

Annual Report

Commercial Dog and Cat Operator Inspection Program

Fiscal Year July 1, 2012 – June 30, 2013

Annette Bredthauer, DVM

November 1, 2013



Dave Heineman
Governor

State of Nebraska

Department of Agriculture
Gregory A. Ibach

Director
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October 30, 2013

Mr. Patrick J. O'Donnell
Clerk of the Legislature
State Capitol Rm 2018
Lincoln, NE 68509-4604

Dear Mr. O'Donnell:

The enclosed fiscal reports to the Legislature for 2012/2013 regarding the Commercial Dog and Cat Operator Inspection Act were prepared by the Nebraska Department of Agriculture to comply with the requirements in §54-642. A copy will also be submitted to the Agriculture Committee and the Appropriations Committee for their review.

If you have any questions in this regard, please contact me at (402) 471-2351.

Sincerely,

DEPARTMENT OF AGRICULTURE

A handwritten signature in black ink that reads "Dennis A. Hughes D.V.M.".

Dr. Dennis Hughes
State Veterinarian
Nebraska Department of Agriculture

Enclosures

copies: Senator Ken Schliz, Chair of the Agriculture Committee
Senator Heath Mello, Chair of the Appropriations Committee

Report to Legislature 2012-2013 Cover Letter

NEBRASKA DEPARTMENT OF AGRICULTURE
REPORT TO THE LEGISLATURE FOR FISCAL YEAR 2012/2013
REGARDING THE COMMERCIAL DOG AND CAT OPERATOR INSPECTION ACT

AGENCY 18 - DEPARTMENT OF AGRICULTURE
PROGRAM 063 – Animal and Plant Health Protection

The Nebraska Department of Agriculture (Department) submits this report to comply with §54-642 of the Commercial Dog and Cat Operator Inspection Act ("Act"). Section 54-642 requires the Department to:

1. Identify costs incurred by the Department to administer the Act in the previous fiscal year (see Table 2).
2. Detail costs incurred by primary activity (see Tables 1 and 2).
3. Provide a breakdown by category of all revenue credited to the cash fund in the previous fiscal year (see Table 1).

To assist in understanding these costs and the revenue for this program, the following background information is submitted. The Commercial Dog and Cat Operator Inspection Act was first enacted in 2000. Since that time, a number of amendments have been enacted which have placed mandates on the Department and on those who are regulated by the Act. For instance, an additional four types of facilities which are subject to the Act have been added since the original legislation was enacted.

LICENSES

In FY 12/13, 248 commercial breeder licenses were issued, an 8% decrease from the 269 issued in FY 11/12. Two major factors may have contributed to this drop in numbers:

1. As a result of increased oversight from inspectors, a number of facilities that had difficulty maintaining compliance standards, chose to discontinue operation; and
2. Some facilities closed for economic reasons.

Licenses in the animal shelter, animal control and animal rescue category increased from 233 in FY 11/12 to 240 in FY 12/13.

While the number of licensed dealers and pet shops remains relatively steady from year to year, the number of boarding kennels continues to increase each year to an all time high of 103 licensed in FY 12/13. This is a 19% increase over the average of the past four years.

INSPECTIONS

The total number of attempted and completed inspections declined from a previous record high of 1,035 in FY 11/12, to 798 (including exit inspections) in FY 12/13, a 23% decrease. Table 4 details the types of inspections completed. The total number of inspections completed decreased from a previous record high of 888 in FY 11/12 to 731 in FY 12/13 (including exit inspections) an 18% decrease. The program experienced a vacancy period

caused by inspector staff changes, and one inspector needing extended sick leave, lowering inspection numbers. The 731 inspections in FY 12/13 (including exit inspections) was a decrease of only 9% of the average number of inspections conducted over the past four years.

COMPLAINTS

In FY 11/12, the program received 69 complaints (Table 4). In FY 12/13, the program received 63 complaints, a record low. This is a 41% decrease over the average of complaints received over the past four years.

There are several reasons which may explain the decrease in the number of complaints. Of the seven types of licensed facilities, complaints on commercial breeder facilities account for approximately half of those received in a typical year. The number of licensed commercial breeder facilities has steadily declined in each of the past four years. The 248 licensed in FY 12/13, is an all time low. The decline in the number of complaints may be related to the lower numbers of commercial breeder facilities, increased oversight and the number of problem facilities which have ceased doing business.

The investment of time to resolve the issue or issues found during an inspection based on a complaint can vary greatly, from those complaints which are discovered to be unfounded to those which require the cooperation of law enforcement and humane societies. Approximately a third of the inspections conducted as the result of a complaint, necessitate at least one additional inspection.

PUBLIC RELATIONS

Table 4 also shows the number of hours invested in public relations contacts. These contacts serve to gain compliance from the regulated, to gain assistance of and work with local law enforcement, and to educate and work with humane societies, industry leaders, and veterinarians.

Report – History

2012-2013 Fiscal Year Legislative Report

Commercial Dog and Cat Operator Inspection Program

Agency 18 – Nebraska Department of Agriculture (Department)

Program 063 – Animal and Plant Health Protection (APHP)

The provisions of this Program were initiated during the 2000 session of the Nebraska Legislature. The Act became operative July 1, 2000. Regulations were approved in July 2001, amended in August of 2003, and, most recently, amended in September 2013.

APHP began licensing commercial breeders, dealers, and boarding kennels during FY 01/02. The licensing period is April 1 to March 31. License fees during the FY 01/02 year were set at \$100.

On April 17, 2003, LB 233 went into effect, except for the new licenses required by this bill which was operative October 1, 2003. This requires that all animal control facilities and animal shelters be State licensed. The licensing period for animal control facilities and animal shelters is October 1 to September 30. License fees during 2003 were set at \$150.

On August 31, 2003, provisions of LB 274 went into effect. Beginning January 1, 2004, this bill required all pet shops be licensed. The licensing period for pet shops is April 1 to March 31. License fees were set at \$150.

On September 27, 2006, initial license fees were set at \$125. All renewal fees remained at \$150. This was authorized by LB 856 which went into effect July 14, 2006.

On September 1, 2007, LB 12 went into effect. LB 12 established the following requirements: (1) the facilities of all initial applicants shall receive a qualifying inspection before a license can be issued; (2) at least one inspection shall be conducted every 24 months for all licensees; (3) a three-tiered renewal fee schedule of \$150, \$200, and \$250 based on the annual daily average number of dogs and cats housed during the previous licensure period; and (4) a \$150 renewal fee for licensed facilities that do not house dogs or cats. LB 12 also allows the Department to impose administrative fines. LB 12A provided funding for additional staff, including a part-time attorney, full-time supervising veterinarian, and two additional inspectors.

On August 30, 2009, LB 241 went into effect. LB 241 authorizes the Department to issue and enforce stop-movement orders, and expands the definition of animal control facility to include facilities under contract with the State or any political subdivision of the State. Prior to this bill, only a facility operated by such entities was considered an animal control facility. The bill, however, allows the State or any political subdivision of the State, which contracts out its animal control duties to a facility not operated by the State or any political subdivision of the State, to be exempted from the licensing requirements of the Act, if such facility is licensed as an animal control facility or animal shelter for the full term of the contract with the State or its political subdivision.

On July 15, 2010, provisions of LB 910 went into effect, with portions requiring the licensing of animal rescues, beginning on October 1, 2010. LB 910 established the following provisions: (1) a definition and licensing requirement for animal rescue; (2) a definition of a foster home; (3) any county, city, or village that imposes a license tax on the owner or harbinger of any cats or dogs shall, in addition to the license tax imposed by the licensing jurisdiction, collect from the licensee a fee of one dollar with 97% of the fee remitted to the State Treasurer for credit to the Commercial Dog and Cat Operator Inspection Program Cash Fund; (4) increased licensing fees with an 11-tiered annual license fee schedule of \$150, \$200, 250, \$300, \$350, \$400, \$450, \$500, \$550, \$600, and \$2,000; (5) set the annual license fee for animal rescues at \$150; and (6) changed the late renewal fee to an amount equal to twenty percent of the annual license fee, due and payable each month, not to exceed one hundred percent of such fee.

On December 1, 2011, a Regulation Hearing was held to amend Regulations to the Commercial Dog and Cat Operator Inspection Act. These Regulations were approved and signed by the Governor on May 14, 2012.

The Act was last revised during the 2012 session of the Nebraska Legislature with the passage of LB 427. On October 1, 2012 provisions of LB 427 went into effect. LB 427 established the following provisions: (1) a definition of a breeding dog; (2) a definition of a commercial cat breeder; (3) a redefinition of a commercial dog breeder; (3) changed licensing, exercise and primary enclosure requirements; (4) changed requirements of commercial cat breeders and commercial dog breeders.

On July 31, 2013, a Regulation Hearing was held to amend Regulations to the Commercial Dog and Cat Operator Inspection Act in order to be consistent with LB 427. These Regulations were approved and signed by the Governor on September 23, 2013.

The goal of the Commercial Dog and Cat Operator Inspection Program is to maintain a quality licensure and inspection program for commercial breeders, dealers, boarding kennels, animal control facilities, animal rescues, animal shelters, and pet stores, ensuring uniform standards consistent across the State.

The tables that more directly respond to the items in Section 54-642 follow and are described as:

1. A **Cash Fund Fiscal Report**, which shows beginning and ending cash fund balances. This Report also shows all revenue received and expenses incurred by category.
2. A **Costs to Administer the Act Report**, which shows all administrative costs allocated and program costs incurred by the Nebraska Department of Agriculture categorized by primary activity.
3. A **State Fiscal Year Annual Activity Report**, which shows the number of licensed facilities as of June 30, 2013, categorized by type of operation.
4. A **State Fiscal Year Annual Activity Report**, which provides details on the total number of complaints, types and number of inspections, and total number of public relations contacts by program staff.

**DEPARTMENT OF AGRICULTURE
COMMERCIAL DOG AND CAT OPERATOR INSPECTION PROGRAM
CASH FUND FISCAL REPORT
JULY 1, 2012 - JUNE 30, 2013**

BEGINNING CASH BALANCE	\$ 116,318.84
REVENUE:	
License Fees	\$ 125,875.00
Local License Fees	222,804.48
Late Fees	3,240.00
Investment Income	1,185.15
Donations	0.00
Reimbursements	630.00
Miscellaneous	<u>6,517.03</u>
Total Revenue	\$ <u>360,251.66</u>
TOTAL AVAILABLE CASH	\$ 476,570.50
EXPENDITURES:	
Salary & Benefits	\$ 307,623.49
Postage and DAS Surcharge	1,550.19
Communications Expense	4,974.99
Data Processing Expense	13,706.96
Printing	2,129.05
Conference Registration	1,708.90
Office Rent & Surcharge	1,766.69
Office Supplies Expense	333.54
Ag, Ed, Med, & Misc Supplies	866.20
Repair & Maint & Supplies-Motor Vehicle	1,676.91
Gas Expense	10,121.18
Misc. Operating Expense	5,534.26
Accounting & Auditing Services	644.63
Board & Lodging	5,535.46
Commercial Transportation	320.70
State-owned Transportation	0.00
Personal Vehicle Mileage	972.03
Capital Outlay-Vehicles	<u>17,254.00</u>
Total Expenditures	\$ <u>376,719.18</u>
Accounts Payable/Accrued	
ENDING CASH BALANCE	\$ <u><u>99,851.32</u></u>

Table 1

**DEPARTMENT OF AGRICULTURE
COMMERCIAL DOG AND CAT OPERATOR INSPECTION PROGRAM
COSTS TO ADMINISTER THE ACT
JULY 1, 2012 - JUNE 30, 2013**

	General Fund	Cash Fund	Total Costs
Agency Overhead:			
Agency Administration	\$ 15,206.08		\$ 15,206.08
Finance & Personnel	8,586.89		8,586.89
Building Overhead	<u>2,095.85</u>		<u>2,095.85</u>
Total	25,888.82	\$ 0	25,888.82
 Bureau of Animal Industry Expenses:			
Investigations & Complaints	0.00	64,274.58	64,274.58
Inspections	0.00	133,592.84	133,592.84
Program Administration	0.00	60,791.55	60,791.55
Public Relations	0.00	58,990.64	58,990.64
Attempted Inspection	0.00	18,843.04	18,843.04
Licensing	0.00	38,420.70	38,420.70
Request for Information	0.00	1,432.21	1,432.21
Hearings	<u>0.00</u>	<u>373.62</u>	<u>373.62</u>
Total	0.00	376,719.18	376,719.18
 Grand Total	 \$ <u>25,888.82</u>	 \$ <u>376,719.18</u>	 \$ <u>402,608.00</u>

Table 2

Nebraska Department of Agriculture

**Commercial Dog and Cat Operator Inspection Act
State Fiscal Year Annual Activity Report**

July 1, 2012 – June 30, 2013

Number of licensed facilities as of June 30, 2013

State Fiscal Year	July 1, 2008- June 30, 2009	July 1, 2009- June 30, 2010	July 1, 2010- June 30, 2011	July 1, 2011- June 30, 2012	July 1, 2012- June 30, 2013
Total Number of Licensed Facilities	724	724	716	712	710
Type of Facility					
Commercial Breeders	379	345	290	269	248
Boarding Kennels	75	84	90	97	103
Dealers	6	10	6	8	9
Total	460	439	386	374	360
Animal Shelters	34	86	28	28	29
Animal Control Facilities	70	99	134	130	129
Animal Rescues	N/A	N/A	*63	75	82
Total	104	185	225	233	240
Pet Shops	87	100	105	105	110
Total	87	100	105	105	110

* Separate category created for Animal Rescues which became effective 10-1-10.

Table 3

Nebraska Department of Agriculture

**Commercial Dog and Cat Operator Inspection Act
State Fiscal Year Annual Activity Report**

July 1, 2012 – June 30, 2013

Complaints, Inspections and Public Relations Activity as of June 30, 2013

State Fiscal Year	July 1, 2008- June 30, 2009	July 1, 2009- June 30, 2010	July 1, 2010- June 30, 2011	July 1, 2011- June 30, 2012	July 1, 2012- June 30, 2013
Complaints					
Total Number of Complaints	136	133	92	69	63
Inspections					
Type of Inspection					
Attempted*	163	99	142	147	67
Pre-inspection	92	137	98	87	61
Routine	574	424	670	693	571
Re-inspection	62	44	34	50	43
Complaint	66	79	54	32	38
Exit	**N/A	**N/A	**N/A	26	18
Total Number of Attempted and Completed Inspections	957	783	998	1,035	798
Total Number of Inspections	794	684	856	888	731
Public Relations Hours	318.25	228	182	422	227
Total Number of Contacts	404	315	255	590	318

* Statistics on Attempted Inspections not available prior to FY 08/09

** Exit Inspection category added in FY11/12

Report to the Legislature 2012-2013 Statistics.doc

Table 4