

## The Effects of Regulations on the U.S. Salmonid Industry: Idaho Findings\*

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A national survey of the U.S. salmonid (trout, salmon, arctic char) industry was conducted in 2017–2018 to measure the farm-level costs of regulations. This fact sheet reports the findings from Idaho (Figure 1).

The total statewide on-farm regulatory cost burden for Idaho was \$7.0 million per year (adjusted for coverage). Per farm, annual regulatory costs averaged \$538,135 and \$0.21 per pound. The majority of the increased regulatory costs on farms were related to direct costs, which included testing for fish health certificates and effluent discharges (82%). Increased manpower costs were 14% of the regulatory cost burden, while permits constituted less than 1% of the regulatory cost burden (Table 1).

In addition to the increased on-farm costs, regulatory actions resulted in lost sales revenue that included: \$1.2 million per year in lost market sales, \$0.5 million per year in lost revenue from reduced production capacity, and an estimated \$0.1 million per year of lost sales due to thwarted attempts at expansion. Per farm, lost market sales were \$99,458/per year, the value of lost production averaged \$42,946/per year, and the value of lost sales revenue due to thwarted expansion attempts averaged \$7,250/per year. Regulatory costs on farms constituted 7% of total costs on Idaho salmonid farms and lost sales revenue 46% of total costs.

Respondents reported that the most problematic regulations were those associated with effluent discharge permitting, fish health testing required

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Figure 1. State surveyed

*The total on-farm regulatory cost burden for Idaho was \$7 million per year.*

Table 1. Idaho on-farm regulatory costs

Cost category	% of total regulatory costs
Direct costs (testing, etc.)	82%
Manpower	14%
Farm-level changes	3%
Permits/licenses	<1%

for certificates for interstate transport, the Lacey Act enforced by the U.S. Fish and Wildlife Service, transportation (U.S. Department of Transportation), other state regulations, processing, U.S. Food and Drug Administration Veterinary Feed Directive, water access, other federal regulations, the total regulatory burden, and county and local regulations (Figure 2). In terms of costs, EPA effluent discharge regulations composed the greatest percentage of total regulatory costs (85%), followed by county and local regulations (7%), water access (6%), and fish health testing for health certificates and food safety, each at 1% (Figure 3).

In summary, the regulatory costs on salmonid farms in Idaho cost substantially more per farm, on average, but at a lower average cost per pound of fish and at a lower percentage of total costs than the national average (Table 2). Idaho is the largest trout-producing state in the U.S., with a substantially greater average size of farm than most other states. Idaho farmers primarily raise trout for the foodfish markets. Regulatory costs per pound were found to be lower on larger farms and also lower for farms that sell to foodfish markets rather than to recreational markets because farms that sell into recreational markets face additional regulations related to interstate transportation of live fish. Lost revenue as a percentage of total costs was substantially greater than that of the national average. The high percentage of lost revenue in Idaho is a cause for concern in terms of the ability of the largest trout-producing state in the U.S. to expand to meet the reported increase in demand for trout foodfish.

Study results showed that the regulatory cost burden on the U.S. salmonid industry has increased farm costs substantially and constrained the industry's ability to increase product supply to meet strong market demand, which is being met by increasing trout and salmon imports. Innovative regulatory

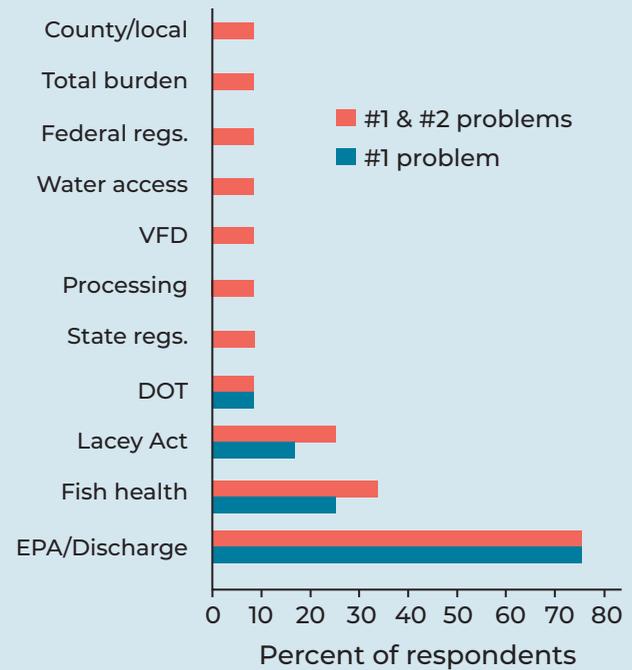


Figure 2. Most problematic regulations in Idaho

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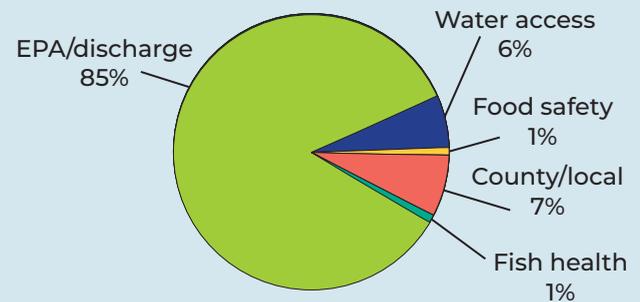


Figure 3. Types of regulations in Idaho: percent of total regulatory costs

monitoring and compliance frameworks that reduce the on-farm regulatory cost burden are needed. The types of regulatory reforms with potential to reduce regulatory costs in Idaho include: reduced frequency of testing for effluent discharge and fish health

certificates, adoption of uniform fish health testing standards, adoption of risk-based approaches to environmental management, and development of clear appeals processes for aquaculture farmers (Table 3).

Table 2. Summary of national and Idaho study results

Regulatory burdens and impacts	National findings	Idaho
<b>BURDEN</b>		
Total national on-farm regulatory cost burden	\$16.1 million/year	\$7.0 million/year
Per farm average regulatory cost	\$150,506/farm	\$538,135/farm
Average regulatory cost per pound of production*	\$1.23/pound	\$0.21/pound
Percent regulatory costs of total farm costs	12%	7%
<b>IMPACT</b>		
Lost market sales	\$7.1 million/year	\$1.2 million/year
Lost revenue from reduced production	\$5.3 million/year	\$0.5 million/year
Estimated lost revenue due to thwarted expansion attempts	\$40.1 million/year	\$0.1 million/year
Percent lost revenue sales of total costs	28%	46%
* Averaged by farm		

Table 3. Regulatory reforms with potential to reduce regulatory costs

Regulatory reforms
<ul style="list-style-type: none"> <li>• Reduce regulatory redundancy</li> <li>• For farms with history of good performance:                             <ul style="list-style-type: none"> <li>◦ Reduce frequency of effluent testing</li> <li>◦ Reduce frequency of fish health testing</li> </ul> </li> <li>• Adopt uniform fish health testing standards</li> <li>• Develop clear appeal procedures for farmers</li> <li>• Adopt risk-based approaches to environmental management</li> </ul>

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