



# Focus

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## Economic Impact Studies for the Grass Seed Field Burning Regulation

### **Background**

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The Department of Ecology proposes to substantially reduce smoke from grass seed field burning in Washington in response to studies on the impact of smoke on human health and to complaints from Spokane-area doctors and their patients.

In April, Ecology adopted an emergency amendment to air quality regulations using specific authority in the Washington Clean Air Act. The amendment reduces the number of acres of grass seed fields burned in Washington this year by one-third, based on a grower's 1995 acreage burned or 1996 grass acreage in production. Ecology now seeks a permanent amendment that would require the same one-third reduction found in the emergency regulation and an additional one-third reduction in 1997 and thereafter.

### **Two Studies: Small Business Economic Impacts, Overall Cost/Benefit Analysis**

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The proposed permanent revision to the Clean Air Act must be accompanied by two types of economic analysis.

*Small Business Economic Impacts:* The Regulatory Fairness Act requires that regulations proposed by state agencies be examined to ensure that they do not place a burden on small businesses that is significantly greater relative to that placed on large businesses. A final Small Business Economic Impact Statement was filed along with the proposed permanent regulation in July 1996.

*Cost/Benefit Analysis:* Recent legislation also requires Ecology to look at ways to solve a problem through means other than a regulation, and to review alternative versions of its proposed regulation before taking final action. Ecology must show that probable benefits of the regulation outweigh its probable costs. Further, Ecology must show that it has chosen a version of the regulation that obtains the intended results while imposing the least amount of burden on those who are regulated.

### **Results of Small Business Economic Impact Statement**

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Ecology contracted with Huchell/Weinman Associates, Inc. to prepare a Small Business Economic Impact Statement (SBEIS) for the proposed regulation. Since primary impacts would likely be borne by the grass seed industry, composed of grass growers, seed processors and wholesalers/distributors, the firm contacted these persons to estimate potential economic impacts. This sampling of businesses included small and large firms likely to be affected by the proposed regulation revision in various grass production areas of Washington.

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The SBEIS, finalized on July 24, concluded that the proposed regulation would create additional costs for grass seed growers, processors and distributors. However, even though economic impacts are expected, they do not weigh proportionately greater on small businesses. Therefore adjustments to the proposed regulation are not required to reduce impacts on those firms.

## **Cost/Benefit Study**

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In addition to estimating the impact on small businesses, Ecology must also analyze the overall costs of complying with the proposed grass field burning regulation versus the anticipated benefits.

*Cost:* Ecology has contracted Huchell/Weinman to evaluate costs. This analysis will contain general socio-economic costs including grass seed growing industry costs, grass seed processing industry costs, soil erosion, changes in herbicide and pesticide usage, safety considerations and other societal costs in the state of Washington.

*Benefits:* Agricultural economists at Washington State University were selected to analyze the potential benefits from the proposed regulation. WSU has designed and managed a telephone survey of 1,600 households in eastern Washington and north Idaho. The University of Idaho's Social Survey Research Unit will conduct the interviews and will collect two types of possible benefits data.

The primary potential benefits of the regulation are a reduction in health effects and the attendant medical costs due to smoke. Therefore, a series of health-related questions will provide information to help define potential health benefits from the proposed regulation.

Another series of questions collects information for a "contingent valuation" analysis. The contingent valuation method basically asks people what they would be willing pay to buy a change in their environment -- in this case, reduced smoke from grass field burning. The goal is to get an idea of the economic value of reduced smoke in a way that is comparable to what residents think about when buying clothes at a market or what farmers think about when they calculate the costs of complying with the regulation. This survey is not designed to see how many respondents favor the regulation but to determine how much those who do favor it *would pay* to have the regulation implemented.

Results of this analysis must be ready by late 1996 when Ecology managers are scheduled to make a final decision on the grass seed field burning regulation.

## **For More Information**

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*Internet Access:* <http://www.wa.gov/ecology/air/airhome.html>

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