

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 1184 (First Edition)

SHORT TITLE: Spay/Neuter Program

SPONSOR(S): Senator Kinnaird, et al

FISCAL IMPACT

Yes (X) No () No Estimate Available ()

FY 2000-01 FY 2001-02 FY 2002-03 FY 2003-04 FY 2004-05

REVENUES

Spay/Neuter Account					
“I Care” Rabies Tags					see Assumptions and Methodology
License Plates					Minimum of \$5,920 each year
Local Governments					No impact, but must levy animal tax to qualify for aid

EXPENDITURES

Dept. of HHS					
General Fund *	\$26,499	\$21,886	\$22,577	\$23,329	\$24,162
Spay/Neuter Account					no estimate available

POSITIONS

Dept. of HHS	.5	.5	.5	.5	.5
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PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Department of Health and Human Services (HHS) – Public Health Division; Local governments

EFFECTIVE DATE: This act becomes effective January 1, 2001.

* Reversions from lapsed salaries (General Fund) may be used if funds are insufficient in the Spay/Neuter Account to fund administrative expenses.

BILL SUMMARY: This bill establishes a spay/neuter program in the North Carolina Department of Health and Human Services (HHS) – Division of Public Health. HHS will develop a statewide program to educate the public about the benefits of spaying and neutering cats and dogs. HHS will also create a Local Spay/Neuter Assistance Program to reimburse cities and counties for costs of performing spaying and neutering of pets belonging to low income

persons. These spay/neuter programs are funded by 1) a voluntarily paid 50 cents fee on rabies vaccination tags, 2) \$10 from the sale of each Animal Lovers license plate, and 3) any appropriations or contributions. All revenues are paid into a Spay/Neuter Account that is then allocated 20% to statewide education, 20% to administration, and 60% to aid local governments.

ASSUMPTIONS AND METHODOLOGY:

REVENUE

Staff for the Veterinary Public Health Program in the Department of Health and Human Services estimates that one million rabies tags are sold annually to veterinarians. These tags provide proof of a rabies vaccination. Although not all tags are used in a year, it is the best indicator available for rabies vaccinations. SB 1184 makes available a special edition "I Care" rabies tag for an additional 50 cents. This additional fee is deposited into a new Spay/Neuter Account. Given that the purchase of "I Care" tags is voluntary, it is unknown what the annual revenue will be. The maximum revenue that can be obtained from this voluntary fee is \$500,000 per year. The minimum revenue is zero.

SB 1184 transfers the future proceeds of the Animal Lovers special license plates into the Spay/Neuter Account. Since HB 1246 was approved on July 21, 1999, 592 persons have purchased the "I Care" animal lovers plate. \$10 of the \$20 special plate fee has gone to the Department of Health and Human Services for the spay/neuter program. At a minimum, the Spay/Neuter account will receive \$5,920 from the renewal of these plates each year. With less than one year of experience with this tag, there is no reasonable method to estimate growth in plate sales.

Although SB 1184 does not mandate a local animal tax on dogs and cats, it does require local governments to have enacted this tax in order to qualify for grants from the Spay/Neuter Account. This animal tax must be three times higher for cats and dogs that have not been spayed or neutered than for cats and dogs that have been spayed or neutered. Some local governments may adopt this tax or amend their existing animal tax to qualify for the grant program. Twenty three counties reported an animal tax ordinance in a 1997 survey conducted by the North Carolina Association of County Commissioners, but it is not known whether these counties meet the tax standard in SB 1184. No similar survey is available for municipalities, but 47 towns and cities did report revenue from an animal tax in their 1997 AFIR (Annual Financial Information Report).

EXPENDITURE

1. A ½ FTE position titled Vet Tech II is needed to develop educational activities and to administer grant funds to counties for the surgical procedures. The position is also needed to establish a procedure with each licensed veterinarian and licensed certified rabies vaccinator in the state's 760 veterinary facilities for collecting and submitting the "I Care" tag fee.
2. In addition to the position, \$12,505 will be needed for supplies, postage announcing the program and office equipment for the first year and \$7,222 for the second year.
3. It is assumed that the inflation factor for the salary of the position will increase as follows: FY2002 - 3.6%, FY2003 - 3.5%, FY2004 - 3.7%, and FY2005 - 4.0%.

4. It is assumed that the inflation factor for general supplies will increase as follows:
FY2003 - 2.5%, FY2004 - 2.6%, and FY2005 - 2.7%.

TECHNICAL CONSIDERATIONS:

1. The bill explicitly states that 20% of the Spay/Neuter Account revenues will be used for administration and the difference of the revenues and actual costs of administration is to be funded from lapsed salaries. Lapsed salaries are unspent salary funds created by a vacant position. Since positions are budgeted for 100% of the fiscal year, each day that a position is left vacant results in unspent wages and fringe benefits for that day. Typically, these funds revert at the end of the year or are used in an approved transfer during the year. Due to the uncertainty of rabies tag receipts in the first year of the program, earmarking of lapsed salaries is equal to an appropriation of General Fund reversions in FY 2000-01. Furthermore, there is no guarantee that funds will be available during the fiscal year to cover the administrative cost of the program.

2. Reference on page 2, lines 10 and 11 to the North Carolina School of Veterinary Medicine should be changed to the North Carolina State University College of Veterinary Medicine.

FISCAL RESEARCH DIVISION 733-4910

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