

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 10, 2011

TO: Honorable John Whitmire, Chair, Senate Committee on Criminal Justice

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB1451 by Thompson (Relating to the licensing and regulation of certain dog and cat breeders; providing penalties.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1451, As Engrossed: an impact of \$0 through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/ (Loss) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2011
2012	(\$1,342,755)	\$1,342,755	14.5
2013	(\$1,258,403)	\$1,258,403	14.5
2014	(\$1,258,403)	\$1,258,403	14.5
2015	(\$1,258,403)	\$1,258,403	14.5
2016	(\$1,258,403)	\$1,258,403	14.5

Fiscal Analysis

The bill would require the Texas Department of Licensing and Regulation (TDLR) to license and regulate dog and cat breeders and dealers, defined as a person who possesses 11 or more adult intact female animals. The bill would require TDLR to establish eligibility requirements for licenses, to conduct criminal background checks on applicants, and to annually inspect each facility of a licensed breeder. The bill would require TDLR to establish qualifications and training for registered breeder inspectors employed by the agency. The bill would also require TDLR to inspect a facility before an initial breeder license is issued for the facility. The bill would establish an advisory committee. The bill would authorize TDLR to set a licensing fee and a nonrefundable inspection fee. Licensing fees generated under the provisions of the bill for the purposes of funding the regulation of licensed dog and cat breeders and dealers would be deposited to the credit of the General Revenue Fund.

The bill would establish a new Dog or Cat Breeder Training and Enforcement Account as a separate account in the General Revenue Fund for the purposes defined in the bill. The bill would require administrative penalties collected under Chapter 51, Subchapter F, related to the regulation of dog and cat breeders and dealers to be deposited to the credit of the new account.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

The bill would require TDLR to maintain a directory of licensed breeders to prepare information of consumer interest regarding the regulation of licensed breeders and the rights of a consumer. The bill would require TDLR to adopt, with the advice of the advisory committee, standards of care to ensure the overall health and welfare of each animal in the licensed breeder's facility. The bill would establish a civil penalty for any violation and would authorize the executive director of TDLR to issue a cease and desist or emergency order as necessary to enforce the regulations.

The bill would take effect immediately upon receiving a vote of two-thirds of all the members elected to each house; otherwise, the bill would take effect September 1, 2011.

Methodology

Based on information provided by TDLR, the estimated population of commercial dog and cat breeders within the state of Texas is 1,000 and the estimated population of controlling persons who are the employees of breeders is estimated to be 2,000. Also based on the analysis of TDLR, it is assumed that an additional 14.5 FTEs would be required to license, regulate and enforce the provisions of the bill. This would include: 2.0 - Investigator IV: to investigate and document complaints; 1.5 - Attorney IV: to finalize Notices of Alleged Violations and prosecute complaints; 3.0 - Legal Assistant III: to assist the prosecutor and issue Notices of Alleged Violations; 1.5 - Administrative Assistant III: to field general enforcement questions and process initial submission of complaints; 2.0 - Legal Assistant II: to review complaints to determine if jurisdiction applies; 1.0 - Program Specialist IV: to determine compliance with statute and rules; interact with industry, municipalities, and public, and to coordinate and improve program; 2.0 - Inspector IV: to answer inquiries; assist with enforcement investigations; audit the Third party inspectors and conduct inspections; 0.5 - Systems Analyst IV: to create and maintain computer program to process new and renewal licenses; 1.0 - General Counsel III: to draft rules and provide legal interpretations to the agency and the public. For purposes of this analysis, it is assumed that required inspections and investigations would be performed by state employees of TDLR that qualify as registered breeder inspectors.

TDLR also anticipates receiving 1,000 complaints per year resulting in 45 hearings per year and conducting 965 pre-licensure inspections in fiscal year 2012. In addition, TDLR anticipates a cost of \$2,000 for each controlling person requiring a criminal history background check and \$2,181 in costs for issuing plastic credit card type licenses for the controlling persons and third party inspectors. TDLR assumes 181 inspectors, who are either employed by a state agency, local law enforcement or local fire department would register as third party inspectors. Based on information provided by TDLR, this analysis also assumes that the agency would contract with third party inspectors in the amounts of \$223,000 in 2012 and \$230,000 in each subsequent year to implement the provisions of the bill.

In addition to salary and benefit costs in the amount of \$937,446 each year, it is assumed that the agency would incur other costs of \$39,150 each year in rent for space for the additional FTEs in non-state-owned buildings, \$25,875 each year in annual travel costs, \$91,352.50 in FY 2012 for equipment costs, \$4,181 each year in professional services, and \$21,750 each year for other operating expenses.

This analysis assumes that any increased costs to the agency, which is statutorily required to generate

sufficient revenue to cover its costs of operation, would be offset by an increase in fee generated revenue. For the purposes of this analysis, no estimate is included for revenue gains or costs to the newly created Dog or Cat Breeder Training and Enforcement Account in the General Revenue Fund because administrative penalties that would be assessed subsequent to the implementation of the bill can not be determined.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 452 Department of Licensing and Regulation, 304 Comptroller of Public Accounts

LBB Staff: JOB, ESi, AG, MW, CWS, SD