



Legislative
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FISCAL NOTE

Drafting Number: LLS 20-0033
Prime Sponsors: Rep. Duran
Sen. Foote

Date: January 21, 2020
Bill Status: House Rural Affairs
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Bill Topic: **REQUIREMENTS FOR DOG AND CAT BREEDERS AND SELLERS**

Summary of Fiscal Impact:

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

The bill sets standards for dog and cat breeders and prohibits the sale of dogs and cats by pet stores and by a person in a public place. It also prohibits an animal shelter or pet animal rescue organization from receiving a dog or cat in exchange for payment or other compensation from a breeder, reseller, or auction. It will reduce state revenue from fees beginning in FY 2020-21, and increase revenue from fines and expenditures beginning in FY 2021-22. Any revenue reduction may be offset by an increase in licensing fee amounts.

Appropriation Summary: No appropriation is required.

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

Table 1
State Fiscal Impacts Under HB 20-1084

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	Cash Funds	-	\$37,310
	Total FTE	-	0.2 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill sets standards for dog and cat breeders, including limiting the number of unsterilized animals over six months of age to 25 per site, specifying enclosure size, structure and location, and limiting the frequency of breeding for female cats and dogs. Dogs and cats must be screened for congenital disorders and be in documented good health prior to breeding. Breeders must endeavor to place adult dogs and cats that the breeder no longer wishes to retain with an adoptive family, rescue organization, or other owner who is not a breeder unless a licensed veterinarian determines that the dog or cat requires euthanasia. No breeder or reseller can offer an animal for sale to a consumer unless the dog or cat originated from a breeder that complied with the provisions of the bill.

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Background

The Department of Agriculture (CDA) administers the Pet Animal Care Facilities Act (PACFA) program which regulates pet animal breeders, groomers, trainers, boarders, shelters, rescues, and sellers. The Commissioner of Agriculture 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. The CDA has 7.0 FTE for licensing and inspection of 2,200 facilities statewide.

Data and Assumptions

In 2018, the most recent year for which data are available, there were a total of 200 dog breeders, 67 of which had more than 25 dogs onsite. There were 10 cat breeders, all of which had under 25 animals. The state has approximately 17 retail stores and 17 wholesale facilities that sell dogs and cats and would be subject to the provisions of the bill. The fiscal note assumes that some licensees will choose not to renew their licenses under the PACFA. If all of the licensees subject to the bill choose not to renew, the loss of revenue would be approximately \$52,000, but the fiscal note assumes that some licensees will adjust their businesses to conform with the bill. Current license fees range from \$450 to \$600, and statute sets the maximum allowable fee at \$700. The annual renewal deadline is June 30.

State Revenue

The bill may reduce state revenue from fees by up to \$52,000 beginning in FY 2020-21 from PACFA licensees that do not renew their licenses. If the revenue reduction affects the PACFA budget, the Commissioner of Agriculture may offset the reduction by increasing licensing fees. The bill may also result in an increase in revenue from fines which are set in statute at a maximum of \$1,000 for deposit into the General Fund. Fine collections for enforcement actions taken under the new requirements are not expected until FY 2021-22. Fines and fees are subject to TABOR.

State Expenditures

This bill will increase ongoing cash fund expenditures in the CDA by \$37,310 beginning in FY 2021-22 for legal services costs associated with an increase in enforcement actions for violations of the new requirements. The CDA is expected to require 350 hours of legal services at a rate of \$106.60 per hour from the Department of Law, resulting in an additional 0.2 FTE to for the department.

TABOR Refund. The bill may decrease state General Fund obligations for TABOR refunds by up to \$52,000 in FY 2020-21 and FY 2021-22. It may also increase state General Fund obligations for TABOR refunds beginning in FY 2021-22. Under current law and the December 2019 Legislative Council Staff forecast, the measure will correspondingly decrease the amount refunded to taxpayers via sales tax refunds made available on income tax returns for tax years 2021 and 2022, respectively. A forecast of state revenue subject to TABOR is not available beyond FY 2021-22.

Effective Date

The bill takes effect January 1, 2021, if no referendum petition is filed.

State and Local Government Contacts

Agriculture

Information Technology

Law