

March 25, 2019

The Honorable Dan Kerschen, Chairperson
Senate Committee on Agriculture and Natural Resources
Statehouse, Room 225-E
Topeka, Kansas 66612

Dear Senator Kerschen:

SUBJECT: Fiscal Note for SB 224 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 224 is respectfully submitted to your committee.

SB 224 would create the Kansas Retail Pet Shop Act which would regulate retail pet shops that sell dogs. The bill would establish the requirements for a retail pet shop to lawfully sell dogs including circumstances under which a dog cannot be imported into Kansas, as well as the certifications and information that must be obtained from breeders. Retail pet shops would be required to give notice of operation to the Secretary of the Kansas Department of Agriculture (KDA) and pay an initial fee of \$1,000 or a renewal fee of \$300 to be deposited in the Kansas Retail Pet Shop Act Fee Fund, created by the Act.

Any person who violates a provision or requirement of the Act or rules and regulations adopted as authorized by the Act would be guilty of a misdemeanor and upon conviction, be subject to a fine of up to \$1,000 for a first offense, up to \$2,000 for a second offense, and up to \$5,000 for a third and subsequent offense. In addition to or instead of a fine for a violation, upon conviction the person could be sentenced to a term in the county jail as determined by the courts. In addition to or instead of any other criminal or civil proceeding, the Secretary could impose a civil penalty of up to \$1,000 for a first offense, up to \$2,000 for a second offense, and up to \$5,000 for a third and subsequent offense. The Secretary could bring an action in district court for a temporary restraining order of a temporary or permanent injunction, which would restrain the person from violating or continuing to violate any provision of the Act or rules and regulations adopted as authorized by the Act.

The Kansas Legislature, by enactment of SB 224, intends that any local ordinance or resolution adopted to regulate the sale, delivery, barter, auction, broker, or transfer of a dog to a person from a retail pet shop effective on January 1, 2020, would be preempted and void and unenforceable. Further local ordinances could not be enacted or enforced. The bill would take effect on January 1, 2020.

Estimated State Fiscal Effect				
	FY 2019 SGF	FY 2019 All Funds	FY 2020 SGF	FY 2020 All Funds
Revenue	--	--	--	\$97,000
Expenditure	--	--	--	19,500
FTE Pos.	--	--	--	--

According to the KDA, approximately 10.0 percent of all animal facilities, or 97, are retail pet shops. For the purposes of calculating the fiscal effect of enactment of SB 224, the agency assumes that all retail pet shops offer dogs for sale and would be required to obtain a license from the KDA with total revenue from initial licensing of \$97,000. Revenue in out years from renewals is expected to be approximately \$29,000 annually.

The agency estimates that enactment of the bill would result in an increase in annual expenditures of \$19,500. Currently, inspectors are required to verify that each out-of-state dog is accompanied by a current Certificate of Veterinary Inspection (CVI) and that each dog over three months of age has a current rabies vaccination. SB 224 would require inspectors to verify that all purchases of dogs made by pet shops are from qualified breeders. This would involve research into inspection records for each state licensed facility and if the pet shop purchases dogs from a USDA licensed facility, the agency would need to submit a Freedom of Information Act request for inspection records and then follow up on the records that it receives from the federal government. Inspections are conducted on half of the affected facilities each year at a cost of about \$200 each and the agency anticipates that enactment of the bill would double the cost of these inspections for a total increase of \$9,000 annually. In addition, \$3,000 would be needed for office staff to process and administer all necessary paperwork and CVI documentation. In order to sufficiently monitor and enforce the legislation, the agency would also need to utilize 10.0 percent of the time of 1.00 existing FTE Attorney position at a cost of \$7,500. Any fiscal effect associated with SB 224 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Division of the Budget

cc: Kellen Liebsch, Agriculture
Janie Harris, Judiciary
Jay Hall, Association of Counties