

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6749**

**BILL NUMBER:** HB 1084

**NOTE PREPARED:** Dec 20, 2004

**BILL AMENDED:**

**SUBJECT:** Regulation of Pet Stores.

**FIRST AUTHOR:** Rep. Cheney

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** The bill provides for the regulation of pet stores and licensing of pet store operators by the State Board of Animal Health. It establishes the Pet Store Licensing Fund. It also appropriates money to the Board to use for regulating pet stores and the licensing of pet store operators.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** There will be an increase in expenditures for the printing costs of applications, notifications, and postage for the new license. Depending on the number of licenses processed under the bill, the State Board of Animal Health (AHB) should be able to absorb expenditures related to printing costs of applications, notifications, and postage within its current budget.

The bill would create the Pet Store Licensing Fund. The Fund is to be administered by the AHB. The expenses of administering the Fund are to be paid from money in the Fund. The Fund would consist of licensing fees and civil penalties. Money remaining in the Fund at the end of a state fiscal year would not revert to the state General Fund. Additionally, money in the Fund would be annually appropriated to the AHB for use in carrying out the provisions of the bill.

The bill specifies the AHB may hire the necessary staff required for licensing and enforcement of pet stores. As of December 2004, AHB had 120 full-time staff members, 25 vacancies, 6 employees on leave, and one intermittent position. Veterinarians would be needed for the enforcement of this bill. Of the 9 field veterinarian (PAT 1) positions, only 6 are filled. If additional funds and resources are required, they could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used

to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. At the end of FY 2004, the AHB reverted approximately \$512,000 to the General Fund. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

**Explanation of State Revenues:** The proposal would require the costs of implementing, administering, and enforcing the pet store license to be covered by the fees collected. Based on U.S. Census data, approximately 166 pet stores exist in Indiana that are primarily engaged in the retail sale of pets, pet foods, and pet supplies. The fee for the license is set by the bill at \$200 for a cycle of two years before renewal. Licenses issued in the second year of a cycle would be \$100. Based on the estimated number of pet stores in Indiana and assuming that these pet stores would all become licensed within the first year of the licensing cycle, an additional \$33,000 could be collected from pet store licensing. All revenues collected from pet store licensing would be deposited into the Pet Store Licensing Fund (PSLF). In FY 2004, the AHB generated \$5,268 in total revenue.

The proposal also allows for civil penalties for violations of the bill's provisions. When such a violation has occurred, the AHB may impose an administrative fine no greater than \$1,000 per violation. All fines from civil penalties assessed under this provision would also be deposited in the Pet Store Licensing Fund. In FY 2004, the AHB generated \$1,750 in fines.

Under the bill, the Office of the Attorney General or the AHB may file an action for an injunction to stop violators of the provisions from continuing operation.

*Criminal Penalty:* A person operating a pet store that knowingly and intentionally violates a rule of the AHB pertaining to the operation of a pet store under this proposal would commit a Class B misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class B misdemeanor is \$1,000. Criminal fines are deposited in the Common School Fund.

If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

**Explanation of Local Expenditures:** *Criminal Penalty:* A Class B misdemeanor is punishable by up to 180 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

**Explanation of Local Revenues:** *Criminal Penalty:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

**State Agencies Affected:** Indiana Board of Animal Health, Office of the Attorney General.

**Local Agencies Affected:** County prosecutors, trial courts, local law enforcement agencies.

**Information Sources:** Gary Haynes, Director Legal Affairs/Licensing, Indiana Board of Animal Health, (317) 227-0345; U.S. Bureau of Census; *State of Indiana HRM Detail Staffing Report Dec 2004*; *Indiana Auditor of State Revenue Trial Balance, June 30, 2004*; State Budget Agency, *Fiscal Year 2003-2004 Close-Out Statement*.

**Fiscal Analyst:** Valerie Ruda, 317-232-9867.