

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	See below		See below	
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 377 would establish procedures for the Department of Agriculture to recover costs related to the care of animals impounded under Section 54-633 of the Commercial Dog and Cat Operator Inspection Act. The department would be directed to file a complaint within 7 days of impoundment with the district court of county that the animal was impounded. If the court found probable cause that there was a violation of the act, the court would be authorized to order various actions, including an order for the owner of the animal to post a bond or other security, or to make a payment in an amount sufficient to reimburse all reasonable expenses of impoundment, including veterinary care.

Section 54-633 currently allows the Department or local law enforcement authorities to impound animals. LB 377 as drafted requires the Department to file complaints with the district court on impoundments carried out under Section 54-633, which would include actions undertaken either by the Department or local law enforcement officials. Assuming that the Department would be required to file on behalf of local authorities, the legal costs to the agency could increase. Currently a .50 FTE attorney is assigned to the Commercial Dog and Cat Operator Inspection program. Actual costs to the agency would depend upon the number of cases filed, and it is not known if additional legal staffing would be necessary. The agency estimates that it would require additional funding for a .50 FTE attorney at \$39,000 per year to assume this workload.

The Department of Agriculture estimates there could be \$40,000 in impoundment-related costs on an annual basis. Costs would vary based upon the number of animals seized and the amount of boarding and veterinary care required. The agency estimate assumes that costs would be recovered via bond payments or financial reimbursements. Because LB 377 does not specify that bond proceeds or reimbursements could be deposited in the Commercial Dog and Cat Operator Inspection Cash Fund, it is not clear if the funds could be deposited in an agency account that could be used to offset impoundment costs. It is also not specified how bonds or reimbursement payments would be made to local authorities if the Department recovered costs on their behalf.

In addition to the above, the Department of Agriculture assumes additional costs as follows: \$12,000 for staff training costs and \$10,000 for a .20 FTE accountant to track expenses, bond proceeds, sale proceeds and refunds and settlements. This estimate assumes that the agency would be entirely responsible for legal and financial support regarding both state and local authority impoundments undertaken under the act. The degree of staff training needed and the accounting tracking would depend upon the number of cases and the complexity of the costs.

Because the balance of the Commercial Dog and Cat Operator Inspection Cash Fund would not support additional costs beyond the existing program, it is estimated that increased costs would come from the General Fund.

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2015

LB<sup>(1)</sup> LB 377

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Agriculture

Prepared by: <sup>(3)</sup> Robert Storant Date Prepared: <sup>(4)</sup> 02/12/2015 Phone: <sup>(5)</sup> 402-471-6821

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>113,500</u>	<u></u>	<u>113,500</u>	<u></u>
CASH FUNDS	<u></u>	<u>40,000</u>	<u></u>	<u>40,000</u>
FEDERAL FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u>113,500</u>	<u>40,000</u>	<u>113,500</u>	<u>40,000</u>

**Explanation of Estimate:**

LB 377 would remove reference to criminal code statutes §§28-1011 and 28-1012 when impounding dogs or cats and creates a new authority in the Commercial Dog and Cat Operator Act. It will be necessary to have procedures in place prior to impounding, requires staff training beyond conducting regulatory inspections in areas of legal enforcement, collecting evidence, how to maintain a chain of custody, testifying in a court of law, perform research for liens or security interest of record, etc. While the bill has many positive changes, there will be a fiscal impact for the following new costs:

- Training costs for inspection staff and the Program Manager is estimated to be \$12,000 or \$3,000 per FTE.
- Legal proceedings will have to be filed in district court in the county in which animals are impounded. This will result in additional travel costs for Department legal staff and the inspectors. This cost is estimated to be approximately \$1,500 per case. The cost estimate is based on approximately five (5) cases per year or \$7,500. This Fiscal Note reflects adding a .5 FTE Attorney II at a salary and benefit cost of \$37,500, plus \$1,500 operating costs to work with the Attorney General’s office and county attorneys
- Impoundment costs will be a new cost for the Department. For the estimated five (5) cases per year, the cost reflects removal and impoundment in two or three cases each year. Costs will vary depending on number of animals impounded. A cost estimate is projected for approximately 50 dogs or cats per case. There will be costs incurred for micro chipping or special collar needs, feed costs, transportation, boarding costs, etc. While there are several variables in calculating what the actual cost will be, the fiscal note is based on three cases of approximately 50 each or impoundment of 150 animals each year. Identification of animals impounded is projected to be \$2,000; transportation costs - \$1,500; veterinary care - \$5,000; and feeding and boarding approximately \$31,500, for a total of \$40,000.
- Accounting and record keeping will be a new cost to track expenses, handle bond proceeds, handle sale proceeds, and make refunds/settlements if the owner is not convicted. Included in the Fiscal Note are salary, benefit, and operating costs for a .2 FTE Accountant I, approximately \$10,000.
- An unknown in the Fiscal Note is if the owner of the dogs or cats can financially post bond or provide a security interest, adequate to offset the impoundment costs and the amount of potential liability the State would assume under this bill related to births of dogs and cats during impoundment, deaths, injuries, etc., to any of the dogs or cats.

The Dog and Cat Operator Inspection Act is a 100% cash funded program supported by license fees. Based on the assumptions made throughout this Fiscal Note, the estimated new cost is \$113,500. The program’s current cash flow cannot absorb this additional cost, resulting a request for general funds.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Attorney II	<u>.5</u>	<u>.5</u>	<u>26,790</u>	<u>26,790</u>
Accountant I	<u>.2</u>	<u>.2</u>	<u>6,850</u>	<u>6,850</u>
Benefits.....			<u>13,450</u>	<u>13,450</u>
Operating.....			<u>53,910</u>	<u>53,910</u>
Travel.....			<u>7,500</u>	<u>7,500</u>
Capital outlay.....				
Overtime cost.....			<u>5,000</u>	<u>5,000</u>
Capital improvements.....				
<b>TOTAL</b> .....			<u>113,500</u>	<u>113,500</u>

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