

**ADMINISTRATIVE RULES
FISCAL ESTIMATE
AND ECONOMIC IMPACT ANALYSIS**

Type of Estimate and Analysis

Original Updated Corrected

Administrative Rule Chapter, Title and Number

Ch. ATCP 50, Soil and Water Resource Management Program

Subject

Adoption of the updated 2015 Nutrient Management Standard 590

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Chapter 20 , Stats. Appropriations Affected

20.115(7)(c), 20.115(7)(qe), 20.115(7)(qf),
20.866(2)(we)

Fiscal Effect of Implementing the Rule

No Fiscal Effect

Indeterminate

Increase Existing Revenues

Decrease Existing Revenues

Increase Costs

Could Absorb Within Agency's Budget

Decrease Costs

The Rule Will Impact the Following (Check All That Apply)

State's Economy

Local Government Units

Specific Businesses/Sectors

Public Utility Rate Payers

Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes No

Policy Problem Addressed by the Rule

This rule incorporates the new NRCS 590 standard, which was published in 2015. This rule targets current inconsistencies and confusion among nutrient planning requirements. In addition, proposed changes are needed to clarify existing requirements and provide options for more flexibility. Finally, specific rule provisions target protection of human health and the environment, specifically related to drinking water, reduction of nutrient delivery to surface, and maintaining soil productivity.

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)

Local Governments

The rule updates the requirements for nutrient management plans on Wisconsin farms. As such, it does not mandate that any local government resources be expended on the development, review, or approval of nutrient management plans beyond their current commitments. The rule is not expected to have a fiscal impact on local units of government. County land conservation department staff and agricultural agents will likely receive requests for information on provisions of the rule. This responsibility will likely be incorporated into county land and water conservation programs with no net fiscal impact.

Agricultural Businesses

This rule will have a moderate impact on farms in this state. Many of these farms are "small businesses." This rule may also affect the following businesses:

- Nutrient management planners, including private crop consultants, farm cooperatives, and farm supply organizations that provide nutrient management planning.
- Soil and manure testing laboratories and businesses that haul manure.

- Commercial fertilizer dealers.
- Businesses that design and install farm conservation practices.

This rule will have the greatest impact on livestock operations, which may incur additional costs related to the disposal of manure (provides more phosphorus than nitrogen, compared to crop needs). Additional costs will be mainly related to manure hauling. The cost for an individual livestock operation will depend on a number of factors, but the existing level of soil test phosphorus and soil erosion is critical. If these levels are reduced, costs will be lower over time.

Wisconsin has 9.1 million acres of cropland, not including pastures. Currently about 2.9 million acres are implementing nutrient management plans, which leaves 6.27 million acres yet to have plans developed. The cost share rates of \$7 per acre will increase to \$10 per acre due to the additional costs and spreading restrictions. The increase in the cost share rate for 2015-590 NM plans is attributed to an increase in costs for soil testing and labor, additional restrictions in the 2015-590 NM Standard that may require more land to apply manure compared to the 2005-590 NM Standard, and a potential increase in the amount of time spent by NM planners to develop a NM plan that complies with the 2015-590 NM Standard. The potential need for more land to apply manure is due to the additional spreading restrictions; however, not all farms will be impacted to the same degree by these restrictions. If these landowners are offered 70% cost-sharing, they would be responsible for paying 30% of the \$10 cost per acre.

Utility Rate Payers

The rule will have no impact on utility rate payers.

General Public

The rule will have no impact on the general public.

Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

Benefits

This rule will benefit agriculture businesses and the general public to help prevent manure and phosphorus runoff, and improve water quality.

Agricultural Operations and Plan Preparers

This rule will not add significant costs for most farm operations. Most farmers who comply with current rules will be able to comply with the new rules at little additional cost. Many farmers will actually save money by complying with this rule and benefits will generally increase over time. A farmer can prepare his or her own nutrient management plan, if the farmer is qualified as a nutrient management planner. However, the rule may increase demand for professional nutrient management planning services, as they prepare over 70% of the plans annually. Farmers who comply with a nutrient management plan prepared or approved by a qualified nutrient management planner (other than the farmer) are presumed to comply with the nutrient management standards in this rule. The nutrient management planner is responsible for ensuring that the plan complies with the nutrient management standards. Updating this rule will maintain consistent state and federal standards. The Department made a commitment, when it adopted nonpoint rules in 2002, to keep Wisconsin rules consistent with federal standards. Farmers must follow essentially the same steps under the new standard as under the current standard. The new standard provides more flexibility in some instances. Enforcement will be contingent on cost-sharing. Farmers who comply can receive federal and state cost share funds.

Fertilizer Dealer Businesses

This rule may have some impact on fertilizer dealers, by reducing demand for phosphorus and

increasing demand for nitrogen fertilizer in some cases. They may see a reduction in fall nitrogen applications, which if needed, will be applied in the spring.

This rule will marginally increase the demand for entities that provide services to farmers. Farm supply and farm service organizations may provide nutrient management planning services, crop consulting, fertilizer sales, conservation compliance, and other services. They may also sponsor the Department approved training courses for farmers who wish to develop their own nutrient management plans. Persons selling agricultural bulk fertilizer to farmers must record the name and address of the nutrient management planner (if any) who prepared the farmer's nutrient management plan. This rule does not prohibit the sale of fertilizer to a farmer who lacks a nutrient management plan.

General Public

The general public will benefit from this rule as a result of the consumer, human health, and environmental protections offered through proper use of crop nutrients. It will help ensure manure, an important crop nutrient, is applied in a cost-effective and environmentally sound manner. It will also help limit long-term nutrient management costs and will reduce fish kill and well contamination risks.

Alternatives

This rule is designed to clarify and modernize existing rules and ensure regulatory consistency between state and federal standards. If the Department does not adopt this rule there will continue to be inconsistencies and confusion among nutrient planning requirements. In addition, changes being proposed to clarify existing requirements and provide options for more flexibility will not be enacted. Finally, provisions being established to protect human health and the environment, such as new mechanical manure application requirements creating a 50 feet setback in spring, summer, fall, and a 300 feet setback in winter around conduits to groundwater, will not be enacted, which could lead to unsafe drinking water.

Long Range Implications of Implementing the Rule

Long-term, implementing this rule will benefit business, the general public, and the environment. The rule modifications will provide additional options for businesses to meet existing regulations more efficiently and additional marketing opportunities that could lead to new business. In addition, the rule modifications create consistency between the state and federal standard, this rule, and other existing rules. The rule will also benefit the public and the environment by ensuring reasonable requirements to protect people and the environment.

Compare With Approaches Being Used by Federal Government

The United States Environmental Protection Agency (EPA) regulates livestock facilities over 1000 animal units using the Natural Resources Conservation Service (NRCS) 590 Nutrient Management Standard as a base requirement. NRCS uses the 590 standard in promoting better conservation practices through cost-sharing.

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

Surrounding states, including Michigan, Minnesota, Illinois, and Iowa regulate livestock facilities with over 1000 animal units using the Natural Resources Conservation Service (NRCS) 590 Nutrient Management Standard as a base requirement under EPA authority. Each state has a federally approved 590 standard which may have state specific requirements, similar to Wisconsin's. The state specific requirement must be at least as stringent as the federal standard, but may be more or less stringent than Wisconsin's, depending on the topic.

Wisconsin's approach differs from the programs in adjacent states pursuant to s. 281.16, Stats., in that cost sharing must be made available to existing small and medium size agricultural operations before the State may require compliance with the standards. However, nutrient management can be required without cost sharing if regulated by a permit for livestock facilities with over 1000 animal units, regulated by a local manure storage or livestock siting ordinance, caused a significant discharge, accepting manure storage cost share funds, or participating in the Farmland Preservation tax credit program.

Comments Received in Response to Web Posting and DATCP Response

There were no public comments received during the required posting period for economic impact.

Name and Phone Number of Contact Person

Sara Walling
Department of Agriculture, Trade and Consumer Protection
P.O. Box 8911
Madison, WI 53718-8911
Telephone (608) 224-4501
E-Mail: Sara.Walling@Wisconsin.gov