

The Effects of Regulations on the U.S. Salmonid Industry: Utah 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 findings from the state of Utah (Figure 1).

The total statewide on-farm regulatory cost burden for Utah was \$294,916 per year (adjusted for coverage). Per farm, annual regulatory costs averaged \$48,661 and \$4.21 per pound. The greatest percentage of the increased regulatory costs on farm was related to costs of the permits (36%), followed by manpower (23%), direct costs, which included testing for fish health certificates and effluent discharges (23%), and farm-level changes (18%) (Table 1).

In addition to the increased on-farm costs, regulatory actions resulted in lost sales revenue that included: \$2.1 million per year in lost market sales, \$570,000 per year in lost revenue from reduced production capacity, and an estimated \$50,000 per year in lost revenue due to thwarted expansion attempts. Per farm, lost market sales were \$344,025 per year, the value of lost production averaged \$95,000 per year, and the value of lost revenue due to thwarted expansion attempts averaged \$8,333 per year. Regulatory costs on farms constituted 20% of total costs on Utah salmonid farms and lost sales revenue 154% of total costs.

Respondents reported that the most problematic regulations were those associated with fish health testing required to obtain health certificates for interstate transport to markets, state regulations,

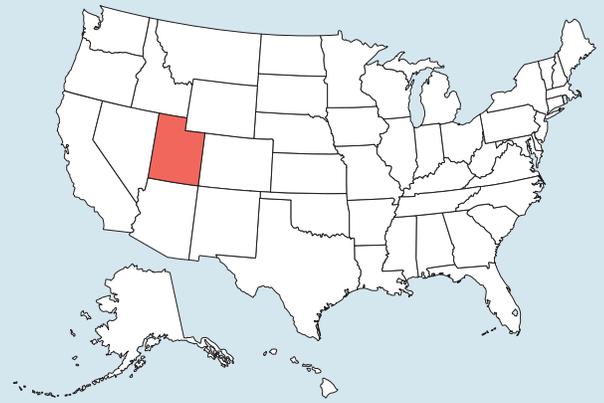


Figure 1. State surveyed

The total on-farm regulatory cost burden for Utah was \$294,916 per year.

Table 1. Utah on-farm regulatory costs

Cost category	% of total regulatory costs
Direct costs (testing, etc.)	23%
Manpower	23%
Farm-level changes	18%
Permits/licenses	36%

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bird depredation permits, EPA effluent discharges, and processing (Figure 2). In terms of costs, county and local regulations (59%) comprised the greatest regulatory cost, followed by fish health testing to obtain certificates for interstate transport (23%), EPA effluent discharges (16%), and water access and food safety, each 1% (Figure 3).

In summary, the regulatory costs on salmonid farms in Utah cost less per farm, on average, but substantially more per pound of fish and more as a percentage of total costs than the national average (Table 2). Lost revenue as a percentage of total costs in Utah was substantially greater than that at the national level, exceeding current total farm costs. At one time, Utah had been a leading trout-producing state. A series of regulatory actions resulted in substantial contraction of trout farming in the state. At the time of the survey, there were substantial regulatory costs due to on-going conflicts in the state that were reflected in the very high regulatory cost per pound. The very high percentage of lost sales as a percent of farm costs reflects a substantial loss of markets, which resulted from regulatory actions.

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 currently being met by increasing trout and salmon imports. Innovative regulatory 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 Utah 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).

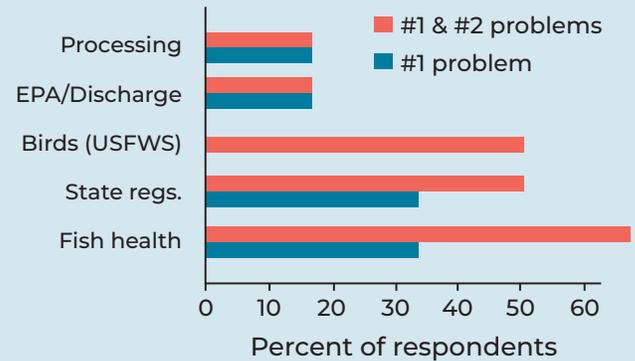


Figure 2. Most problematic regulations in Utah

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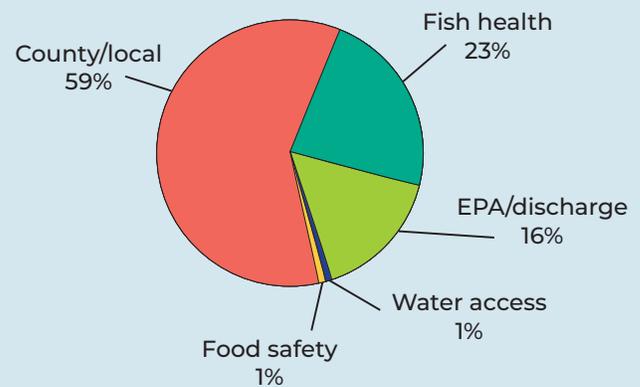


Figure 3. Types of regulations in Utah: percent of total regulatory costs

Table 2. Summary of national and Utah study results

Regulatory burdens and impacts	National findings	Utah
BURDEN		
Total national on-farm regulatory cost burden	\$16.1 million/year	\$294,916/year
Per farm average regulatory cost	\$150,506/farm	\$48,661/farm
Average regulatory cost per pound of production*	\$1.23/pound	\$4.21/pound
Percent regulatory costs of total farm costs	12%	20%
IMPACT		
Lost market sales	\$7.1 million/year	\$2.1 million/year
Lost revenue from reduced production	\$5.3 million/year	\$570,000/year
Estimated lost revenue due to thwarted expansion attempts	\$40.1 million/year	\$50,000/year
Percent lost revenue sales of total costs	28%	154%
* Averaged by farm		

Table 3. Regulatory reforms with potential to reduce regulatory costs

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

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