

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0137-06
Bill No.: HCS for HB 131
Subject: Agriculture and Animals; Agriculture Department
Type: Original
Date: February 22, 2011

Bill Summary: This proposal amends the Puppy Mill Cruelty Prevention Act by limiting it to dog breeders.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	\$306,982	\$460,475	\$460,475
Total Estimated Net Effect on General Revenue Fund	\$306,982	\$460,475	\$460,475

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Animal Care Reserve	\$70,250	\$140,500	\$140,500
Total Estimated Net Effect on <u>Other</u> State Funds	\$70,250	\$140,500	\$140,500

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(6 FTE)	(6 FTE)	(6 FTE)
Total Estimated Net Effect on FTE*	(6 FTE)	(6 FTE)	(6 FTE)

* Note: The fiscal note is showing the cost avoidance of 6 FTE

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Agriculture (AGR)** state the requirements of this proposed legislation would mandate that the department follow up on any violations deemed to be of a serious nature and then prepare a legal referral to the prosecuting attorney or revoke the license of the facility. The current mandate is once per year or upon complaint.

AGR states three additional Animal Health Officers responsible for the enforcement of the proposed legislation would be required for preparing investigations of alleged violations of the proposed legislation. The additional Animal Health Officers would work with program participants, general public; inspect commercial breeders, pet shops, kennels, animal shelters, and related facilities for proper licensure and compliance with animal care statutes and regulations.

AGR states inspections are currently done on 1,390 commercial breeders and 1,341 other dog related facilities. Twelve Animal Health Officers currently inspect all of these facilities. In FY10, prior to the passage of Proposition B (2010), 789 inspections resulted in violations of Missouri law. After the passage of Proposition B, AGR estimates 1,219 dog related facilities would be subject to penalty as that is the current number of registered breeders with more than ten intact female dogs.

AGR states amending section 273.327 would increase license fee revenues by \$83,000 and secure \$57,500 for the promotion of Operation Bark alert. The program would need three (3) additional Animal Health Officers to follow up on repeat violations, prepare legal referral and pursue remedy through circuit court.

AGR states the additional increase of license cap would provide an estimated \$83,000 toward the support of three (3) Animal Health Officers to carry out the provisions of this legislation. However, General Revenue funds would still be needed to pay the balance of costs for the three (3) additional FTEs. The additional General Revenue need by fiscal year is \$141,452 in FY12; 1147,770 in FY13; and \$117,284 in FY14. \$57,000 of additional ACFA revenues is needed to pay for the additional responsibility of promoting Operation Bark Alert.

Oversight assumes since the Department of Agriculture (AGR) already inspects all licensed dog related facilities, therefore they would not need three additional Animal Health Officers. If AGR experiences a measurable increase in its workload as a direct result of this proposal then it can request additional FTE in future budget requests.

ASSUMPTION (Continued)

Oversight assumes the estimated costs of implementing Section 273.345 RSMo. (Proposition B, 2010) that were submitted to the State Auditor, in December of 2009, were as follows.

7.00 Animal Health Officers (AHO) * \$35,000 average annual salary =	\$245,000
1.00 Office Support Assistant	\$28,789

Total Personal Services	\$273,789
Travel, In-state (7.00 AHO)	\$49,000
Supplies (7.00 AHO)	\$7,000
Communication Services (8.00 FTE)	\$4,000
M&R Services (7.00 AHO)	\$5,250
Motorized Equipment (7.00 AH)	\$124,943
Laptops and Printers (8.00 FTE)	\$12,704
Miscellaneous Expenses (8.00 FTE)	\$6,000

Total Expense & Equipment	\$208,897
Grand Total Annual Program Costs (excl. fringe benefits)	\$482,686

This proposed legislation will cost avoid 6 of the original FTE requested by the Department of Agriculture for Proposition B. **Oversight** has calculated the fringe rate on the 6 FTE listed by the Department of Agriculture to be \$106,663. Oversight assumes that the passage of this proposed legislation will result in a cost avoidance of \$460,475.

Oversight notes the Department of Agriculture did not request the additional FTE in their FY12 budget request nor did the Governor include the additional FTE in the FY12 Governor's recommended budget for the Department of Agriculture.

Oversight assumes that AGR will receive additional revenue from the increase in commercial breeder license fees and the additional \$25 fee for the promotion of "Operation Bark Alert". Additional revenues in FY12 are estimated for 6 months due to the effective date of January 1, 2012.

ASSUMPTION (Continued)

In response to the previous version of this legislation, officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the **Office of the Attorney General (AGO)** state that two provisions of the proposal will result in an increased caseload for the office. First, the bill lowers the threshold for when the AGO can go into court for an injunction. Currently under 273.335, upon referral the AGO may pursue a violation in court for an injunction only upon certain conditions; the proposal changes this standard so that the AGO upon referral can pursue an injunction for any violation. Second, current law gives only the prosecutor the authority to pursue criminal violations. The proposal would give both the AGO and the prosecutor authority to pursue criminal violations. AGO estimates it would need .5 additional AAG I to handle the increased referrals.

Oversight assumes that it is unclear whether this proposal would increase or decrease the caseload for the AGO, Oversight assumes the AGO could absorb this caseload with existing appropriation. If in the future, this proposal results in substantial caseload growth that merits additional FTE, the AGO may request additional funding through the normal appropriation process.

Officials at the **State Public Defender's Office, Office of Prosecution Services, and Office of State Courts Administrator** assumes there is no fiscal impact from this proposed legislation.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (6 Mo.)	FY 2013	FY 2014
GENERAL REVENUE FUND			
<u>Cost Avoidance - Dept. of Agriculture</u>			
Personal Service	\$101,895	\$203,789	\$203,789
Fringe Benefits	\$53,332	\$106,663	\$106,663
Equipment & Expense	<u>\$75,012</u>	<u>\$150,023</u>	<u>\$150,023</u>
<u>Total Cost Avoidance - AGR</u>	<u>\$230,239</u>	<u>\$460,475</u>	<u>\$460,475</u>
FTE Change - AGR	(6 FTE)	(6 FTE)	(6 FTE)
 ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
	<u>\$230,239</u>	<u>\$460,475</u>	<u>\$460,475</u>
Estimated Net FTE Change for General Revenue Fund (Cost Avoidance)	(6 FTE)	(6 FTE)	(6 FTE)
 ANIMAL CARE RESERVE FUND			
<u>Revenue - Dept. of Agriculture</u>			
Increase in License Fee	\$41,500	\$83,000	\$83,000
“Operation Bark Alert”	<u>\$28,750</u>	<u>\$57,500</u>	<u>\$57,500</u>
<u>Total Revenue</u>	<u>\$70,250</u>	<u>\$140,500</u>	<u>\$140,500</u>
 ESTIMATED NET EFFECT ON ANIMAL CARE RESERVE FUND			
	<u>\$70,250</u>	<u>\$140,500</u>	<u>\$140,500</u>
 FISCAL IMPACT - Local Government			
	FY 2012 (6 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Direct fiscal impact to small commercial dog breeding and other dog related businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill changes the laws regarding the Puppy Mill Cruelty Prevention Act. In its main provisions, the bill:

- (1) Renames the Puppy Mill Cruelty Prevention Act to the Dog Breeders Cruelty Prevention Act;
- (2) Removes the provisions requiring owners to provide adequate shelter from the elements, sufficient housing, sufficient space to turn and stretch freely, necessary veterinary care, and adequate rest between breeding cycles;
- (3) Increases the number of female dogs, from more than 10 to more than 100, that a breeder must own before the provisions of the act become applicable;
- (4) Removes the provision limiting dog ownership to 50 female dogs for the purpose of breeding and selling any offspring as pets; and
- (5) Removes the provision requiring water for dogs to be free of debris, feces, algae, and other contaminants.

The proposed legislation appears to have a cost avoidance and a fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Agriculture
Office of Secretary of State
Office of the Attorney General
State Public Defender's Office
Office of State Courts Administrator
Office of Prosecution Services



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