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FISCAL NOTE

Drafting Number: LLS 19-0375
Prime Sponsors: Sen. Ginal
 Rep. Froelich

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Bill Status: Senate Local Government
Fiscal Analyst: Clare Pramuk | 303-866-2677
 clare.pramuk@state.co.us

Bill Topic: SUNSET PET ANIMAL CARE & FACILITIES ACT

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Statutory Public Entity

Sunset bill. This bill continues the Pet Animal Care Facilities Act in the Department of Agriculture, which is scheduled to repeal on September 1, 2019. State fiscal impacts include both increased expenditures and a revenue diversion from changes to the program under the bill, as well as the continuation of the program's current revenue and expenditures. The program is continued through September 1, 2026.

Appropriation Summary: For FY 2019-20, the bill requires a General Fund appropriation of \$123,007 to the Department of Agriculture.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under SB 19-158**

New Impacts		FY 2019-20	FY 2020-21
Revenue	Cash Funds	-	-
Expenditures	General Fund	\$123,007	\$152,876
	Centrally Appropriated	\$50,795	\$63,485
	Total	\$173,802	\$216,361
	FTE	1.6 FTE	2.0 FTE
Diversions	Cash Funds	(\$10,000)	(\$10,000)
	General Fund	\$10,000	\$10,000
	Total	\$0	\$0
TABOR Refund		-	-

Table 1
State Fiscal Impacts Under SB 19-158 (Cont.)

Continuing Program Impacts		FY 2019-20	FY 2020-21
Revenue	Cash Funds	-	\$888,000
Expenditures	Cash Funds	-	\$804,414
	FTE	-	8.5 FTE
TABOR Refund		-	-

* Table 1 shows the new impacts resulting from changes to the program under the bill and the continuing impacts from extending the program beyond its current repeal date. The continuing program impacts will end if the bill is not passed and the program is allowed to repeal.

Summary of Legislation

This bill continues the Pet Animal Care Facilities Act (PACFA) in the Department of Agriculture (CDA) from September 1, 2019, until September 1, 2026, and implements some of the recommendations of the Department of Regulatory Agencies sunset review of the program. The recommendations contained in the bill include:

- directing forfeited sterilization deposits to the Pet Overpopulation Fund;
- repealing language allowing a shelter or rescue to reclaim an animal that was not sterilized within 90 days;
- authorizing additional staffing for administering PACFA and including an appropriation;
- requiring a principal, major shareholder, member, officer, or anyone in a position of control at a PACFA licensee to wait two years to apply for a new license after a revocation;
- making it a PACFA offense for a licensee to violate any federal, state, or local animal health and fitness law in force where a facility is located;
- including theft, importation, capture, cruelty, neglect, or abuse of animals in any local, state, or federal jurisdiction, in the grounds for discipline;
- authorizing the Commissioner of Agriculture to discipline a licensee or deny a license to an applicant who has entered a plea of no contest for a crime involving animal cruelty; and
- requiring that all civil fine revenue be deposited in the General Fund instead of the Pet Animal Care and Facility Fund.

Background

PACFA. The Commissioner of Agriculture regulates pet animal breeders, groomers, trainers, boarders, shelters, rescues, and sellers. Pet animals include dogs, cats, rabbits, guinea pigs, hamsters, mice, rats, gerbils, ferrets, birds, fish, reptiles, amphibians, and invertebrates. The commissioner promulgates rules pertaining to minimum standards of physical facility, sanitation, ventilation, temperature, humidity, spacial and enclosure requirements, nutrition, humane care, and medical treatment. The Division of Animal Industry in the CDA conducts four types of inspections: pre-license, routine, complaint-based, and follow up. When violations are noted during an inspection, licensees are expected to correct them. If a licensee commits enough violations, disciplinary action can be taken.

The Colorado Pet Overpopulation Authority and Colorado Pet Overpopulation Fund were created in 2001 by the General Assembly. The fund is used by the authority to work with local veterinarians, licensed animal shelters, and local communities to address animal sheltering and pet overpopulation control in this state. The authority is directed by an eight-member board of directors and is funded by the Pet Overpopulation Fund tax checkoff on the state income tax form, donations, proceeds from the sale of the "Adopt a Shelter Pet" special license plate, and forfeited sterilization fees. Donations to the fund were approximately \$580,000 in FY 2017-18. The authority and fund are subject to repeal with the PACFA.

Continuing Program Impacts

Based on the department's FY 2019-20 budget request, the CDA is expected to have revenue of \$888,000 and expenditures of \$804,414, and 8.5 FTE to administer the PACFA. If this bill is enacted, current revenue and expenditures will continue for the program starting in FY 2020-21. This continuing revenue is subject to the state TABOR limits. If this bill is not enacted, the program will end on September 1, 2020, following a wind-down period, and state revenue and expenditures will decrease starting in FY 2020-21 by these amounts. The changes to the program that drive additional costs are discussed in the State Expenditures section below.

State Diversions

By requiring that all civil fine revenue be deposited into the General Fund instead of the Pet Animal Care and Facility Fund, the bill diverts \$10,000 per year from the cash fund to the General Fund beginning in FY 2019-20.

State Expenditures

This bill will increase General Fund expenditures for the Department of Agriculture by \$173,802 and 1.6 FTE in FY 2019-20 and \$216,361 and 2.0 FTE in FY 2020-21. These costs are shown in Table 2 and explained below. These represent only the new expenditures due to the provisions in the bill.

**Table 2
Expenditures Under SB 19-158**

	FY 2019-20	FY 2020-21
Department of Agriculture		
Personal Services	\$113,673	\$143,992
Operating Expenses and Capital Outlay Costs	\$9,334	\$8,884
Centrally Appropriated Costs*	\$50,795	\$63,485
FTE – Personal Services	1.6 FTE	2.0 FTE
Total Cost	\$173,802	\$216,361
Total FTE	1.6 FTE	2.0 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

The sunset review recommended that the PACFA program increase its staffing to include at least one additional inspector and one investigator to increase the number of inspections performed at facilities . These costs are prorated for the General Fund paydate shift and the August effective date. Operating and capital expenditures include supplies and computers as well as vehicles, mileage, uniforms, training, and body armor.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$50,795 in FY 2019-20 and \$63,485 in FY 2020-21.

Statutory Public Entity

The bill will increase revenue to the Colorado Pet Overpopulation Authority by approximately \$80,000 per year to the Colorado Pet Overpopulation Fund from forfeited sterilization deposits.

Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State Appropriations

Although the bill includes a General Fund appropriation of \$144,927, the fiscal note indicates that for FY 2019-20, the bill requires a General Fund appropriation of \$123,007 and an allocation of 1.6 FTE. Of this, \$2,000 is reappropriated to the Department of Personnel and Administration.

State and Local Government Contacts

Agriculture	Information Technology
Judicial	Law