



Economic Impact Analysis Virginia Department of Planning and Budget

2 VAC 5-200 – Rules and Regulations Pertaining to the Disposal of Entire Flocks of Dead Poultry

Department of Agriculture and Consumer Services

August 12, 2008

Summary of the Proposed Regulation

The Virginia Department of Agriculture and Consumer Services (VDACS) proposed to amend the existing Rules and Regulations Pertaining to the Disposal of Entire Flocks of Dead Poultry by (1) adding “composting” as a method of whole poultry flock carcass disposal; (2) removing the terminology “for profit” from the definition of “person” as well as other locations of the regulations; (3) amending the definition of “dead poultry” to incorporate poultry destroyed as a result of natural disasters; and (4) no longer requiring that disposal plans be filed with the State Veterinarian.

Results of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The current regulation permits poultry infected with infectious or contagious disease to be destroyed by incineration (on or off the farm premises where the birds were raised), rendering, burying in a landfill, or burying on premises in a disposal pit. The proposed regulation will add “composting” as an approved method of disposal. Composting of poultry carcasses is a decomposition process that involves mixing carcasses, a carbon source, and water that, following the decomposition process, will create a homogenous organic material suitable for use as a soil conditioner, fertilizer or material for land application.

Composting is an environmentally sound method of carcass disposal which allows for disposing of large biomasses of dead poultry on the same premises where the birds were grown. This on-farm composting can protect other poultry and possibly the public by reducing the

possible exposure to the disease of concern that could occur if carcasses are moved from the premises. It is one of the methods of carcass disposal preferred by the Virginia Poultry Disease Task Force.¹ The use of composting for disposal of whole poultry flock mortality will expedite responses to disease events and help control the consequences of a disease spreading in a locality. Rapid response relative to disposal of whole flocks of poultry will likely minimize any negative effect that would be experienced by poultry producers. Also, if poultry carcasses can be disposed of quickly and effectively, the length of time that suppliers and family businesses dependent on the poultry industry will be affected can be shortened, minimizing the negative financial impact on these businesses.

VDACS also proposes to amend the definition of “dead poultry” to incorporate poultry destroyed as a result of natural disasters and makes it clear that on farm composting is a disposal option for whole flock mortality that results from non disease causes. According to VDACS, currently the options are similar for disposal of whole flock mortality that results from either infectious disease or natural disasters, with the actual disposal method chosen based on a combination of considerations including public safety, worker safety, environmental considerations, and efficiency. Therefore this proposed change will likely not have any significant effect.

The proposed regulation will amend the requirement pertaining to disposal plans for an entire flock of dead poultry. Disposal plans will be no longer required to be filed with the State Veterinarian before any person could engage in the raising or keeping of poultry² or enter into a contract involving the raising or keeping of poultry with any other person. Instead, the proposed regulation requires that a disposal plan be developed and be made available to the State Veterinarian or his representative upon request. This proposed change will likely save the processing time for the regulated operations and allow them to conduct business in a more efficient way. Neither the current regulation nor the proposed regulation requires disposal plans for persons owning flocks of less than 500 poultry. The proposed regulation adds a statement that

¹ Virginia Poultry Disease Task Force is composed of representatives from the commercial poultry industry, the Virginia Department of Agriculture and Consumer Services, the Virginia Department of Environmental Quality, the United States Department of Agriculture, the Virginia Cooperative Extension Service Poultry Specialists, the Virginia-Maryland Regional College of Veterinary Medicine, the Virginia Department of Conservation and Recreation, the Virginia Department of Emergency Management, and the Virginia Department of Health.

² Raising or keeping of poultry means the raising or keeping of 500 or more poultry at one time.

the State Veterinarian, in consultation with the owner, will determine a method of disposal during a mortality event of a flock of less than 500 poultry. The added language will provide clarifications to the existing regulation without causing any significant costs to the small poultry growers.

VDACS also proposes to remove the words “for profit” from the definition of “person” and throughout the regulation to reflect that the regulation applies to both for-profit operations and not-for-profit entities. VDACS states that this proposed change will not cause any significant impact except for the requirement of plan development. The proposed regulation requires that all poultry growers with a flock of more than 500 poultry shall have a disposal plan developed and make it available to the State Veterinarian or his representative on request. Poultry owners with a flock of less than 500 poultry are not required to develop such a plan. According to VDACS, the Virginia Department of Environmental Quality and the Virginia Cooperative Extension Service (VCE) have released a publication entitled "Guidelines for In-House Composting"; the Virginia Poultry Disease Task Force has developed a document entitled "Avian Influenza, Surveillance and Rapid Response Plans." These documents are available to the public and may be used to develop a whole flock mortality disposal plan. VDACS will work with VCE Poultry Specialists to develop generic disposal plans that local extension agents can use to help producers develop a whole flock mortality plan. VDACS believes that this proposed change will cause only a minimal investment in time for the relevant poultry growers.

Businesses and Entities Affected

VDACS reports that there are approximately 7 large poultry companies and 1200 growers doing businesses in Virginia, all of which have more than 500 poultry on their premises. There are a large number of owners with less than 500 poultry, but the number is unknown.

Localities Particularly Affected

The proposed amendment will affect all localities with poultry growers. Particularly, localities that have the greatest densities of poultry growers would be impacted to a much greater extent than other localities. These localities would include counties located in the Shenandoah Valley, South Central Virginia, Southeast Virginia, and the Eastern Shore.

Projected Impact on Employment

Adding composting as a method of disposal of whole poultry flock mortality will likely expedite responses to disease events and reduce any negative effect for poultry producers, suppliers and other businesses dependent on the poultry industry. This will likely reduce the drop in employment in the event of diseases or natural disasters.

Effects on the Use and Value of Private Property

Allowing the use of composting for disposal of whole poultry flock mortality will likely reduce the spread of high mortality infectious disease and benefit other poultry growers. Adding composting as an option for the disposal of whole flock mortality will also likely expedite responses to disease events and will likely minimize any negative effect that would be experienced by poultry growers, suppliers and other businesses dependent on the poultry industry. Therefore, the proposed change will likely have a positive impact on the value of these properties.

Small Businesses: Costs and Other Effects

Allowing the use of composting for disposal of whole flock mortality will likely reduce the spread of high mortality infectious disease and expedite responses to disease events, which will likely minimize any negative effect that would be experienced by small poultry producers, suppliers and other small businesses dependent on the poultry industry. Small for-profit growers with more than 500 poultry will benefit from the proposed change relating to the disposal plan. Small not-for-profit growers with a flock of more than 500 poultry will be required to have a disposal plan developed. VDACS believes that this requirement will cause only a minimal investment in time for the poultry growers, because documents are available to the public from the Virginia Department of Environmental Quality, Virginia Cooperative Extension Service, and the Virginia Poultry Disease Task Force, at no charge, that will facilitate the development of whole flock mortality disposal plans. VDACS estimates that approximately 25% of the 1200 poultry growers are small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed regulation will likely benefit all poultry owners by reducing the possible exposure to the high mortality, infectious diseases. Small for-profit growers with more than 500

poultry will benefit from the proposed change relating to the disposal plan. Small not-for-profit growers that own flocks of more than 500 poultry may incur a minimal cost in developing a disposal plan from a model. There is no alternative method that could achieve the same purpose with a lower adverse effect.

Real Estate Development Costs

The proposed amendments are unlikely to significantly affect real estate development costs.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.