

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3170-02
BILL NO.: SB 0756
SUBJECT: Department of Agriculture; Inspection Fees
TYPE: Original
DATE: January 17, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Animal Care Reserve Fund	\$67,600 to Unknown	\$67,600 to Unknown	\$67,600 to Unknown
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds	\$67,600 to Unknown*	\$67,600 to Unknown*	\$67,600 to Unknown*

*Unknown because this does not include contributions received as they are undeterminable

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	(\$24,800)	(\$24,800)	(\$24,800)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

The **Office of Administration** assumes their agency would not be administratively impacted by this proposed legislation.

The **Department of Agriculture (AGR)** assumes the primary fiscal impact of the proposed legislation would affect only a few licensee categories. First affected are pounds, dog pounds and animal shelters. These 248 facilities currently pay no fees of any kind, but must be inspected and licensed annually just like the other licensee categories. The proposed legislation would require these facilities to start paying a minimum of \$100 per inspection, required prior to issuance of a license. For the purpose of this fiscal note, the minimum of \$100 inspection fee was used. The facilities referred to here are city or county owned (local government).

The other type of licensees that would be affected are the 101 large operations that “max out” at the \$500 fee each year. For the purpose of this fiscal note, the maximum fee would be raised to \$600. Assuming that those same large facilities would still meet or exceed the maximum according to the formula, it would generate an extra \$100 per facility over their current amount.

AGR noted that the proposed legislation removes the maximum fee of \$500; therefore, AGR is considering imposing a maximum fee of \$600 which has been used in the fiscal impact calculation noted in the previous paragraph.

Additionally, the proposed legislation changes the current fee focus from the facility license to the facility inspection, stating that “Inspection fees shall be charged for each inspection pursuant to license issuance or renewal...”, and that a license cannot be issued until facilities are inspected and found in compliance with program standards. An average of 17% (327 facilities) require a second inspection due to violations. The minimum \$100 charge for each second inspection would generate an additional \$32,700.

Therefore, under the scenarios mentioned above, the Animal Care Reserve Fund would receive an additional \$67,600 annually. This is computed as follows:

248 pounds, dog pounds and animal shelters X \$100	=	\$24,800
101 facilities that “max out” X an additional \$100	=	\$10,100
Average of 327 facilities needing second inspection X \$100	=	<u>\$32,700</u>
Total Annual Increase to Fund		\$67,600

AGR also noted that other provisions in the proposed legislation allow the Animal Care Reserve

Fund to "...receive gifts, grants, contributions, appropriations and funds or benefits from any other source or sources" and for the state treasurer to invest any portion of the fund not immediately needed as provided by the constitution and laws of the state. AGR assumes there is no way to determine whether such revenues would be realized nor can these amounts be estimated.

Since the majority of revenue is generated into the fund during a three month period each year (January through March), it seems that a portion of the fund could be invested in short-term options each fiscal year. However, the additional revenue to the fund from such investments would entirely depend upon current interest rates at the time of the investment. Therefore, the AGR did not include the potential revenue in this fiscal estimate.

Oversight assumes that in the proposed legislation the AGR is allowed to assess an administrative penalty for violations. This proposal allows the penalties collected to be credited to the Animal Care Reserve Fund instead of to the General Revenue Fund. Oversight assumes the effect of this change is unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
ANIMAL CARE RESERVE FUND			
<u>Income - Department of Agriculture</u>			
Inspection Fees	\$67,600	\$67,600	\$67,600
Contributions	Unknown	Unknown	Unknown
Penalties Assessed	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
Estimated Net Effect on	<u>\$67,600</u>	<u>\$67,600</u>	<u>\$67,600</u>
ANIMAL CARE RESERVE FUND	to	to	to
	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
 GENERAL REVENUE FUND			
<u>Loss - Department of Agriculture</u>			
Penalties Assessed	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2001	FY 2002	FY 2003
<u>Cost - Cities and Counties</u>			
Inspection Fees	<u>(\$24,800)</u>	<u>(\$24,800)</u>	<u>(\$24,800)</u>

Long-Range Implications

AGR noted that this proposed legislation would lessen the burden to the fund for non-paying facilities (pounds, dog pounds and animal shelters). Under current law, these facilities are exempt from all fees, but must be inspected and licensed equivalent to fee-paying facilities. The proposed legislation also removes the maximum amounts that can be charged to licensees for inspections.

FISCAL IMPACT - Small Business

Oversight assumes that those businesses involved in the companion animal industry would be impacted by this proposed legislation.

DESCRIPTION

Current law provides a license fee of between \$100 and \$500 for animal care facilities and exempts pounds, dog pounds, and animal shelters from license fees. This act sets a minimum fee for inspection of a facility at \$100 annually. The fee is applied to facilities which were previously exempt and the act allows the Director of the Department of Agriculture to establish fees by rule.

Any facility inspected in response to a complaint will not be charged for such inspection. However, a violation of animal care standards discovered upon such inspection may still expose the facility to an administrative penalty. The payment of administrative penalties for violations shall be made to the Animal Care Reserve Fund instead of General Revenue.

Moneys in the Animal Care Reserve Fund may be invested by the State Treasurer and any interest earned will remain with the fund.

This legislation is not federally mandated and would not require additional capital improvements or rental space, but could duplicate an existing program. AGR noted that USDA REAC administers a similar program on a federal level. Both state and federal programs exist in many states, including Missouri.

SOURCES OF INFORMATION

Department of Agriculture
Office of Administration

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A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is written in a cursive style with a large initial "J".

Jeanne Jarrett, CPA
Director
January 17, 2000