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Final Fiscal Note

Drafting Number:	LLS 24-0476	Date:	June 14, 2024
Prime Sponsors:	Sen. Jaquez Lewis Rep. Garcia; Rutinel	Bill Status:	Postponed Indefinitely
		Fiscal Analyst:	John Armstrong 303-866-6289 john.armstrong@coleg.gov

Bill Topic: HEALTH-RELATED RESEARCH TEST SUBJECTS

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

The bill would have required facilities that conduct health research on animals to submit detailed reports to the Department of Public Health and Environment. The bill would have increased state expenditures beginning in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill would have required total appropriations of \$5.7 million to the Colorado Department of Public Health and Environment and higher education institutions.

Fiscal Note Status: The final fiscal note reflects the introduced bill. The bill was postponed indefinitely by the Senate Health and Human Services Committee on March 13, 2024; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under SB 24-067

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	\$5,668,982	\$3,423,293
	Centrally Appropriated	\$21,627	\$25,478
	Total Expenditures	\$5,690,609	\$3,448,771
	Total FTE	6.0 FTE	7.8 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$850,347	\$513,494

Summary of Legislation

The bill requires any facility using animals for health-related research to annually submit the following information to the Colorado Department of Public Health and Environment (CDPHE):

- the species of all animals used;
- the number of animals per species used in studies involving different levels of pain or distress;
- the number of animals per species used for scientific studies, research, toxicological evaluation, product quality control, education, and other purposes;
- the type and purpose of alternative testing methods, including federal waivers, expenditures on testing utilizing and not utilizing animals, and information on a facility's plan to reduce the use of animals in testing, if any; and
- a detailed methodology for how all reported information was collected

In addition, the bill requires these research facilities to offer any dog or cat to an animal shelter or pet animal rescue for adoption before euthanizing a dog or cat. Beginning January 25, 2025, these facilities must annually report to CDPHE the number of dogs and cats that are used for research, as well as the number of times and the locations these animals were transferred.

Background

The United States Department of Agriculture (USDA) currently requires animal researchers to [report](#) pain levels for livestock, certain mammals, and other domesticated animals. Mice, fish, and birds are not required to be reported to the USDA.

Three institutions of higher education in the state currently conduct research on animals, the majority of which are mice and fish, to conduct medical and social sciences research.

State Expenditures

The bill increases state General Fund expenditures by \$5.7 million in FY 2024-25 and \$3.5 million in FY 2025-26 and ongoing. These costs will be incurred in the University of Colorado, the Colorado State University, and the University of Northern Colorado, as well as the CDPHE. These expenditures are shown in Table 2 and detailed below.

**Table 2
Expenditures Under SB 24-067**

	FY 2024-25	FY 2025-26
University of Colorado (CU)		
Personal Services	\$135,502	\$159,415
Operating Expenses	\$2,176	\$2,560
Capital Outlay Costs	\$13,340	-
Reporting Contract Hours	\$1,419,100	\$1,419,100
Software Upgrades	\$300,000	-
Employee Insurance / Supplemental Retirement	\$32,254	\$37,946
FTE – Personal Services	1.7 FTE	2.0 FTE
CU Subtotal	\$1,902,372	\$1,619,021
Colorado State University (CSU)		
Personal Services	\$135,502	\$159,415
Operating Expenses	\$2,176	\$2,560
Capital Outlay Costs	\$13,340	-
Reporting Contract Hours	\$626,459	\$699,271
Per Diem Cat and Dog Rates	\$25,000	\$25,000
Software Upgrades	\$1,200,000	\$200,000
Employee Insurance / Supplemental Retirement	\$32,254	\$37,946
FTE – Personal Services	1.7 FTE	2.0 FTE
CSU Subtotal	\$2,034,731	\$1,124,192
University of Northern Colorado (UNC)		
Personal Services	\$119,561	\$143,473
Operating Expenses	\$1,920	\$2,304
Capital Outlay Costs	\$13,340	-
Software Upgrades	\$1,200,000	\$200,000
Employee Insurance / Supplemental Retirement	\$28,460	\$34,151
FTE – Personal Services	1.5 FTE	1.8 FTE
UNC Subtotal	\$1,363,281	\$379,928

Table 2
Expenditures Under SB 24-067 (Cont.)

	FY 2024-25	FY 2025-26
Department of Public Health and Environment		
Personal Services	\$95,395	\$159,415
Operating Expenses	\$1,408	\$2,560
Capital Outlay Costs	\$13,340	-
Consultant Services	\$104,000	\$52,000
Software Upgrades	\$154,455	\$86,177
Centrally Appropriated Costs ¹	\$21,627	\$25,478
FTE – Personal Services	1.1 FTE	2.0 FTE
CDPHE Subtotal	\$390,225	\$325,630
Total Cost	\$5,690,609	\$3,448,771
Total FTE	6.0 FTE	7.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

University of Colorado. Starting in FY 2024-25, CU will have ongoing staff costs and one-time data system costs to implement the bill.

- **Staff.** CU will require 2.0 FTE ongoing for compliance professionals to coordinate reporting the research protocols between the Anschutz Medical Campus and CU Boulder, as well as review the protocols from the Institutional Animal Care and Use Committee to ensure compliance. Standard operating and capital outlay costs are included and costs are prorated for a September 2024 start date.
- **Reporting hours.** It is estimated that CU will require about 50 hours per animal protocol across an estimated 617 animal protocols, most of which are mice, rats and fish which are not subject to USDA reporting requirements. This additional reporting will increase workload by approximately 33,000 hours annually, requiring about \$1.3 million in additional staff workload. The fiscal note assumes that CU will employ students and other staff to accomplish this reporting.
- **Software upgrades.** CU will upgrade three existing research database applications to add the additional information required and consolidate reporting across their campuses, estimated at \$300,000 in one-time expenditures.

Colorado State University. Starting in FY 2024-25, CSU will incur ongoing staff costs and one-time data system costs to implement the bill.

- **Staff.** CSU will require 2.0 FTE to classify and report the required information across an estimated 600 animal protocols, approximately 90% of which are mice, birds, and fish which are not subject to USDA reporting. Standard capital outlay and operating costs are included and costs are prorated for a September 2024 start date.
- **Reporting hours.** Similar to CU, CSU will require additional staff time across approximately 600 research projects. This will result in expenditures for contract staff, such as students, staff and external researchers, of approximately \$625,000 in FY 2024-25 and \$699,000 in FY 2025-26.
- **Adoption boarding.** CSU will require approximately \$25,000 annually to shelter cats and dogs that await transfer to a different animal shelter.
- **Software upgrades.** CSU will develop a new reporting system to comply with the bill, with an estimated one-time cost of approximately \$1 million, and \$200,000 annually in license and vendor fees. Costs are based on similar reporting solutions.

University of Northern Colorado. Starting in FY 2024-25, UNC will incur ongoing staff costs and one-time data system costs to implement the bill.

- **Staff.** UNC will require 1.8 FTE to classify and report the required information across an estimated 40 animal protocols. Approximately 35 animal protocols annually will be mice, fish, and other animals not subject to USDA reporting. Standard capital outlay and operating costs are included and costs are prorated for a September 2024 start date.
- **Software upgrades.** UNC will develop a new reporting system to comply with the bill, with an estimated one-time cost of approximately \$1 million, and \$200,000 annually in license and vendor fees. Costs are based on similar reporting solutions.

Department of Public Health and Environment. The CDPHE will have additional costs to receive required information from higher education institutions, as outlined below.

- **Staff.** CDPHE will require 1.3 FTE for staff to coordinate the data reporting across all animal research facilities and develop a data collection tool. Standard capital outlay and operating costs are included and staff are prorated for a September 2024 start date.
- **Consulting hours.** CDPHE will employ an external consultant for approximately 1,040 hours in FY 2024-25 and 520 hours in FY 2025-26 to provide content expertise and engage stakeholders across animal research facilities to ensure compliance with the bill's provisions. The consultant rate is assumed to be \$100 per hour.
- **Software upgrades.** CDPHE will develop a cloud based data reporting platform to release to animal research facilities, which will be developed in consultation with the Governor's Office of Information Technology. Costs are estimated at \$155,000 in FY 2024-25 for initial development and \$86,000 annually in maintenance.

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 shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Local Government

Counties across the state often operate animal shelters or incur costs to contract out the operation of these facilities. On average, it costs a shelter \$30 per day to keep an animal in the shelter. County animal shelters will incur increased costs to receive and house additional cats and dogs transferred from a health-research facility. The exact cost to counties will depend on the number of animals transferred and how long each animal is held at a shelter, and these numbers have not been estimated in this analysis.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill requires the following General Fund appropriations:

- \$1,902,372 to the University of Colorado System, and 1.7 FTE;
- \$2,034,731 to the Colorado State University System, and 1.7 FTE;
- \$1,363,281 to the University of Northern Colorado, and 1.5 FTE; and
- \$368,598 to the Department of Public Health and Environment, and 1.1 FTE.

State and Local Government Contacts

Agriculture
Regulatory Agencies

Higher Education

Public Health and Environment

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).