control services. DATCP has not raised animal health fees since 1999. DATCP projects that this fee increase will stabilize animal health program staffing and funding for the foreseeable future, without further fee increases.

#### ***Background***

DATCP’s Animal Health Division works to protect animal and human health, and to prevent the spread of serious diseases. Among other things, the division:

- Works to prevent and control serious diseases such as avian influenza, foot-and-mouth disease, chronic wasting disease, tuberculosis, “mad cow” disease, Johne’s disease, brucellosis, rabies, pseudorabies, VHS (fish) and others. Many of these diseases affect humans and wild animals, as well as domestic animals.
- Regulates Wisconsin’s multi-billion dollar livestock and poultry industry to protect it from devastating diseases.
- Responds to animal disease emergencies and bio-security threats.
- Licenses animal markets, animal dealers and animal truckers, and registers livestock premises.
- Licenses farm-raised deer herds and fish farms. The division also works with the Department of Natural Resources (DNR) to control diseases that may affect wild and domestic animals.
- Monitors for serious animal diseases, investigates disease outbreaks, and implements control measures such as quarantine and condemnation orders.
- Regulates the import and movement of animals to prevent the spread of disease.
- Facilitates sales of disease-free Wisconsin livestock and poultry.
- Promotes humane treatment of animals.
- Works to prevent fraud, including fraudulent sales of diseased animals.

Animal Health program operations are funded by a combination of general state tax dollars (79%), animal health fee revenues (19%) and federal funds (2%). This does *not* include federal funds that are passed through to program beneficiaries in the form of grants or other assistance.

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<sup>1</sup> This analysis includes, but is not limited to, a small business analysis (“regulatory flexibility analysis”) under s. 227.114, Stats.

Recent state budgets have done the following:

- Reduced annual GPR funding (general tax dollars) for animal health by nearly \$300,000.
- Lapsed approximately \$130,000 in animal health fee revenue (one-time lapse) to the state general fund.
- Assigned more staff to be paid from animal health fee revenues.

Program costs have gone up this year, as DATCP has filled critical animal health positions that had been held vacant. DATCP has only about 37 authorized permanent positions (field and office positions) for its *entire* animal health and disease control program, so it is important that key positions be filled.

DATCP collects about \$300,000 in animal health fees each year, and projects fee revenue expenditures approaching \$600,000 each year. As a result of these combined factors, the positive cash balance in the animal health fee revenue account is declining rapidly. Even with the temporary funding assistance of \$125,000 in each year of the 2007-09 biennium DATCP projects a negative cash balance of \$85,000 in the animal health fee revenue account beginning in FY 2008, \$241,000 in FY 2009, \$545,00 in FY 2010 and \$877,000 in FY 2011.

Without this fee increase or other funding support, DATCP will need to reduce animal health staffing at a time when bio-security and disease threats have grown. DATCP has only about 37 permanent staff for *all* of its animal health and disease control programs (does not count temporary, federally-funded positions). Staff reductions will increase risks to Wisconsin's major livestock industries, which rely on effective animal health and disease control programs. Staff reductions will also increase disease risks to humans and wildlife.

### ***Proposed Fee Increases***

Proposed fee increases are shown in *Appendix A*. Most of the fee increases take effect in FY 2009-10, except that fee increases for veterinary inspection forms, fish import permits and fish farm registrations take effect in FY 2008-09. The fee increases will add \$149,000 in fee revenue in FY 2008-09, and \$375,150 in each succeeding fiscal year.

This rule eliminates current fish farm registration fee exemptions for research institutions and government agencies. Those entities will now have to pay the same registration fees as other fish farm operators.

### ***Business Impact***

#### **Benefits**

This rule will benefit the Wisconsin livestock industry, by maintaining minimally adequate resources to help prevent and control devastating animal diseases that have the potential to destroy large segments of the industry. Effective disease control will help safeguard the industry, minimize potentially huge disease-related losses, and prevent catastrophic losses to individual livestock operators.

## **Cost By Industry Sector**

This rule will increase fee costs for animal markets, animal dealers, animal truckers, poultry and livestock farmers, deer farmers, fish farmers and veterinarians. Many of these businesses are “small businesses” as defined in s. 227.114(1)(a), Stats.

The projected cost by industry sector is shown in *Appendix B*. Fee increases for individual businesses are generally modest, and depend on business size and type. Smaller businesses generally pay lower fees than large businesses. Fees are based, in part, on animal health costs related to each affected industry.

In recent years, DATCP has incurred large costs related to the farm-raised deer and aquaculture industries. DATCP has absorbed most of those costs, often at the expense of other industry sectors and programs. Under this rule, the farm-raised deer and aquaculture industries would pay a more representative share of program costs.

## **Other Effects on Business**

This rule has no other significant effects on business. This rule does not change current animal health regulations, other than to increase fees. This rule requires no additional recordkeeping, and no added professional services to comply.

### *Steps to Assist Small Business*

This rule does not exempt small businesses, because disease does not distinguish between small and large businesses. However, DATCP has tried to minimize the effect of this rule on small business by maintaining a fair allocation of license fees between small and large businesses. To the extent practicable, fees are based on relative animal health program costs associated with each business category. Most license fees are based, in part, on the size of the licensed operation (larger operations pay higher fees).

For small businesses, the effective date of this rule is automatically delayed by 2 months, pursuant to s. 227.22(2)(e), Stats. The delayed effective date is not expected to have a significant impact on the timing or amount of fee collections under this rule.

### *Conclusion*

This rule will benefit the Wisconsin livestock industry, by providing minimally adequate resources to prevent and control devastating animal diseases. This rule increases animal health fees, in order to remedy a serious deficit in Wisconsin’s animal health budget. This rule will result in a slight increase in costs for some animal businesses.

This rule does not exempt small businesses, because disease does not distinguish between small and large businesses. But under this rule, smaller businesses generally pay lower fees than larger businesses.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2007

STATE OF WISCONSIN  
DEPARTMENT OF AGRICULTURE,  
TRADE AND CONSUMER PROTECTION

By

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## *Appendix A*

### Proposed Fee Changes

#### Fee Changes Implemented in FY 2008-09:

<b>Fee For:</b>	<b>Current Fee:</b>	<b>Proposed Fee:</b>
Certificate of Veterinary Inspection (blank form used by private veterinarians)	\$3 per form (interstate or intrastate)	\$5.60 per form (interstate) \$0.60 per form (intrastate)
Fish Farm (Type 1); Annual Registration	\$25 annual fee covers any number of Type 1 fish farms)	\$37.50 annual fee covers one Type 1 fish farm; \$50 annual fee covers any number of Type 1 fish farms
Fish Farm (Type 2); Annual Registration	\$50 annual fee covers any number of Type 2 fish farms.	\$125 annual fee covers 1-5 Type 2 fish farms; \$150 annual fee covers 6-10 Type 2 fish farms; \$200 annual fee covers 11-20 Type 2 fish farms; \$300 annual fee covers 21 or more Type 2 fish farms.
Fish Import Permit (may cover multiple import shipments for up to one year)	\$50	\$90

#### Fee Changes Implemented in FY 2009-10:

<b>Fee For:</b>	<b>Current Fee:</b>	<b>Proposed Fee:</b>
Cattle; Brucellosis-Free Herd Certification (Voluntary certification facilitates animal sale and movement)	No fee.	\$50 annual certification
Cattle and Other Bovines; TB-Free Herd Certification (Voluntary certification facilitates sale and movement)	No fee	\$50 annual certification
Johne's Disease Veterinarian; Certification (Voluntary 3-year certification)	No fee	\$50 per 3-year certification

*Appendix A (continued)*

Cattle and Other Bovines: Approved Import Feedlot Permit (Voluntary permit facilitates certain imports)	\$75 annual permit	\$140 annual permit
Swine; Qualified Pseudorabies Negative Herd, Qualified Pseudo- Rabies Negative Grow-out Herd, or Feeder Swine Pseudorabies Monitored Herd (Voluntary certification facilitates sale and movement)	No fee	\$50 annual certification
Swine; Validated Brucellosis-Free Herd Certification (Voluntary certification facilitates swine sale and movement)	No fee	\$50 annual certification
Equine Imports; Quarantine Station Permit (station may receive certain horse imports)	No fee	\$100 annual permit and \$100 permit per quarantined animal
Poultry Tester; Training	No fee.	\$25 training fee.
National Poultry Improvement Plan; Annual Flock Enrollment	Annual fee ranges from \$40 to \$200 based on flock type and size.	Annual fee ranges from \$80 to \$400 based on flock type and size.
Farm-raised Deer; Annual Herd Registration	Annual fee based on herd size: \$50 if $\leq 15$ deer \$100 if $> 15$ deer \$150 minimum one-time inspection fee for 2 <sup>nd</sup> herd at same site (not required for renewal). \$100 surcharge if  found operating without registration	Annual fee based on herd herd size: \$162.50 if $\leq 15$ deer \$325 if $> 15$ deer \$200 minimum one-time inspection fee for 2 <sup>nd</sup> herd at same site (not required for renewal) \$250 surcharge if found  operating without registration
Farm-raised Deer; Hunting Preserve Certificate	\$150 for 10-year certificate	\$500 for 10-year certificate

*Appendix A (continued)*

Farm-raised Deer; TB-Free Herd Certification (Voluntary certification facilitates deer sales and movement)	No fee.	\$50 per 3-year certification
Farm-raised Deer; Brucellosis-Free Herd Certification (Voluntary certification facilitates deer sales and movement)	No fee.	\$50 per 2-year certification
Sheep; Brucella-Ovis Free Flock Certification (Voluntary certification facilitates animal sale and movement)	No fee	\$50 (certification good for 14 months)
Goats; Brucellosis-Free Flock Certification (Voluntary certification facilitates animal sale and movement)	No fee	\$50 (certification good for 14 months)
Goats; Tuberculosis Free Flock Certification (Voluntary certification facilitates animal sale and movement)	No fee	\$50 annual certification
Animal Market; Annual License	\$225 annual fee for Class A license \$115 annual fee for Class B license \$150 annual fee for Class C license	\$420 annual fee for Class A license \$220 annual fee for Class B license \$280 annual fee for Class C license
Animal Dealer; Annual License	\$115 annual fee	\$220 annual fee
Animal Trucker; Annual License	\$30 annual fee	\$60 annual fee
Animal Transport Vehicle; Annual Registration Sticker	\$10 annual fee per vehicle	\$20 annual fee per vehicle

## *Appendix B*

### **Fee Impact by Industry Sector**

The following table shows the aggregate annual impact of fee increases by industry sector. Some industry sectors may pass on fee costs to clients or customers. Fee impacts begin in FY 2009-10, except that fee impacts indicated by an asterisk (\*) begin in FY 2008-09.

<u><i>Industry Sector</i></u>	<u><i>Fee Type</i></u>	<u><i>Number</i></u>	<u><i>Aggregate Annual Cost for Industry Sector</i></u>
Veterinarians	Certificates of Veterinary Inspection (Forms)	38,642 certificates (inter- and intra-state)	\$89,130 *
	Johne's Disease Vet Certification (Voluntary)	100 vets annually (3-year certification)	\$5,000
Farm-Raised Deer Keepers	Annual Herd Registration (and 10-yr. hunting preserve certificate)	656 herds	\$112,050
	TB and brucellosis-free herd certifications (Voluntary, facilitates sales)	131 herds	\$6,550
Fish Farmers	Annual Fish Farm Registration	2,279 fish farms	\$56,050*
	Fish Import Permits	100 permits annually	\$4,000*
Animal Markets	Annual License	124 markets	\$17,220
Animal Dealers	Annual License	337 dealers	\$35,385
Animal Truckers	Annual License	362 truckers	\$10,860
Animal Transport Vehicle	Annual Vehicle Registration	864 transport vehicles	\$8,640
Equine (Horse) Quarantine Stations	Annual permit	17	\$11,700



*Appendix B (continued)*

Poultry Farmers	NPIP Annual Flock Enrollment (Voluntary, facilitates sales)	210 flocks	\$6,690
Poultry Testers	NPIP Tester Training (Voluntary, allows tester to do NPIP testing)	300 trained each year	\$7,500
Import Feedlots; Cattle	Import Feedlot Permit (Voluntary, facilitates imports)	35 annual permits each year	\$2,275
Livestock Farmers; Cattle	Disease-Free Herd Certification (Voluntary, facilitates sales & exports)	22 herds certified annually (11 TB and 11 brucellosis)	\$1,100
Livestock Farmers; Swine	Brucellosis-free herd certification (Voluntary, facilitates sales & exports)	10 herds	\$500
	Pseudorabies-negative herd certification (Voluntary, facilitates sales and exports)	10 herds	\$500
Livestock Farmers; Sheep	Brucella-ovis free herd certification (Voluntary, facilitates sales & exports)	None	\$0
Livestock Farmers; Goats	Brucella-ovis and TB-free herd certifications (Voluntary, facilitates sales & exports)	None	\$0
<b>Aggregate Annual Cost for All Industry Sectors (when fully implemented in FY 2009-10):</b>			<hr/> <b>\$375,150</b>