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STATE OF NEBRASKA

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October 30, 2015

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

Dear Mr. O'Donnell:

The enclosed reports to the Legislature for fiscal year 2014/15 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

Dr. Dennis Hughes
State Veterinarian

Enclosures

copies: Senator Jerry Johnson, Chair of the Agriculture Committee
Senator Heath Mello, Chair of the Appropriations Committee

Annual Report

Commercial Dog and Cat Operator Inspection Program

Fiscal Year July 1, 2014 – June 30, 2015

Annette Bredthauer, DVM

October 30, 2015

NEBRASKA DEPARTMENT OF AGRICULTURE
REPORT TO THE LEGISLATURE FOR FISCAL YEAR 2014 - 2015
REGARDING THE COMMERCIAL DOG AND CAT OPERATOR INSPECTION ACT
AGENCY 18 - DEPARTMENT OF AGRICULTURE
PROGRAM 063 – Animal and Plant Health Protection

INTRODUCTION

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 14/15, 222 commercial breeder licenses were issued, a 6% decrease from the 236 issued in FY 13/14 (see Table 3). 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 244 in FY 13/14 to 253 in FY 14/15.

The number of licensed dealers, pet stores and boarding kennels remains relatively steady from year to year.

COMPLAINTS

In FY 14/15, the program received 82 complaints (Table 4). This is a 4% increase over the average of complaints received over the past four years.

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

Fiscal Year 2014 - 2015 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, amended in May of 2012, and, most recently, amended in September 2013.

APHP began licensing commercial breeders, dealers, and boarding kennels during FY2001/02. The licensing period is April 1 to March 31. License fees during the FY2001/02 year were set at \$100.

On April 17, 2003, LB 233 went into effect, except new licenses required by this bill went into effect on October 1, 2003. This required 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. This bill required all pet shops be licensed beginning January 1, 2004. 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. Renewal fees remained at \$150. This was authorized by LB 856.

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 allowed 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 authorized the Department to issue and enforce stop-movement orders and expanded the definition of animal control facility to include facilities under contract with the State or any political subdivision of the State.

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) definition of 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 an animal rescue at \$150; and (6) changed the late renewal fee to an amount equal to twenty percent (20%) of the annual license fee, due and payable each month, not to exceed one hundred percent (100%) of such fee.

The Act was further 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; (4) changed licensing, exercise, and primary enclosure requirements; (5) 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 filed with the Secretary of State on September 23, 2013.

On January 21, 2015 a regulation hearing was held to propose regulation changes that clarified violations, made them easier to fully document; standardized compliance timeframes; and provided clearer provisions for gaining access to make inspections. These regulations were filed with the Secretary of State on April 6, 2015.

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:

- 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. (Table 1)
- 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. (Table 2)
- A **State Fiscal Year Annual Activity Report - Licensees**, which shows the number of licensed facilities as of June 30, 2015, categorized by type of operation. (Table 3)
- A **State Fiscal Year Annual Activity Report - Inspections**, which provides details on the total number of complaints, types and number of inspections, and total number of public relations contacts by program staff. (Table 4)

**DEPARTMENT OF AGRICULTURE
COMMERCIAL DOG AND CAT OPERATOR INSPECTION PROGRAM
CASH FUND FISCAL REPORT
JULY 1, 2014 - JUNE 30, 2015**

| DESCRIPTION | FY 14/15 |
|---|---------------|
| BEGINNING CASH BALANCE | \$ 85,014.90 |
| REVENUE: | |
| License Fees | \$ 121,170.70 |
| Local License Fees | 218,879.82 |
| Late Fees | 3,565.00 |
| Investment Income | 995.68 |
| Donations | 3,000.00 |
| Reimbursements | 269.44 |
| Miscellaneous | (6.19) |
| Total Revenue | \$ 347,874.45 |
| TOTAL AVAILABLE CASH | \$ 432,889.35 |
| EXPENDITURES: | |
| Salary and Benefits | \$ 316,027.18 |
| Postage and DAS Surcharge | 1,852.46 |
| Communications Expense | 4,943.82 |
| Data Processing Expense | 16,943.88 |
| Printing | 1,171.53 |
| Conference Registration | 634.00 |
| Office Rent and Surcharge | 1,611.10 |
| Office Supplies Expense | 276.58 |
| Agricultural, Educational, Medical, and Miscellaneous | 690.10 |
| Repair and Maintenance Supplies-Motor Vehicle | 3,230.44 |
| Gas Expense | 11,698.89 |
| Miscellaneous Operating Expense | 3,598.18 |
| Accounting and Auditing Services | 533.45 |
| Board and Lodging | 2,183.15 |
| Commercial Transportation | 0.00 |
| State-owned Transportation | 0.00 |
| Personal Vehicle Mileage | 629.90 |
| Capital Outlay-Vehicles | 0.00 |
| Total Expenditures | \$ 366,024.66 |
| Accounts Payable/Accrued | |
| ENDING CASH BALANCE | \$ 66,864.69 |

Table 1

**DEPARTMENT OF AGRICULTURE
COMMERCIAL DOG AND CAT OPERATOR INSPECTION PROGRAM
COSTS TO ADMINISTER THE ACT REPORT
JULY 1, 2014 - JUNE 30, 2015**

| | <u>General</u> | <u>Cash Fund</u> | <u>Total Costs</u> |
|-------------------------------|---------------------|----------------------|----------------------|
| Agency Overhead: | | | |
| Agency Administration | \$ 66,154.82 | \$ 0.00 | \$ 66,154.82 |
| Finance and Personnel | 2,635.19 | 0.00 | 2,635.19 |
| Building Overhead | 3,066.56 | 0.00 | 3,066.56 |
| Total | <u>\$ 71,856.57</u> | <u>\$ 0.00</u> | <u>\$ 71,856.57</u> |
| APHP Expenses: | | | |
| Investigations and Complaints | 0.00 | 48,975.93 | 48,975.93 |
| Inspections | 0.00 | 159,586.31 | 159,586.31 |
| Program Administration | 0.00 | 58,143.02 | 58,143.02 |
| Public Relations | 0.00 | 53,559.65 | 53,559.65 |
| Attempted Inspection | 0.00 | 16,628.87 | 16,628.87 |
| Licensing | 0.00 | 27,823.14 | 27,823.14 |
| Request for Information | 0.00 | 1,037.17 | 1,037.17 |
| Hearings | 0.00 | 270.57 | 270.57 |
| Total | <u>0.00</u> | <u>366,024.66</u> | <u>366,024.66</u> |
| Grand Total | <u>\$ 71,856.57</u> | <u>\$ 366,024.66</u> | <u>\$ 437,881.23</u> |

Table 2

Nebraska Department of Agriculture

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

July 1, 2014 – June 30, 2015

Number of licensed facilities as of June 30, 2015

| State Fiscal Year | July 1, 2010- June 30, 2011 | July 1, 2011- June 30, 2012 | July 1, 2012- June 30, 2013 | July 1, 2013- June 30, 2014 | July 1, 2014 June 30, 2015 |
|--|--|--|--|--|---------------------------------------|
| | | | | | |
| Total Number of Licensed Facilities | 716 | 712 | 710 | 692 | 684 |
| Type of Facility | | | | | |
| Commercial Breeders | 290 | 269 | 248 | 236 | 222 |
| Boarding Kennels | 90 | 97 | 103 | 106 | 104 |
| Dealers | 6 | 8 | 9 | 8 | 9 |
| Total | 386 | 374 | 360 | 350 | 335 |
| Animal Shelters | 28 | 28 | 29 | 36 | 38 |
| Animal Control Facilities | 134 | 130 | 129 | 125 | 127 |
| Animal Rescues | *63 | 75 | 82 | 83 | 88 |
| Total | 225 | 233 | 240 | 244 | 253 |
| Pet Shops | 105 | 105 | 110 | 98 | 96 |
| Total | 105 | 105 | 110 | 98 | 96 |

* 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 - Inspections**

July 1, 2014 – June 30, 2015

Complaints, Inspections and Public Relations Activity as of
June 30, 2015

| State Fiscal Year | July 1, 2010- June 30, 2011 | July 1, 2011- June 30, 2012 | July 1, 2012- June 30, 2013 | July 1, 2013- June 30, 2014 | July 1, 2014- June 30, 2015 |
|--|--|--|--|--|--|
| Complaints | | | | | |
| Total Number of Complaints | 92 | 69 | 63 | 92 | 82 |
| Inspections | | | | | |
| Type of Inspection | | | | | |
| Attempted | 142 | 147 | 67 | 111 | 134 |
| Pre-inspection | 98 | 87 | 61 | 38 | 56 |
| Routine | 670 | 693 | 571 | * 679 | 711 |
| Re-inspection | 34 | 50 | 43 | 111 | 119 |
| Complaint | 54 | 32 | 38 | 49 | 38 |
| Exit | **N/A | 26 | 18 | 22 | 28 |
| Total Number of Attempted and Completed Inspections | 998 | 1,035 | 798 | *1,010 | 1086 |
| Total Number of Completed Inspections | 856 | 888 | 731 | 899 | 952 |
| Public Relations Hours | 182 | 422 | 227 | 269 | 202 |
| Total Number of Contacts | 255 | 590 | 318 | 498 | 407 |

*Includes 30 inspections of the records at rescues utilizing foster homes

**Exit Inspection category added in FY11/12

Table 4