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Fiscal Note

Drafting Number: LLS 24-0431 Date: February 9, 2024
Prime Sponsors: Rep. Lindsay Bill Status: House Ag., Water, & Natural Res.
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Bill Topic: PET ANIMAL FACILITY REQUIREMENTS BEFORE EUTHANASIA

Summary of Fiscal Impact: [X] State Revenue [] State Transfer [X] Local Government
[X] State Expenditure [X] TABOR Refund [] Statutory Public Entity

The bill requires an animal shelter or pet animal rescue to notify all licensed pet animal shelters and pet animal rescues in Colorado at least three days prior to a pet animal's euthanasia so that another rescue or shelter can take possession of the animal. It increases state revenue and state and local expenditures on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$509,541 to multiple state agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 24-1114

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (General Fund, Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (TABOR Refund, General Fund Reserve).

Summary of Legislation

The bill creates additional requirements for licensed animal shelters and pet animal rescues under the Pet Animal Care and Facilities Act (PACFA). The bill requires shelters and rescues to notify all licensed animal shelters and pet animal rescues in Colorado at least three business days before euthanizing a pet animal so that another rescue or shelter has the opportunity to take possession of the animal.

If a shelter or rescue requests to take possession of the pet animal, the requesting shelter or rescue has two business days to take possession, and the notifying shelter must hold the pet animal until the requesting shelter takes possession. If a requesting rescue or shelter fails to take possession, the notifying shelter must contact any other shelters or rescues that requested to take possession of the pet animal. A notifying shelter or rescue is immune from civil liability for actions caused by the transferred pet animal provided it provides the requesting shelter with all material information about the pet animal.

The notification requirement does not apply if a veterinarian or shelter or rescue supervisor determines that a pet animal is irremediably suffering, or is a dog that has been deemed dangerous, ordered to be euthanized by a court, or has a documented history of unprovoked biting.

The bill also requires the Department of Agriculture (CDA) to procure a system that will allow shelters and rescues to contact all shelters and rescues in Colorado. The department may seek, accept, and expend gifts, grants, or donations for this purpose.

Background

PACFA is a program within the CDA that licenses and inspects all pet animal care facilities and businesses in Colorado. Any entity that engages in selling, transferring, adopting, breeding, boarding, training, grooming, sheltering, rescuing, or transporting pet animals is required to be licensed under PACFA. Annually, PACFA employees issue approximately 2,200 licenses, conduct 3,000 inspections, and perform 750 complaint investigations. Approximately 137 complaint investigations involve pet animal shelters or rescues. Any violation of PACFA regulations may result in a warning, fine, or other penalties.

Assumptions

The CDA requires time to develop the required shelter notification system, hire additional staff, and set up oversight mechanisms. This fiscal note assumes the requirements in the bill will be enforced beginning January 1, 2025. See Technical Note.

State Revenue

The bill increases state revenue beginning in FY 2024-25 from registration fees, and may also increase revenue from civil penalties and gifts, grants, and donations.

Fee impact on licensed animal shelter and rescue registrations. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are an estimate only, based on the maximum fee amount the CDA is currently permitted to charge an animal shelter or rescue per state law, which is \$700. Current fees range from \$350 to \$450 depending on the type of entity, so this analysis uses \$420 as an average current fee per registrant, with an assumed increase of \$280 per registrant. The CDA currently has 402 registrants that are required to pay this fee. Actual fees will be set administratively by the CDA based on cash fund balance, program costs, and the number of actual registrants subject to the fee. Table 2 below identifies the fee impact of this bill.

Table 2
Fee Impact on Licensed Animal Shelters and Rescues

Fiscal Year	Type of Fee	Current Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2024-25	PACFA Registration	about \$420	\$700	402	\$112,560
FY 2025-26	PACFA Registration	about \$420	\$700	402	\$112,560

Civil penalties. Under current law, any person who violates the Pet Animal Care and Facilities Act is subject to a civil penalty. The bill may increase state revenue to the extent that the provisions in the bill are violated, resulting in the collection of civil penalties. Any civil fines collected are subject to TABOR and are credited to the General Fund.

Gifts, grants, and donations. The bill potentially increases state revenue to the Pet Animal Care and Facility Fund from gifts, grants, or donations; however, no sources have been identified at this time. Gifts, grants, and donations are exempt from TABOR revenue limits.

State Expenditures

The bill increases state expenditures in the CDA by approximately \$511,000 in FY 2024-25 and \$208,000 per year in future years paid from the Pet Animal Care and Facilities Cash Fund and the General Fund—see Technical Note. Additionally, expenditures will increase in the Department of Personnel and Administration (DPA) by approximately \$12,500 in FY 2024-25 and \$25,000 per year in future years, paid from the General Fund initially, and through CDA’s common policies beginning in FY 2026-27. Expenditures are shown in Table 3 and detailed below.

Table 3
Expenditures Under HB 24-1114

	FY 2024-25	FY 2025-26
Department of Agriculture		
Personal Services	\$61,595	\$76,994
Operating Expenses	\$1,024	\$1,280
Capital Outlay Costs	\$6,670	-
Legal Services	\$19,203	\$19,203
Shelter Notification System	\$406,160	\$86,430
Travel, Fleet, & Per Diem Costs	\$4,570	\$8,940
Centrally Appropriated Costs ¹	\$12,277	\$15,347
FTE – Personal Services	0.8 FTE	1.0 FTE
FTE – Legal Services	0.1 FTE	0.1 FTE
CDA Subtotal	\$511,499	\$208,194
Department of Personnel and Administration		
Personal Services	\$10,319	\$20,638
Centrally Appropriated Costs ¹	\$2,161	\$4,322
FTE – Personal Services	0.1 FTE	0.2 FTE
DPA Subtotal	\$12,480	\$24,960
Total Cost	\$523,980	\$233,154
Total FTE	1.0 FTE	1.3 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Agriculture. Starting in FY 2024-25, expenditures in the CDA will increase to expand the administration of the PACFA program and maintain the shelter notification system.

- **Staffing.** The CDA requires 1.0 FTE compliance specialist to respond to and investigate complaints, conduct additional records inspections, manage the shelter notification database, and perform general program management, education and outreach, and rulemaking. This analysis assumes that the CDA will have a 26 percent increase in pet animal shelter and rescue related complaints, or 36 new complaints per year, which are estimated to require at least 10 hours per complaint; if additional complaints are filed, the CDA will seek funding through the annual budget process. Costs assume an October 1, 2024, start date and include standard operating and capital outlay costs.

- **Legal services.** The CDA requires 150 hours of legal services beginning in FY 2024-25, and on an annual basis, to provide general counsel for rulemaking and the implementation and ongoing administration of the bill. Legal services are provided by the Department of Law at a rate of \$128 per hour.
- **Shelter Notification System.** The bill requires the CDA to procure a system to allow animal shelters and rescues to contact all animal shelters and rescues in the state. In FY 2024-25, this requires 2,880 hours of computer programming services, billed at about \$141 per hour by the Office of Information Technology. The system will require an estimated 1,260 hours, billed at about \$67 per hour, of ongoing maintenance per year beginning in FY 2025-26.
- **Travel, fleet, and per diem.** The CDA must also reimburse staff for travel expenses, lease a fleet vehicle, and pay staff per diem. Staff is expected to travel about 200 miles per week, approximately 10 days per year and required lodging for five nights. Expenditures for FY 2024-25 travel expenses are prorated for the assumed enforcement start day of January 1, 2025.
- **Administrative law judge billing.** After FY 2025-26, the CDA will have increased central costs for administrative law judges (ALJ) provided by the DPA.

Department of Personnel and Administration. Starting in FY 2024-25, expenditures in the Office of Administrative Courts in the DPA will increase to manage the increase in cases created by complaints under PACFA.

- **Staffing.** The DPA requires 0.5 FTE to hold additional administrative hearings beginning January 1, 2025. As discussed in the CDA section, the fiscal note assumes that the requirements in the bill will create 36 new cases per year, of which about half of the cases are assumed to be settled prior to a hearing. This leaves approximately 18 cases that will need to be heard by an ALJ. Each hearing requires approximately 25 hours of ALJ time, resulting in about 460 additional hours of workload. If additional hearings are required, the DPA will seek funding through the annual budget process.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 3.

Other Budget Impacts

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2023 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2025-26. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Local Government

Counties across the state often operate animal shelters or contract out the operation of these facilities. On average, it costs a shelter an average of \$30 per day to keep an animal in the shelter. County animal shelters will incur increased costs of up to \$150 per animal that would otherwise be euthanized that would now need to be held so that another shelter can take possession of the animal. The exact number of animals that would need to be held has not been estimated.

Technical Note

The bill's effective date is currently October 1, 2024. The fiscal note assume that CDA staff will begin on that date to meet CDA's implementation requirements; however, enforcement is assumed to begin on January 1, 2025.

Under current law, the CDA may not charge a registration fee greater than \$700. If the bill were to include a provision that allowed the CDA to charge higher fees, then fees could be raised to cover the costs associated with the bill and a General Fund appropriation would not be needed.

Effective Date

The bill takes effect October 1, 2024, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill requires an appropriation totaling \$499,222 to the Department of Agriculture, of which \$112,560 is appropriated from the Pet Animal Care and Facilities Cash Fund and the remaining \$386,662 is appropriated from the General Fund, and 0.8 FTE. Of this amount, the following reappropriations are required:

- \$406,160 to the Office of Information Technology; and
- \$19,203 to the Department of Law, with an additional 0.1 FTE.

In addition, for FY 2024-25, the bill requires a General Fund appropriation of \$10,319 to the Department of Personnel and Administration, and 0.1 FTE.

State and Local Government Contacts

Agriculture
Information Technology

Counties
Judicial

Denver County Courts
Personnel

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).