

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 330 (First Edition) Spay/Neuter Program

SHORT TITLE: Spay/Neuter Program

SPONSOR(S): Senator Kinnaird, et.al.

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>
REVENUES					
Spay/Neuter Fund	\$125,000	\$500,000	\$500,000	\$500,000	\$500,000
Local Governments	see ASSUMPTIONS AND METHODOLOGY				
EXPENDITURES					
Spay/Neuter Fund					
Dept. of Agriculture & Consumer Services					
-Education Program	\$25,000	\$100,000	\$100,000	\$100,000	\$100,000
-Grants	\$100,000	\$400,000	\$400,000	\$400,000	\$400,000
POSITIONS:					
Dept. of Agriculture & Consumer Services		Not Yet Determined			
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
Department of Agriculture and Consumer Services; Department of Health and Human Services					
EFFECTIVE DATE: The act becomes effective January 1, 1999, and applies to rabies vaccinations administered on or after that date. (See Technical Considerations)					

BILL SUMMARY:

The bill establishes a Spay/Neuter Fund in the Department of Agriculture and Consumer Services. Revenue into the fund is from a 50 cents charge on each dog or cat receiving a rabies vaccination. The Department of Agriculture and Consumer Services may use 20% of the Fund to

educate the public about the benefits of spayed and neutered pets. The remaining 80% of the Fund will be distributed in grants to eligible local governments.

ASSUMPTIONS AND METHODOLOGY:

REVENUE

Dr. Lee Hunter, staff for the Veterinary Public Health Program of the Department of Health and Human Services, estimates that one million rabies tags will be sold annually for the next few years. Rabies tags provide proof of a rabies vaccination. Although not all tags are used in a year, it is the best indicator available for rabies vaccinations. At 50 cents per tag, licensed veterinarians in the state should remit \$500,000 a year to the Spay/Neuter Fund.

First year revenues in FY 1999-00 are dependent on how quickly the Department of Agriculture and Consumer Services can set up the Spay/Neuter Program. Since the bill does not appropriate any funds for start-up costs, the Department will have to use existing personnel and resources to get the program underway. At a minimum, the Department will have to establish a procedure with each licensed veterinarian and licensed certified rabies vaccinator for maintaining records, and collecting and submitting the fee for each pet vaccinated. The Department must work with 760 veterinary facilities in North Carolina to get this program underway. Given the uncertainty of the bill's passage date and the amount of resources the Department can dedicate to this program, this fiscal note assumes a January 1, 2000 start date. With a January start date, this will allow the Department to collect only one payment in FY 99-00: the January-March quarter of 2000 will be remitted in April.

Although SB 330 does not mandate an animal tax on dogs and cats, it does require local governments to have enacted this tax in order to qualify for grants from the Spay/Neuter Fund. This animal tax must be three times higher for cats and dogs that have not been spayed or neutered than for cats and dogs that have been spayed or neutered. Some local governments may adopt this tax or amend their existing animal tax to qualify for the grant program. Twenty three counties reported an animal tax ordinance in a 1997 survey conducted by the North Carolina Association of County Commissioners, but it is not known whether these counties meet the tax standard in SB 330. No similar survey is available for municipalities, but 47 towns and cities did report revenue from an animal tax in their 1997 AFIR (Annual Financial Information Report).

EXPENDITURES

SB 330 allows the Department of Agriculture and Consumer Services to spend 20% of the Spay/Neuter Fund "to educate the public on the benefits of having pets spayed and neutered." The Department has estimated it will need six positions and a budget of \$626,101 in FY 1999-00 to conduct a statewide education program, to collect fees, and to administer the grant program. The proposed budget is as follows:

Salaries & Benefits	\$256,501
Office rent	\$20,000
Travel	\$43,000
Postage	\$50,000
Advertising	\$25,000
Other material & Supplies	\$125,000
One time equipment	\$52,600

All other \$54,000

With a revenue estimate of \$500,000 a year in the Spay/Neuter Fund, the Department will receive 20% of the collections, equal to \$100,000, for education, not administration.

There is no impact on local governments, because SB 330 does not require cities and counties to participate. However, if local governments want to apply for grants they must offer a program to reduce the cost of spaying or neutering cats and dogs. Such programs can be funded with an animal tax.

TECHNICAL CONSIDERATIONS:

The following are technical errors in the bill:

- 1) The reference in 106-363.5(b) to “North Carolina School of Veterinary Medicine at Raleigh” should be *North Carolina State University College of Veterinary Medicine*.
- 2) G.S. 106-363.7 should refer to the *Veterinary Public Health Program* and not the “Director of Veterinary Public Health”.
- 3) Also in G.S. 106-363.7, the reference to the “Animal Welfare Section of the Department of Agriculture and Consumer Services” should be changed to the *Veterinary Division of the Department of Agriculture and Consumer Services*.

The effective date of January 1, 1999 should be changed to avoid forcing veterinarians to pay taxes they did not collect from the owners of vaccinated pets. The vets will be unable to bill their customers retroactively for the 50 cents tax.

FISCAL RESEARCH DIVISION 733-4910

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DATE: Tuesday, May 04, 1999



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