

HF3684 - 0 - New White-Tailed Deer Registrations Prohibited

Chief Author: **Josh Heintzeman**
 Committee: **Agriculture Finance and Policy**
 Date Completed: **3/4/2022 2:32:31 PM**
 Lead Agency: **Agriculture Dept**
 Other Agencies:
 Animal Health Board Natural Resources Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Dollars in Thousands					
Agriculture Dept					
General Fund	-	-	12,301	586	-
Animal Health Board					
General Fund	-	-	106	(65)	(65)
Restrict Misc. Special Revenue	-	-	66	66	66
State Total					
General Fund	-	-	12,407	521	(65)
Restrict Misc. Special Revenue	-	-	66	66	66
Total	-	-	12,473	587	1
Biennial Total			12,473		588

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Agriculture Dept					
General Fund	-	-	.55	.55	-
Animal Health Board					
General Fund	-	-	-	-	-
Restrict Misc. Special Revenue	-	-	-	-	-
Total	-	-	.55	.55	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 3/4/2022 2:32:31 PM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
Agriculture Dept						
General Fund	-	-	12,301	586	-	-
Animal Health Board						
General Fund	-	-	106	(65)	(65)	(65)
Restrict Misc. Special Revenue	-	-	66	66	66	66
Total	-	-	12,473	587	1	1
Biennial Total			12,473		588	588
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Agriculture Dept						
General Fund	-	-	12,301	586	-	-
Animal Health Board						
General Fund						
Expenditures	-	-	171	(65)	(65)	(65)
Absorbed Costs	-	-	(65)	-	-	-
Restrict Misc. Special Revenue	-	-	-	-	-	-
Total	-	-	12,407	521	(65)	(65)
Biennial Total			12,407		456	456
2 - Revenues, Transfers In*						
Agriculture Dept						
General Fund	-	-	-	-	-	-
Animal Health Board						
General Fund	-	-	-	-	-	-
Restrict Misc. Special Revenue	-	-	(66)	(66)	(66)	(66)
Total	-	-	(66)	(66)	(66)	(66)
Biennial Total			(66)		(132)	(132)

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 Agency: **Agriculture Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Dollars in Thousands					
General Fund	-	-	12,301	586	-
Total	-	-	12,301	586	-
Biennial Total			12,301		586

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	.55	.55	-
Total	-	-	.55	.55	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 3/4/2022 2:31:53 PM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	12,301	586	-
Total	-	-	-	12,301	586	-
Biennial Total				12,301		586
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	12,301	586	-
Total	-	-	-	12,301	586	-
Biennial Total				12,301		586
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill prohibits new registration for farmed white-tailed deer, establishes a voluntary farmed white-tailed deer buyout program, and appropriates money for the voluntary farmed white-tailed deer buyout program.

Assumptions

The MDA would administer the described buyout program, working together with the the BAH to obtain herd contact information, and to publicize program details. Other assumptions include:

- MDA would use an existing indemnity calculator tools to establish buyout payment amounts, offers and criteria. This tool is used by USDA for CWD positive herds. The current maximum cap per deer is \$3,000 using that tool. Our calculations used the \$3,000 maximum; however, actual market value of healthy deer may yield a higher rate and would increase the cost of the buyout program.
- Because the deer are assumed to be healthy, deer disposal would be done using slaughter for human food as the primary and most desirable option, with intent to contract with local processors and distribute to food shelves (estimated to have 80% done this way). Deer unable to be disposed of this way would need to be landfilled, taken to the methane digester or otherwise disposed of in an appropriate way (20%). This would take place over 2 years due to the time needed to coordinate slaughter, disposal and other logistics.
- All deer would need to be CWD tested after euthanasia - testing costs are currently at \$42/animal, plus shipping and collection. The testing and cost will be handled by BAH.
- Because the indemnity calculator may not provide owners with their perceived values for animals, negotiation of payment amounts would be expected to be contentious and will require significant administrative time to accomplish.
- Deer herd owners would be given time to sell higher value animals into other States that accept deer for hunting preserves or other activities. This is expected to impact a very small number of deer.
- Inspection time would be required at the meat processing plant for deer processed for food shelves; this activity is not an allowed expense under the USDA Meat Inspection program Cooperative agreement and State funds would be required to support inspection time.
- Estimates include all deer, in every deer herd, as it would be expected that most, if not all, herd owners would be interested in participating in this program. Our assumption includes a full buyout of all farmers at a total cost of \$12,301,197 in FY23 and \$586,197 in FY24. If 25% of deer farmers participate in the buyout the total cost would be \$3,119,566 in FY23 and \$190,816 in FY24. If 50% of deer farmers participate in the buyout the total cost would be \$6,180,110 in FY23 and \$322,610 in FY24. If 75% of deer farmers participate in the buyout the total cost would be \$9,240,653 in FY23 and \$454,403 in FY24.

- The number of deer used in the cost estimate for this bill is based on the Board of Animal Health's FY21 Annual Report. Actual number of deer may vary depending on season.
- Funds would be available on a first come-first serve basis.
- Because of the time necessary to depopulate deer herds, either by slaughter or otherwise, it is expected that funds would need to be available in FY23-24.

Expenditure and/or Revenue Formula

Expenditure (Actual Dollars)			FY 2022	FY 2023	FY 2024	FY 2025
Salary & Fringe:	Fund	Amount	FTE	FTE	FTE	FTE
Grant Administrator	1000	100,000	0.00	0.50	0.50	0.00
Inspector (Equal To Inspection)	1000	100,000	0.00	0.05	0.05	0.00
		FTE	0.00	0.55	0.55	0.00
		Subtotal	0	55,000	55,000	0
Information Technology:						
MNIT costs (network, laptop, phone, etc)			0	3,022	3,022	0
		Subtotal	0	3,022	3,022	0
Other Operating Costs:						
Training	1000			500	500	
Travel (Inspector)	1000			500	500	
Buyout Costs (\$3,000 per deer buyout * 3,905 deer, split into two years, payment will all take place in FY 2023)	1000			11,715,000	-	
Process Costs (Slaughter, \$300/deer, to include transport to food shelves, 80% of deer)	1000			468,600	468,600	
Other Disposal Costs (20% of deer via digester or landfill expected to be up to \$1.50 per pound and 100 pound per animal average)	1000			58,575	58,575	
		Subtotal	0	12,243,175	528,175	0
		Expenditure Total	0	12,301,197	586,197	0
Fiscal Tracking (Dollars in Thousands)			FY 2022	FY 2023	FY 2024	FY 2025
Impact:						
Expenditure	1000		0	12,301	586	0
Revenue			0	0	0	0
Annual Cost (Savings)	1000		0	12,301	586	0
Cumulative Cost (Savings)	1000		0	12,301	12,887	0

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Nicole Neeser

Agency Fiscal Note Coordinator Signature: Sherry Kromschroeder

Phone: 651-201-6580

Date: 3/4/2022 11:31:08 AM

Email: sherry.kromschroeder@state.mn.us

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Chief Author: **Josh Heintzeman**
 Committee: **Agriculture Finance and Policy**
 Date Completed: **3/4/2022 2:32:31 PM**
 Agency: **Animal Health Board**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Dollars in Thousands					
General Fund	-	-	106	(65)	(65)
Restrict Misc. Special Revenue	-	-	66	66	66
Total	-	-	172	1	1
Biennial Total			172		2

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-
Restrict Misc. Special Revenue	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 3/4/2022 2:31:45 PM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024
General Fund		-	-	106	(65)
Restrict Misc. Special Revenue		-	-	66	66
Total		-	-	172	1
Biennial Total				172	2
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund					
Expenditures		-	-	171	(65)
Absorbed Costs		-	-	(65)	-
Restrict Misc. Special Revenue		-	-	-	-
Total		-	-	106	(65)
Biennial Total				106	(130)
2 - Revenues, Transfers In*					
General Fund					
Restrict Misc. Special Revenue		-	-	(66)	(66)
Total		-	-	(66)	(66)
Biennial Total				(66)	(132)

Bill Description

This bill prohibits new registration for farmed white-tailed deer, establishes a voluntary farmed white-tailed deer buyout program, and appropriates money for the voluntary farmed white-tailed deer buyout program.

Assumptions

The Board of Animal Health (BAH) assumes that a voluntary buyout of white-tailed deer (WTD) will coincide with the decline of herd registrations. Regardless of participation in the proposed WTD voluntary buyout, BAH will need to maintain current staff to continue the Farmed Cervidae programs for all other species (including elk, red deer, reindeer, fallow deer, sika deer, munjac, Pere David's deer, moose, and caribou) due to the intensive nature of the program. At the end of fiscal year 2021, other cervid species made up 84 herds.

Fiscal Year	Registered Cervid Herds	Registered Herds with White-Tailed Deer
2019	360	249
2020	291	195
2021	259	175

Based on historic registrations BAH estimates that about half of WTD herds are hobbyist herds and half are commercial herds. At the end of fiscal year 2021, the total number of WTD within registered herds was 3,905. These deer would need to be tested for Chronic Wasting Disease (CWD) through the University of Minnesota Veterinary Diagnostic Lab (VDL), which costs \$42/animal. This is estimated to be \$164,010 without shipping. BAH assumes that \$7,000 would be needed to cover costs of shipping or employee delivery of samples to the VDL. BAH currently maintains an annual contract of \$75,000 for CWD testing at the VDL. The majority of this contract is used for WTD CWD testing. BAH assumes that it would dedicate \$65,000 of this annual contract to CWD testing of WTD in the event of a buyout, maintaining \$10,000 for CWD testing of other farmed cervids.

Field staff that currently inspect WTD premises would need to be maintained by BAH, due to the fact that they work on all

BAH programs across the entire state. A reduction in WTD inspections would allow BAH staff to continue work that has been offloaded to USDA through cooperative agreements. Due to the wide coverage of other animal species BAH regulates and the geography of Minnesota, a reduction in field staff would be harmful to all other BAH programs.

BAH currently dedicates two FTE office staff exclusively to the farmed cervid program. BAH assumes that if the reductions in WTD herds significantly impacted workloads, staff duties would be shifted to the backlog of work on other programs built up through attrition during the COVID-19 pandemic and subsequent statewide hiring freeze.

Expenditure and/or Revenue Formula

If all 175 WTD farms participated in the voluntary buyout, BAH estimates \$65,750 in lost revenue.

Herd Type	Registered Herds	Total
Hobby (Fee \$250)	87	\$21,750
Commercial (Fee \$500)	88	\$44,000
Totals	175	\$65,750

175 registered WTD herds make up a total of 3,905 farmed deer in Minnesota. CWD testing costs \$42/animal through the VDL. BAH estimates a cost of **\$164,010** in testing bought out WTD for CWD.

$$3,905 \times \$42 = \$164,010$$

BAH maintains a testing contract with the VDL for CWD. Estimating that \$10,000 must go towards non-WTD cervids, BAH would need to spend an additional **\$99,010** than currently budgeted for CWD testing.

\$164,000 buyout CWD testing cost - (**\$75,000** existing contract - **\$10,000** non-WTD tests)= **\$99,010** in additional funds spent towards CWD testing.

\$7,000 would need to be allocated for shipping or employee transit of testing samples, estimating \$40 per premises.

Long-Term Fiscal Considerations

No long term considerations.

Local Fiscal Impact

No local fiscal impact.

References/Sources

HF 3684

Agency Contact: Kara Schmidt, 651-201-6822

Agency Fiscal Note Coordinator Signature: Marita Bliven

Phone: 651-201-6837

Date: 3/4/2022 11:18:54 AM

Email: marita.bliven@state.mn.us

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Chief Author: **Josh Heintzeman**
 Committee: **Agriculture Finance and Policy**
 Date Completed: **3/4/2022 2:32:31 PM**
 Agency: **Natural Resources Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2021	FY2022	FY2023	FY2024	FY2025
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 3/3/2022 10:18:08 AM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill prohibits new registration of farmed white-tailed deer but allows selling or transferring registration to a family member.

Assumptions

Family members who buy, sell, or transfer assume responsibility and adherence for applicable laws.

All buyout payments are facilitated and managed by the Dept. of Agriculture.

DNR would continue co-management and consultation with Board of Animal Health and Dept. of Agriculture.

Expenditure and/or Revenue Formula

DNR staff may be consulted on an as-needed basis. DNR would assume these time/costs.

Long-Term Fiscal Considerations

none

Local Fiscal Impact

none

References/Sources

Agency Contact: Linda Kelly (651) 259-5238

Agency Fiscal Note Coordinator Signature: Tyler Teggatz

Phone: 651-259-5304

Date: 3/3/2022 10:03:12 AM

Email: tyler.teggatz@state.mn.us