

**HF3903 - 0 - Deer Farm Compensation**

Chief Author: **John Burkel**  
 Committee: **Agriculture Finance and Policy**  
 Date Completed: **3/14/2022 4:27:18 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		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Agriculture Dept</b>						
General Fund	-	-	240	-	-	-
<b>Animal Health Board</b>						
General Fund	-	-	21	-	-	-
<b>State Total</b>						
General Fund	-	-	261	-	-	-
<b>Total</b>	-	-	261	-	-	-
<b>Biennial Total</b>			261			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Agriculture Dept</b>					
General Fund	-	-	.2	-	-
<b>Animal Health Board</b>					
General Fund	-	-	.17	-	-
<b>Total</b>	-	-	.37	-	-

**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:** 3/14/2022 4:27:18 PM  
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**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.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
<b>Agriculture Dept</b>						
General Fund		-	-	240	-	-
<b>Animal Health Board</b>						
General Fund		-	-	21	-	-
<b>Total</b>		-	-	<b>261</b>	-	-
<b>Biennial Total</b>				<b>261</b>		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Agriculture Dept</b>						
General Fund		-	-	240	-	-
<b>Animal Health Board</b>						
General Fund		-	-	21	-	-
<b>Total</b>		-	-	<b>261</b>	-	-
<b>Biennial Total</b>				<b>261</b>		-
<b>2 - Revenues, Transfers In*</b>						
<b>Agriculture Dept</b>						
General Fund		-	-	-	-	-
<b>Animal Health Board</b>						
General Fund		-	-	-	-	-
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

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 Agency: **Agriculture Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
<b>Local Fiscal Impact</b>		
		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	
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024
General Fund	-	-	240	-	-
<b>Total</b>	-	-	<b>240</b>	-	-
<b>Biennial Total</b>			<b>240</b>		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	.2	-	-
<b>Total</b>	-	-	<b>.2</b>	-	-

**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:** 3/14/2022 4:26:51 PM  
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**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.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	240	-	-
<b>Total</b>	-	-	-	<b>240</b>	-	-
<b>Biennial Total</b>				<b>240</b>		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	-	240	-	-
<b>Total</b>	-	-	-	<b>240</b>	-	-
<b>Biennial Total</b>				<b>240</b>		-
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>				-		-

**Bill Description**

This bill provides for payments to white tail deer herd owners to compensate for costs incurred by movement bans and health status classifications made for Chronic Wasting Disease control.

**Assumptions**

This bill provides compensation to producers who may have been affected by two specific actions:

1. The DNR stop movement actions in calendar 2021
2. Being located in a CWD endemic zone in calendar 2021

The estimations made in this note are based on the best available information for costs of feed, veterinary care, and fencing. Herd and animal numbers are based on FY21 totals. Specific considerations are made for each of the criteria above, with the impact of movement restrictions, and additional costs for feed, fencing and/or veterinary care estimated for each. Also, all financial effects are calculated for commercial herds, and not for hobbyist herds, as hobbyist herds are not allowed to move animals in any case.

**DNR Stop Movement Actions**

There were two such actions in Calendar 2021: June 1 - July 31 and October 11 - December 6, 2021. These actions prevented deer from being moved off the farm, intrastate, except for to slaughter. They did not address movement off the farm into other States. Other States may have stopped movement - the effect of this is unknown as the actions of other States vary by State.

Movement restrictions: Movement of deer, for profit, is primarily done for trophy hunting, and would affect a relatively small number of animals in an individual herd. The restrictions in October 2021 - December 2021 would have been of primary concern and could have resulted in lost revenue if animals could not be moved during this time; however, the herd owners would also retain these animals, and thus retain (or increase) their values for future sale. Some animals may have needed to be sold for slaughter instead of retained for the next year; a loss in revenue is expected for these animals. An estimation of \$5,000 loss per animal value was included for each of these animals. In 2020, a total of 446 movements occurred intrastate (for the entire year); the second ban window accounts for 1/6 of the year; however, it is estimated slightly more movements could normally be made during ban window due to hunting season; this note assumes 25% (1/4) would have occurred in the second window (about 112), and of those, 25% would have been sent to slaughter instead of held over (28). Thus, total estimated cost would be 28 animals multiplied by \$5,000/head.

Feed costs: Calculations of additional feed costs would be for animals that would have to stay on the farm due to the

movement ban. This only applies to animals that would have been sold via a route other than slaughter, or out of state. Cost calculations were based on estimated feed costs listed in the resource document, The Economics of Deer Farming (extension.okstate.edu), with some general increases to account for rising hay costs over the past few years. The estimate uses a cost of \$7.51/week per deer (about \$1.07/day) based on a price of hay at \$150/ton, and \$440/ton on feed concentrates. This cost is applied over the 8-week period for the remaining 75% (84) of the deer that would have been required to stay on the farms (using animal movement data) and did not get otherwise sold to slaughter.

Veterinary: Additional veterinary costs could be incurred due to higher-than-normal stocking densities, that result in animals fighting and subsequent injuries, antler removal, etc. This is expected to affect a very small number of animals and was estimated to be one veterinary call at \$500/call for half of the 88 commercial herds. According to DNR there are 175 farms 88 of these are commercial farms.

Fencing: Additional fencing costs are not a consideration for these herds as they would be expected to already have the necessary fencing in place to hold their animals.

**Movement Restrictions in CWD Endemic Zone**

CWD endemic zones were established, and consistent for the entire Calendar 2021. Producers within the endemic zones are not able to move animals intrastate, except for to slaughter, and to other States that may accept animals from an endemic zone, unless they are double fenced. This only affects producers classified as commercial, and who would have the ability to move animals, in the first place. Hobbyist herds are not able to move animals. Also, it only affects producers in the endemic zone. On the FY 2021 inventory, there were four producers in the endemic zone classified as commercial.

Movement restrictions: these producers could still move animals to slaughter, but not otherwise within the State. There were no new movement restrictions put into place in Calendar 2021 for endemic classifications, and thus there would be no specific costs incurred, except those noted below.

Feed costs: These producers would be required to keep animals on their farm unless they have the necessary fencing, however, were also previously required to do so, and thus would not have added costs.

Veterinary: There are no expected added veterinary costs.

Fencing: In order for a producer in the endemic area to move animals intrastate, they must have double fencing. It is assumed that the 4 commercial producers did not have double fencing and would be required to install it to maintain normal business operations. Fencing costs are highly variable, and there is no simple formula that works since all fences and topography are different. Each fence would need different bracing and/or support structures and are of different length. All these factors would likely increase costs, along with the current volatility around costs for inputs. For the purposes of this fiscal note, an estimate of \$12,000 per fence (approximately \$6,000 in materials and \$6,000 in labor) was used for four possible producers and a 5-acre parcel. This is a very preliminary estimate, and actual costs could vary wildly based on the factors described above.

In the event this appropriation is less than the need, reimbursements will be issued on a first come first serve basis.

**Expenditure and/or Revenue Formula**

Expenditure (Actual Dollars)			FY 2023
Salary & Fringe:	Fund	Amount	FTE
Staff to review and process grant applications collaboratively with DNR and BAH	1000	123,000	0.20
		FTE	0.20
		Subtotal	24,600
Information Technology:			
IT costs	1000		604
		Subtotal	604
Other Operating Costs:			

DNR Stop Movement:			
Lost revenue due to movement restrictions (animals sold to slaughter instead of for hunting): 28 animals * \$5,000/animals	1000		140,000
Feed Costs: (84 animals, 8 weeks, \$7.51/animal/week)	1000		5,047
Veterinary Costs: 1 call/farm * \$500/call * 44 farms	1000		22,000
Endemic movement restrictions:			
Fencing: 4 producers * \$12,000 per fence for a 5 acre parcel	1000		48,000
		Subtotal	215,047
		Expenditure Total	240,251

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

The Economics of Deer Farming: Startup Costs and Yearly Maintenance Costs, Oklahoma State Extension:

<https://extension.okstate.edu/fact-sheets/the-economics-of-deer-farming-startup-costs-and-yearly-maintenance-costs.html>

BAH Annual Report FY 2021 Farmed Cervidae Program Farm numbers

Fencing material costs provided by the MN DNR (estimated as of February 2022)

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**Agency Fiscal Note Coordinator Signature:** Sherry Kromschroeder

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**HF3903 - 0 - Deer Farm Compensation**

Chief Author: **John Burkel**  
 Committee: **Agriculture Finance and Policy**  
 Date Completed: **3/14/2022 4:27:18 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

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		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	21	-	-	-
<b>Total</b>	-	-	<b>21</b>	-	-	-
<b>Biennial Total</b>			<b>21</b>			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	.17	-	-
<b>Total</b>	-	-	<b>.17</b>	-	-

**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:** 3/14/2022 4:26:58 PM  
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**State Cost (Savings) Calculation Details**

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

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	21	-	-
<b>Total</b>		-	-	<b>21</b>	-	-
<b>Biennial Total</b>				<b>21</b>		
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	-	21	-	-
<b>Total</b>		-	-	<b>21</b>	-	-
<b>Biennial Total</b>				<b>21</b>		
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		

**Bill Description**

This proposal issues a one-time appropriation to Dept. of Agriculture to cover expenses and revenue loss, in 2021, to white-tailed deer farm owners.

**Assumptions**

This bill has two parts 1) those impacted by the movement ban, and 2) farms within CWD endemic areas who were unable to move deer. Endemic areas existed before 2021; no lost incomes have been reported due to the endemic area.

Producers across the state may be reimbursed for revenue lost during the statewide ban issued by the Commissioner of Natural Resources (DNR) between October 11, 2021 and December 6, 2021. This is the only ban established.

Farms within chronic wasting disease endemic areas may be reimbursed for revenue lost (i.e. extra feed, fencing, veterinarian expenses, exhibition) due to movement bans imposed by the DNR Commissioner in emergency rules and the restrictions and requirements imposed by the BAH during calendar year 2021.

BAH and DNR will work with producers to verify the value of costs incurred and revenue lost due to the movement restrictions.

Staff time would be required to individually evaluate which farms are impacted, review herd records and possibly visit farms to verify information provided for reimbursement. Since co-management responsibilities are still being determined between BAH and the DNR due to concurrent authority, the BAH assumes 50% of these costs.

BAH assumes up to 175 farms, with a total white tailed deer population of 3,905 statewide, could request reimbursement. It is assumed not all farmers will request this, but since all 175 farms could be eligible they are all counted. Larger farms will require more time for review of herd records than smaller farms. This fiscal note assumes an average of four hours for verification of records for each farm.

**Expenditure and/or Revenue Formula**

BAH cost: 50% of cost to review farms for reimbursement from the general fund.

	All Farms	Farms Assigned to BAH
Number of farm	175	88



Average # of hours per farm	4	4
Total number of hours	700	350
% of FTE (2080 hours = 1 FTE)	33.7%	16.8%
\$ of FTE (annual salary/fringe \$123,000)	\$41,394	\$20,697

**Long-Term Fiscal Considerations**

If responsibility of oversight of white-tailed deer shifts between DNR and BAH, an increased or decreased appropriation may be required

**Local Fiscal Impact**

**References/Sources**

HF 3909-0

MS 35.155, Subd. 14, Concurrent Authority

DNR News Release: **DNR temporarily bans farmed deer movement into and within Minnesota to protect state's wild white-tailed deer** (<https://www.dnr.state.mn.us/news/2021/10/11/dnr-temporarily-bans-farmed-deer-movement-and-within-minnesota-protect-states-wild-white-tailed-deer#:~:text=Page%20Menu-,DNR%20temporarily%20bans%20farmed%20deer%20movement%20into%20and%20within%20Minnesota,state's%20wild%20white%20tailed%20deer&text=The%20Minnesota%20Department%20of%20Natural,deer%20into%20and%20within%20Minnesota.>)

DNR News Release: **DNR to rescind rule temporarily banning farmed deer movement into and within Minnesota** (<https://www.dnr.state.mn.us/news/2021/12/02/dnr-rescind-rule-temporarily-banning-farmed-deer-movement-and-within-minnesota>)

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**HF3903 - 0 - Deer Farm Compensation**

Chief Author: **John Burkel**  
 Committee: **Agriculture Finance and Policy**  
 Date Completed: **3/14/2022 4:27:18 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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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Total</b>	-	-	-	-	-

**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:** 3/14/2022 4:27:07 PM  
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**State Cost (Savings) Calculation Details**

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

**Bill Description**

This proposal issues a one-time appropriation to Dept. of Agriculture to cover expenses and revenue loss, in 2021, to white-tailed deer farm owners.

**Assumptions**

The Board of Animal Health (BAH) and Dept. of Agriculture (MDA) will work with producers to determine the value of costs incurred and revenue loss.

Department of Natural Resources (DNR) staff time may be required to evaluate which farms are impacted or review reimbursement submissions. Co-management responsibilities are still being determined and responsibilities are currently unknown, therefore DNR costs are expected to be minimal.

**Expenditure and/or Revenue Formula**

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

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