



Legislative
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FINAL FISCAL NOTE

Drafting Number: LLS 20-0876
Prime Sponsors: Sen. Marble
Rep. Saine

Date: May 11, 2020
Bill Status: Postponed Indefinitely
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Bill Topic: PET ANIMAL FACILITY LICENSING

**Summary of
Fiscal Impact:**

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

This bill would have amended the Pet Animal Care Facilities Act to change licensing requirements and fees. It would have reduced state revenue and increased state expenditures on an ongoing basis.

**Appropriation
Summary:**

For FY 2020-21, the bill requires a net appropriation of \$107,979 to the Department of Agriculture. See the State Appropriations section for more information.

**Fiscal Note
Status:**

The fiscal note reflects the introduced bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

**Table 1
State Fiscal Impacts Under SB 20-142**

		FY 2020-21	FY 2021-22
Revenue	Cash Funds	(\$82,800)	(\$82,800)
Expenditures	General Fund*	\$190,779	\$194,639
	Cash Funds	(\$82,800)	(\$82,800)
	Centrally Appropriated	\$35,459	\$41,622
	Total	\$143,438	\$153,461
	Total FTE	1.6 FTE	2.0 FTE
Transfers		-	-
TABOR Refund	General Fund	(\$82,800)	(\$82,800)

*The General Fund expenditures include \$82,800 to backfill the reduction in cash fund revenue.

Summary of Legislation

This bill amends the Pet Animal Care Facilities Act (PACFA) to make the following changes:

- requires the regulation of providers who board up to three pet animals at one time with a license fee limit of \$125;
- exempts nonprofit animal shelters from regulation;
- reduces the maximum PACFA facility licensing fee from \$700 to \$500;
- limits the renewal fee for a groomer's license to \$50; and
- allows for the importation of animals by a pet animal facility operator without a license.

Background and Assumptions

PACFA is administered by the Department of Agriculture (CDA) which includes licensing and inspection of over 2,200 facilities. The CDA has 7.0 FTE dedicated to the PACFA program administration. House Bill 17-1228 exempted providers who board no more than three pet animals at one time from regulation under the PACFA, which allows pet sitters associated with pet sitting technology platforms to operate without a PACFA license. The fiscal note assumes that there are 500 individuals providing boarding services throughout the state.

State Revenue

This bill is expected to reduce revenue from fees by \$82,800 per year beginning in FY 2020-21 to the PACFA Cash Fund as explained below.

Fee impact on PACFA licensees. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by CDA based on cash fund balance, estimated program costs, statutory fee limits, and the estimated number of licenses subject to the fee. A number of current fees exceed the new \$500 limit and they are expected to be reduced to \$500. Table 2 below identifies the fee impact of this bill.

Table 2
Fee Impact on PACFA Licensees

Type of Fee	Proposed Fee	Current Fee	Number Affected	Total Fee Impact
Pet Animal Rescue >100 pets	\$0	\$425	139	(\$59,075)
Pet Animal Rescue <100 pets	\$0	\$325	33	(\$10,725)
Pet Grooming Renewal	\$50	\$350	177	(\$53,100)
Dog Breeder Large Scale >100	\$500	\$550	32	(\$1,600)
Pet Animal Shelter >3,000	\$500	\$600	17	(\$1,700)
Pet Retail/Wholesale	\$500	\$600	191	(\$19,100)
Pet Boarding up to 3 pets	\$125	\$0	500	\$62,500
			Annual Total	(\$82,800)

State Expenditures

This bill will increase state expenditures for the PACFA program in the CDA by \$143,438 and 1.6 FTE in FY 2020-21 and \$153,461 and 2.0 FTE in FY 2021-22. Fees by PACFA licensees typically fund the program, but due to the limits in license fees, new costs will be funded from the General Fund. These costs are shown in Table 3 and explained below.

**Table 3
Expenditures Under SB 20-142**

	FY 2020-21	FY 2021-22
Department of Agriculture		
Personal Services	\$86,199	\$103,439
Operating Expenses	\$2,430	\$2,700
Capital Outlay Costs	\$13,650	-
Vehicle Lease and Mileage	\$5,700	\$5,700
Centrally Appropriated Costs*	\$35,459	\$41,622
Total Cost	\$143,438	\$153,461
Total FTE	1.6 FTE	2.0 FTE

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

Department of Agriculture. To implement the bill, the PACFA program will conduct rulemaking for the new licensees and set fees that comply with the limits in the bill. Additional staffing is required to address the overall increase in licensees. This includes 1.0 FTE of a compliance specialist for inspections and to handle complaints, and 1.0 FTE of an administrative assistant to track the new licensees, verify the tax exempt status of rescue organizations, and to respond to an increase in inquiries and complaints regarding the new licensees. The compliance specialist requires a uniform, body armor, and a body camera, all of which are included in the capital outlay costs for FY 2020-21. The inspector also requires a vehicle to do site visits. First year costs are prorated for the effective date and General Fund paydate shift.

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, supplemental employee retirement payments, and indirect costs, are estimated to be \$35,459 in FY 2020-21 and \$41,622 in FY 2021-22.

TABOR refund. The bill is expected to reduce state General Fund obligations for TABOR refunds by \$82,800 in FY 2020-21 and FY 2021-22. Under current law and the December 2019 Legislative Council Staff forecast, the bill 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 was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on February 12, 2020.

State Appropriations

For FY 2021-22, the Department of Agriculture requires a net appropriation of \$107,979 which includes:

- \$190,779 General Fund appropriation to the PACFA Program;
- \$82,800 reduction in appropriation from the PACFA Cash Fund; and
- \$5,700 to the Department of Personnel and Administration for a fleet vehicle from reappropriated funds.

State and Local Government Contacts

Agriculture Information Technology Law