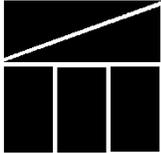


Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



Virginia Department of Planning and Budget Economic Impact Analysis

2 VAC 5-141 Health Requirements Governing the Admission of Agricultural Animals, Companion Animals, and Other Animals or Birds into Virginia
Department of Agriculture and Consumer Services
Town Hall Action/Stage: 5013/8232
July 19, 2018

Summary of the Proposed Amendments to Regulation

The Board of Agriculture and Consumer Services (Board) proposes to: 1) replace the current paper based import permit process with an online system, 2) eliminate the need to obtain a poultry approval number, 3) require trichomoniasis testing for all bulls of a certain age prior to importation into Virginia, and 4) require implants for horses coming from or through areas where contagious equine metritis is known to exist.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

This regulation establishes requirements for importation of animals into Virginia from other states or countries. One of the proposed substantive changes is replacing the paper based import permit process with an online system. Currently, the veterinarian in the originating state or country must generate a written Certificate of Veterinary Inspection and mail a copy to the Virginia State Veterinarian prior to entry into Virginia. When the Virginia State Veterinarian receives the copy, the information on the permit is manually entered into a computer system. Under the proposed regulation, the veterinarian in the originating location will enter the information online and will be able to print the Certificate of Veterinary Inspection from that

entry. There is already an established online system and 25% of the importers already voluntarily use the online system. The benefits of the online system include instant access to information on what is being imported into Virginia and a more efficient way of managing imports.

Approximately 30,000 such certificates are received each year.

The Board also proposes to eliminate the need for a “poultry approval number.” Currently, prior to importing poultry into Virginia the importer must call the Virginia State Veterinarian and obtain a poultry approval number, which currently serves no useful purpose. Each year approximately 10,000 such numbers are issued. The proposed change will eliminate the need to make a call to the Virginia State Veterinarian.

Moreover, the proposed changes include requiring trichomoniasis testing for all bulls of a certain age prior to importation into Virginia. Trichomoniasis is a sexually transmitted disease that has adverse reproductive effects such as abortions and lower fertility. The test costs approximately \$50 per animal, which according to the Department of Agriculture and Consumer Services (DACS), is considerably less than the cost of disease treatment or the potential adverse economic impact on the agricultural industry from disease introduction. There were 268 such bulls imported into Virginia in 2017. According to DACS, other states have passed similar testing requirements for this disease. Thus, the required testing will help prevent Virginia being a dumping ground for infected bulls.

Finally, the Board proposes to require that a horse that either originated in or has passed through a region where contagious equine metritis is known to exist, and that is issued a permit to enter Virginia, be permanently identified with an affixed or implanted device bearing a unique identification number. Equine metritis is also a sexually transmitted disease that has adverse reproductive effects. It is generally found in Europe. The purpose of the implant is for identification. For example, a show horse coming back from Europe has to be quarantined for 48 hours in New York and 21 days to 6 weeks in Virginia. An implant would help ensure that the horse at the end of the quarantine period is the same horse that entered the quarantine. The cost of the implant is less than \$50. Similarly, this amount is much lower than the potential treatment costs or adverse economic effects from the introduction of this disease. Approximately 60 horses per year are expected to be subject to this rule, of which 90% would already have such an identification device implanted.

Businesses and Entities Affected

According to the 2012 census conducted by the United States Department of Agriculture, there are approximately 4,042 poultry and egg farms, 20,091 beef cattle farms, 737 dairy cattle farms, 919 swine farms, 2,626 horse farms, 2,870 sheep and goat farms, and 1,391 farms that house other animals in Virginia. However, not all such farms import animals. The majority of these businesses would be considered small.

Localities Particularly Affected

The proposed changes do not particularly affect any locality.

Projected Impact on Employment

The impact on total employment is uncertain. The proposed electronic permit and elimination of the need for a poultry approval number should reduce demand for labor by a small amount. Conversely, the proposed testing and implant requirements for certain animals would increase demand for labor by a small margin.

Effects on the Use and Value of Private Property

To the extent the value of reduced disease risks to Virginia livestock outweigh the cost of testing and implant requirements, a positive effect on the use and value of private property should be expected.

Real Estate Development Costs

No impact on real estate development costs is expected.

Small Businesses:**Definition**

Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

Costs and Other Effects

The majority of the affected businesses would be considered small. The costs and other effects on them are the same as discussed above.

Alternative Method that Minimizes Adverse Impact

There is no known alternative method that minimizes the adverse impact on small businesses while accomplishing the same goals.

Adverse Impacts:

Businesses:

The proposals to require trichomoniasis testing for all bulls of a certain age prior to importation into Virginia, and to require implants for horses coming from or through areas where contagious equine metritis is known to exist, would moderately increase costs for businesses involved in transporting such animals into Virginia.

Localities:

The proposed regulation does not adversely affect localities.

Other Entities:

The proposed regulation does not adversely affect other entities.

Legal Mandates

General: The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order Number 17 (2014). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

Adverse impacts: Pursuant to Code § 2.2-4007.04(C): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.