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**Testimony in Support of HB 2477 to
The Senate Agriculture and Natural Resources Committee
By Josh Roe
Kansas Department of Agriculture
March 8, 2018**

Good morning Chairman Kerschen and members of the committee, my name is Josh Roe and I am the deputy secretary at the Kansas Department of Agriculture (KDA). I am here to testify in support of HB 2477 to adequately fund the Animal Facilities Inspection (AFI) program within the Division of Animal Health at KDA.

The AFI program is dedicated to supporting the companion animal industry in Kansas by regulating pet animal facilities required to be licensed under the provisions of the Kansas Pet Animal Act. The act requires licensing and inspection of several categories of facilities including: dog and cat breeders who produce, offer or sell three or more litters during the state fiscal year; pounds and shelters; pet shops; research facilities; distributors; out-of-state distributors; boarding facilities; animal rescues; and foster homes. The AFI program staff maintain licenses, health papers and correspondence pertaining to the program.

As of the beginning of 2018, there are 921 active AFI licenses in Kansas and 1,647 registered pet animal foster homes. In calendar year 2017, the program completed approximately 968 inspections with a passing rate of 92 percent on first inspection.

The first change that HB 2477 seeks to make is the license renewal deadline in statute. For many years, the due date for license renewal related to these sections has been set as September 30 by budget proviso language overriding the June 30 date set in statute. The agency would like to make September 30 the permanent renewal date and eliminate the need for ongoing budget proviso language.

The second change that HB 2477 seeks is to establish statutory fees for all license categories. This amended fee structure will enable the AFI program to continue providing critical services to the pet animal industry while matching the program's reliance on state general fund (SGF) dollars to a similar level as other animal health programs.

The animal disease control program receives fee revenue that funds 81 percent of its budget and the brands program receives fee revenue that funds 100 percent of its budget. AFI is currently budgeted to fund 55 percent of its budget with fees; HB 2477 as amended by the House would increase that to 77 percent, making it more consistent with other programs within the Division of Animal Health.

In November 2017, the AFI program updated rules and regulations which established the rescue network category. Group home shelters and rescue shelters were combined into the rescue network license category.

Fees for these previous categories were \$50 each and fees for the newly combined category are now \$125. There are approximately 60 licensees under this category, which will result in an estimated \$4,500 in revenue. As such, we are not proposing an increase in fees for rescue networks. This represents the only fee in the AFI program that has been increased since 2002. Page three of my testimony contains the proposed fees as originally introduced and then amended by the House. The original proposed fees were approved by the pet animal advisory board.

KDA is aware of and looks forward to the LPA audit of the AFI program. The audit has not yet commenced and appears that the earliest results could be available would be October 2018. We think it is critical to move forward with this legislation at this point to address current program requirements; if the audit would identify the need for additional resources, plans can be developed in future years to meet those identified needs.

An important part of the Division of Animal Health's mission is to protect animal health while also serving citizens whose businesses play a valuable role in their communities and in their local economies. Our interaction with the pet animal industry goes beyond licensure and enforcement; it extends to the work we do with all pet facilities to strengthen them through education and outreach, providing them the tools they need to manage successful businesses.

Thank you for the opportunity to speak with you today. I will stand for questions at the appropriate time.

Animal Facilities Inspection Current and Proposed Fees

| Category | Current Licenses | Current Fees | Current Fee Revenue | HB2477 as Introduced | | HB2477 as Amended | | Percent Change from Current |
|------------------------------|------------------|--------------|---------------------|----------------------|------------------|-------------------|------------------|-----------------------------|
| | | | | Fees | Revenues | Amended Fees | Revenues | |
| Hobby Breeder | 87 | \$95 | \$8,265 | \$250 | \$21,750 | \$250 | \$21,750 | 163% |
| Animal Breeder | 78 | \$200 | \$15,600 | \$450 | \$35,100 | \$450 | \$35,100 | 125% |
| Animal Breeder & Distributor | 10 | \$200 | \$2,000 | \$450 | \$4,500 | \$450 | \$4,500 | 125% |
| USDA Retail Breeder | 34 | \$200 | \$6,800 | \$450 | \$15,300 | \$450 | \$15,300 | 125% |
| Non-USDA Retail Breeder | 102 | \$405 | \$41,310 | \$450 | \$45,900 | \$450 | \$45,900 | 11% |
| Animal Distributor | 5 | \$200 | \$1,000 | \$400 | \$2,000 | \$400 | \$2,000 | 100% |
| Research Facility | 5 | \$200 | \$1,000 | \$300 | \$1,500 | \$300 | \$1,500 | 50% |
| Pet Shop | 96 | \$405 | \$38,880 | \$600 | \$57,600 | \$600 | \$57,600 | 48% |
| Shelter 1st Class City | 45 | \$300 | \$13,500 | \$550 | \$24,750 | \$400 | \$18,000 | 33% |
| Shelter 2nd Class City | 57 | \$250 | \$14,250 | \$450 | \$25,650 | \$335 | \$19,095 | 34% |
| Shelter 3rd Class City | 170 | \$200 | \$34,000 | \$350 | \$59,500 | \$285 | \$48,450 | 43% |
| Rescue Network | 60 | \$125 | \$7,500 | \$125 | \$7,500 | \$125 | \$7,500 | 0% |
| Boarding and Training | 165 | \$95 | \$15,675 | \$200 | \$33,000 | \$200 | \$33,000 | 111% |
| Out-of-State Distributor | 4 | \$650 | \$2,600 | \$650 | \$2,600 | \$650 | \$2,600 | 0% |
| Temp. Pet Shop | 3 | \$75 | \$225 | \$200 | \$600 | \$200 | \$600 | 167% |
| Foster Homes | 1647 | \$10 | \$16,470 | \$30 | \$49,410 | \$0 | \$0 | -100% |
| Total Fee Revenue | | | \$219,075 | | \$386,660 | | \$312,895 | |

| Reinspection | |
|---------------------------|------------------|
| Fees | \$8,600 |
| Total Fees | \$321,495 |
| Revenue Difference | \$167,585 |
| Total | \$93,820 |