

**FISCAL NOTE  
PRIVATE COST**

**I. Department Title: Department of Natural Resources  
Division Title: Clean Water Commission  
Chapter Title: Permits**

<b>Rule Number and Title:</b>	10 CSR 20-6.300, Concentrated Animal Feeding Operations
<b>Type of Rulemaking:</b>	Amendment

**II. SUMMARY OF FISCAL IMPACT**

Estimate of the number of entities by class which would likely be affected by the adoption of the rule:	Classification by types of the business entities which would likely be affected:	Estimate in the aggregate as to the cost of compliance with the rule by the affected entities:																																				
<b>48 CAFO owners each year.</b>	<table border="0"> <tr> <td><u>SIC</u></td> <td><u>NAICS</u></td> <td></td> </tr> <tr> <td>0211</td> <td>112112</td> <td>Cattle Feedlots</td> </tr> <tr> <td>0213</td> <td>112210</td> <td>Hog and Pig Farming</td> </tr> <tr> <td>0214</td> <td>112420</td> <td>Goat Farming</td> </tr> <tr> <td>0214</td> <td>112410</td> <td>Sheep Farming</td> </tr> <tr> <td>0241</td> <td>112120</td> <td>Dairy Cattle and Milk Production</td> </tr> <tr> <td>0251</td> <td>112320</td> <td>Broilers and Other Meat Type Chicken Production</td> </tr> <tr> <td>0252</td> <td>112310</td> <td>Chicken Egg Production</td> </tr> <tr> <td>0253</td> <td>112330</td> <td>Turkey Production</td> </tr> <tr> <td>0254</td> <td>112340</td> <td>Poultry Hatcheries</td> </tr> <tr> <td>0259</td> <td>112390</td> <td>Other Poultry Production</td> </tr> <tr> <td>0272</td> <td>112920</td> <td>Horses and Other Equine Production</td> </tr> </table>	<u>SIC</u>	<u>NAICS</u>		0211	112112	Cattle Feedlots	0213	112210	Hog and Pig Farming	0214	112420	Goat Farming	0214	112410	Sheep Farming	0241	112120	Dairy Cattle and Milk Production	0251	112320	Broilers and Other Meat Type Chicken Production	0252	112310	Chicken Egg Production	0253	112330	Turkey Production	0254	112340	Poultry Hatcheries	0259	112390	Other Poultry Production	0272	112920	Horses and Other Equine Production	<p><b>\$92,645.10 savings</b></p> <p>As a result of savings to CAFO owners, private engineering services will have a revenue loss of \$40,320.</p>
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<b>Engineering Services</b>	<b>541330 Engineering services</b>																																					

**III. WORKSHEET**

Cost Savings

No construction permit required.

\$1000 application fee X 48 applications = \$48,000

No construction permit application preparation.

8 hours/application X \$120/ hourly engineering fee X 48 applications = \$46,080

No as-built or Statement of Work Completed required.

2 hours/application X \$120.00/hourly engineering fee X 48 application = \$11,520

Reduced inspections and record keeping by Class IA CAFOs with wet flush system.

676 fewer inspection/year @ 1 hour/inspection X \$33.27/hourly wage for EHSM X 10 facilities = \$224,905.20

#### Cost Increases

Additional lagoon inspections and record keeping by Class IA CAFOs.

20 inspections/year @ 1 hour/inspection X \$33.27/hour X 19 operations = \$12,642.60

Increased land application and record keeping equipment inspections for CAFOs.

25 inspections/year @ 1 hour/inspection X \$33.27/ hourly wage for EHSM X 250 operations = \$207,937.50

Additional operating permit application preparation

3 hours/application X \$120/hour X 48 applications = \$17,280

TOTAL COST SAVINGS           \$330,505.20

TOTAL COST INCREASES       \$237,860.10

TOTAL NET SAVINGS           \$92,645.10

#### **IV. ASSUMPTIONS**

1. An annualized aggregate cost of this rulemaking is used for the purposes of providing the aggregate cost for the life of the rule. The annualized aggregate cost is the agency estimate of the average costs that will be incurred in any future year, no matter how far distant. For convenience of calculating this fiscal note over a reasonable time period, the life of the rule is assumed to be indefinite. If the life of the rule extends beyond 1 year, the annual costs for additional years will be consistent with the assumptions used to calculate annual costs as identified in this fiscal note.
2. The number of Concentrated Animal Feeding Operations (CAFO) applications submitted to the department varies from year to year and some CAFO owners may submit more than one application. For cost estimates of this fiscal note, the number of applications is based on recent submittals and each application is submitted by a different owner. The estimated cost was determined on a per application basis. Operating permit applications for minor modifications such as facility name change and ownership transfer are not included in this estimate, as these requirements have not changed.
3. Construction permit fees are based on the fee structure effective January 1, 2015.

4. Class IA CAFOs will be required to conduct additional daily inspections of lagoons when water levels are within one foot of the emergency spillway. Records of these inspections must also be maintained. Because this requirement is dependent on precipitation amounts, storm frequencies and management of individual lagoons, it is not possible to know the exact number of inspections that will be required and it will vary from year to year. It is estimated this could increase the number lagoon inspections by an average of 20 per year. Also, the number of inspections by Class IA CAFOs with wet flush systems will be reduced by 676 per year. This will also reduce the time spent on record keeping. There are approximately ten CAFOs that have flush systems. These inspections are typically conducted by the Environment, Health and Safety Manager (EHSM) and take approximately one half hour to conduct per inspection.
5. Land application equipment will be required to be inspected daily when in use. It is estimated this will increase the average amount of inspections by 25 per year. Records of these inspections must also be maintained. This new requirement applies only to CAFOs that apply manure to fields that are under the operational control of the CAFO owner or operator whether owned, rented or leased. The wages of the CAFO owner or operation was unable to be determined, therefore, the EHSM wages were used.
6. The Environmental Health and Safety Manager (EHSM) hourly wage is based on the Bureau of Labor Statistics 50% median hourly wage from <http://www.bls.gov/oes/current/oes299011.htm>.
7. Engineering fees are based on a Deltek Axium 2011 survey median for engineering billing rates at <https://www.axium.com/blog/architecture-and-engineering-billing-rate-trends/>.
8. It is impossible to determine cost savings for each classification of business because there is no way of knowing which ones will submit operating permit applications. For new or expanding CAFOs that do not construct an earthen storage basin, the cost savings would be the same per application regardless of the classification. Based on current issued permits, that majority of cost savings would be in the NAICS Classifications of 112210 Hog and Pig Farming, 112320 Broilers and Other Meat Type Chicken Production, 112310 Chicken Egg Production and 112330 Turkey Production.
9. This fiscal note accounts for costs associated with permit applications and operating permit requirements. It does not account for costs associated with the engineering design of the CAFO. These costs are accounted for in the fiscal note for 10 CSR 20-8.300.