



STATE OF WASHINGTON

DEPARTMENT OF AGRICULTURE

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SMALL BUSINESS ECONOMIC IMPACT STATEMENT FOR PROPOSED RULES TO CHAPTER 16-610 WAC

SUMMARY OF PROPOSED RULES

The Washington State Department of Agriculture's Livestock Inspection program is proposing to amend chapter 16-610 WAC.

The purpose of this chapter is to promote the economic vitality of the livestock industry by minimizing exposure to animal diseases and providing owner asset protection through ownership inspections and livestock identification at state, national, and international levels. One of the ways the department accomplishes this is by requiring a certificate of permit (COP) to accompany all livestock in transit in the state; consigned to a public livestock market, special sale or livestock processing facility; or upon entry into a certified feedlot. The COP documents the owner of the livestock and other identifying information specific to the livestock being transported.

The proposed key amendment to this chapter increases the COP fee from \$1.00 per book of 25 to \$5.00 per book of 25. The department is proposing to increase the COP fee in order to recoup the actual printing and distribution costs.

In addition, the department is proposing to:

- Provide other document options in place of the department's Equine Bill of Sale form for use when selling horses and discontinue printing the booklet version of the form;
- Clarify that 'successfully' completing department-provided certification means that all veterinarians certified to issue livestock inspection certificates must pass a written exam; and
- Modify the language to make it more clear and readable.

SMALL BUSINESS ECONOMIC IMPACT STATEMENT

Chapter 19.85 RCW, the Regulatory Fairness Act, requires an analysis of the economic impact proposed rules will have on regulated businesses. Preparation of a Small Business Economic Impact Statement is required when proposed rules will impose more than minor costs on businesses.

"Minor cost" means a cost that is less than 1 percent of annual payroll or the greater of either .3 percent of annual revenue or \$100.

“Small business” means any business entity that is owned and operated independently from all other businesses and has 50 or fewer employees.

INDUSTRY ANALYSIS

The proposed rule impacts licensed brand holders, licensed dairies, livestock dealers, sale yards, public livestock markets, feed lots, horse owners, and veterinarians.

Currently, the department requires anyone selling horses to complete an Equine Bill of Sale form to track ownership. The proposal provides the option of documenting horse transactions on any type of bill of sale type form. Individuals that wish to continue to use the department’s form may access it free of charge on the Internet rather than purchase the form in a book of 25. This will decrease costs to anyone selling horses.

Veterinarians that want to offer livestock inspection certificates to their clients must be certified by the department. In order to become certified, a veterinarian must successfully complete department-provided training that includes reading printed brands, reading brands or other marks on animals, completion of official documents, and reviewing ownership documents. The proposal simply clarifies in rule that ‘successfully’ completing the required training means that the veterinarian must pass a written exam. This rule clarification does not negatively impact veterinarians since it is already standard practice to require a passing score on the written exam.

In order to determine the economic impact of the proposal to increase the certificate of permit fee from \$1.00 for a book of 25 to \$5.00 for a book of 25, the department conducted a survey. The department has analyzed the survey results and determined that costs are more than minor for two of the businesses that responded.

INVOLVEMENT OF SMALL BUSINESSES

Small businesses have been involved in writing the proposed rules and in providing the department with the expected costs associated with the changes. Program staff met with the Livestock Identification Advisory Board to discuss the proposed rule amendments on May 19, 2016 and again on June 20, 2016. The Livestock Identification Advisory Board represents meat processors, horse industry, cattle feeding industry, public livestock markets, dairy producers, and beef producers. The department also added articles in the Ketch Pen (a publication targeting the cattle industry) and the Trail Dust (a publication distributed by the Cattle Producers of Washington) communicating the proposed rule amendments.

On June 27, 2016, the department sent a postcard survey to approximately 6,101 licensed brand holders, licensed dairies, livestock dealers, sale yards, public livestock markets, and feedlots to determine how the proposal to increase the COP fee from \$1.00 per book of 25 to \$5.00 per book of 25 would impact them. The survey instructed recipients to complete an online survey through Survey Monkey or to contact a staff person directly to provide data. Sixty-two businesses responded to the survey – all of whom were small businesses.

COST OF COMPLIANCE

RCW 19.85.040 directs agencies to analyze the costs of compliance for businesses required to comply with the proposed rule. In order for the costs to exceed \$100, a business would need to purchase more than 20 books. Each book contains 25 certificates of permit and multiple cattle can be shipped under a single permit. Of the businesses surveyed, only two businesses indicated that they would need to purchase more than 20 books during a 12-month time period. It is our understanding that businesses that normally purchase more than 20 books are haulers or public livestock markets that voluntarily purchase the COP books to give out as a convenience to their customers either free-of-charge or for a fee.

JOBS CREATED OR LOST

Under RCW 19.85.040, agencies must provide an estimate of the number of jobs that will be created or lost as the result of compliance with the proposed rules. In collecting information from representative small businesses through a survey the program estimates that there will be no jobs lost as a result of small businesses complying with the rules.

DISPROPORTIONATE IMPACT TO SMALL BUSINESSES

RCW 19.85.040 directs agencies to determine whether the proposed rule will have a disproportionate cost impact on small businesses by comparing the cost of compliance for small business with the cost of compliance for the ten percent of the largest businesses required to comply with the proposed rules.

All businesses that responded to the survey had 50 or fewer employees and therefore are considered small businesses under RCW 19.85.020. There are no large businesses impacted by the proposed rule amendment. Since there are no large businesses impacted by the amendments, there is not a disproportionate impact between large and small businesses.

CONCLUSION

To comply with chapter 19.85 RCW, the Regulatory Fairness Act, the Livestock Identification program has analyzed the economic impact of the proposed rules on small businesses and has determined that only a very small percent of small businesses will incur more than minor costs.

Please contact Kris Budde if you have any questions by phone at (509) 994-3345 or by e-mail kbudde@agr.wa.gov.