

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

**L.R. NO.:** 3170-05  
**BILL NO.:** HCS for SCS for SB 756  
**SUBJECT:** Department of Agriculture; Animal Care Facilities Act  
**TYPE:** Original  
**DATE:** May 11, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Animal Care Reserve Fund	\$87,770 to Unknown	\$87,770 to Unknown	\$87,770 to Unknown
General Revenue Fund	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$87,770 to Unknown*</b>	<b>\$87,770 to Unknown*</b>	<b>\$87,770 to Unknown*</b>

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

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 5 pages.

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**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning** assume they would not be administratively impacted by this proposed legislation. However, they did indicate that there would be impact on total state revenue.

Officials from the **Department of Agriculture (AGR)** assume the fiscal impact shown is based upon 1,925 facilities, which is the current number licensed. The number of facilities fluctuates annually (dependent on various factors), but on average increases by 20-30 facilities each year.

The proposed legislation would change current law, as this proposal specifically states that "...the basic minimum license fee shall be one hundred dollars per year with an additional charge of one dollar per animal sold, traded, bartered, brokered, auctioned, given away or otherwise disposed of other than by euthanasia or death over the course of the year." This language covers all licensee categories except pounds, dog pounds, animal shelters, boarding kennels, and pet sitters. The basic minimum license fee of \$100 as stated in the bill is the current base license fee amount. Therefore, that particular aspect would create no fiscal impact on current funds.

The primary fiscal impact of this section of the proposed legislation is the "per animal" fee charges, that would affect most all licensee categories: commercial breeders, commercial kennels, dealers, contract kennels, pet shops, and dealers. Under the proposed legislation the per animal capita fee for these licensee categories would be \$1. Dealers and pet shops currently pay a \$1 per capita fee, so revenues for those licensee categories will not be affected by the proposed legislation. Commercial breeders and hobby/show licensees currently pay a 50¢ per capita fee, so revenues would increase an additional \$56,881 (113,762 animals @ 50¢). Commercial kennels and contract kennels currently pay a 10¢ per capita fee, so revenues for those licensee categories would increase an additional \$30,889 (34,321 animals @ 90¢). Raising the fee per animal as described would provide an estimated \$87,770 total additional funds, based upon known numbers of animals sold, traded, bartered, brokered, auctioned, or given away by licensees in 1999. The proposed legislation specifies the director to set other per capita fees by rule for the remaining licensee categories (boarding kennels and pet sitters) who currently pay a 10¢ per capita fee. This AGR assumes that these per capita fees would remain at 10¢, and therefore would not affect fund revenues.

It is important to note that current law contains a maximum combined license/per capita fee of \$500. An average of 100 licensees currently "max out" at the \$500 limit, and subsequently, do not report the actual number of animals sold, traded, given away, etc. **Since the proposed legislation removes all fee limits, the fund could potentially receive further revenues that are impossible to estimate without the actual animal numbers available.**

ASSUMPTION (continued)

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Therefore, under these scenarios, the Animal Care Reserve Fund would receive an additional \$87,770 annually:

Commercial breeders and hobby/show licensed (113,762 animals @additional 50¢) =	56,881
Commercial kennels and contract kennels (34,321 animals @additional 90¢) =	+ 30,889
<b>Total Net Fiscal Increase to fund =</b>	<b>\$87,770*</b>

**\*NOTE: The AGR assumes that animal shelters, pounds and dog pounds will be exempt from both the minimum license fee and the additional “per animal” fee that other licensee categories are subject to. If the bill sponsor does not intend for those licensee categories to be exempt from the basic minimum license fee, it will increase net receipts to the fund by an additional \$30,400, making the total increase \$118,170.**

Other provisions in the proposed legislation raise the maximum penalty for violations to \$2,000. As there are few such administrative penalties assessed, no fiscal impact is indicated here. Additionally, the bill would 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. There is no way to determine whether such revenues would be realized, nor can their amounts be estimated.

Since the majority of revenue is generated into the fund during a 3-month period each year (Jan., Feb., and 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 investment. Therefore, that potential revenue is not included in this fiscal estimate.

Other new provisions regarding inspector conflict of interest matters and advisory committee appointments will not cause any fiscal impact to the ACFA program.

**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 (10 Mo.)	FY 2002	FY 2003
<b>ANIMAL CARE RESERVE FUND</b>			
<u>Income - Department of Agriculture</u>			
Fees	\$87,770	\$87,770	\$87,770
Contributions	Unknown	Unknown	Unknown

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
Penalties Assessed	Unknown	Unknown	Unknown

<b>Estimated Net Effect on ANIMAL CARE RESERVE FUND</b>	<b><u>\$87,770</u></b> to <b><u>Unknown</u></b>	<b><u>\$87,770</u></b> to <b><u>Unknown</u></b>	<b><u>\$87,770</u></b> to <b><u>Unknown</u></b>
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**GENERAL REVENUE FUND**

<u>Loss - Department of Agriculture</u> Penalties Assessed	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

This act indicates that the basic minimum license fee shall be \$100 per year with an additional charge of one dollar per animal sold, traded, bartered, brokered, auctioned, given away or otherwise disposed of other than by euthanasia or death over the course of the year. All other per capita fees are to be set by rules promulgated by the director.

This proposal raises the administrative penalty for violations to two thousand dollars. All penalties collected shall be deposited in the Animal Care Reserve Fund instead of in the General Revenue Fund.

DESCRIPTION (continued)

This proposal prohibits any person within the third degree of consanguinity or affinity to the owner to inspect such facility.

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This proposal adds a representative from an animal welfare association to the advisory committee.

The Animal Care Reserve Fund may receive gifts, grants, contributions, appropriations and funds or benefits from any other sources. Moneys in the Animal Care Reserve Fund must be invested by the State Treasurer and any interest earned shall 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 the 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 - Budget and Planning



Jeanne Jarrett, CPA  
Director  
May 11, 2000