

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 8, 2009

TO: Honorable Edmund Kuempel, Chair, House Committee on Licensing & Administrative Procedures

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

IN RE: HB3180 by Thompson (Relating to the licensing and regulation of commercial dog and cat breeders and the regulation of dog and cat dealers; providing penalties.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3180, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2011.

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
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$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 2009
2010	(\$846,169)	\$846,169	11.5
2011	(\$776,819)	\$776,819	11.5
2012	(\$776,819)	\$776,819	11.5
2013	(\$776,819)	\$776,819	11.5
2014	(\$776,819)	\$776,819	11.5

Fiscal Analysis

The bill would require the Texas Department of Licensing and Regulation (TDLR) to license and regulate commercial dog and cat breeders and dealers. 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 commercial breeder. The bill would require TDLR to establish qualifications and training for registered breeder inspectors. The bill would also require TDLR to inspect a facility before an initial commercial breeder license is issued for the facility. The bill would authorize TDLR to set a licensing fee and a nonrefundable inspection fee.

The bill would require TDLR to maintain a directory of licensed commercial breeders to prepare information of consumer interest regarding the regulation of commercial 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 commercial 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 require TDLR to establish a Dog and Cat Advisory Committee with seven members appointed by the commissioner to advise the Department in adopting rules and in administering and enforcing the regulation of commercial breeders. The bill would authorize the reimbursement of the Advisory Committee.

The bill would also establish provisions regarding retail sales of cats and dogs.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house. If not, the bill would take effect September 1, 2009. The license requirement for commercial dog and cat breeders would take effect September 1, 2010.

Methodology

Based on the analysis of TDLR, the estimated population of commercial dog and cat breeders within the state of Texas is 1,000 and the estimated population of certified inspectors is 200. It is assumed that TDLR would require an additional 11.5 FTEs to license, regulate and enforce the provisions of the bill: 1.0 administrative assistant III for licensing; 1.0 program specialist V to assist in establishing regulations, standards, and oversight of the enforcement activities; 3.0 inspector IV to conduct the initial and annual inspection of facilities; 1.0 legal assistant II for complaint intake; 0.5 administrative assistant II for intake assistance; 2.0 investigator IV to investigate complaints; 1.0 attorney IV and 1.0 legal assistant III for prosecuting violations; and 1.0 general counsel III for specialized rulemaking and anticipated high levels of interest in the rulemaking.

TDLR anticipates receiving 1,000 complaints per year, of which 500 complaints will be opened, and 100 will result in hearings. TDLR also anticipates conducting 1,000 pre-licensure inspections in Fiscal Year (FY) 2010, and 2,050 inspections each subsequent year for the annual inspections (1,000), complaint inspections (1,000), and 50 pre-licensure inspections.

TDLR anticipates that for each commercial breeder, there is also at least one controlling person who will also require a criminal history background check. Based on the analysis of TDLR, it is assumed criminal history checks will cost \$2,000 per year.

In addition to salary and benefit costs, other costs include \$31,671 each year in rent for space for the additional FTEs in non-state-owned buildings, \$19,000 each year in annual travel costs, \$69,350 in FY 2010 for equipment costs, and \$17,250 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.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 452 Department of Licensing and Regulation

LBB Staff: JOB, SD, ES