



OHIO LEGISLATIVE SERVICE COMMISSION

Shannon Pleiman

Fiscal Note & Local Impact Statement

Bill: H.B. 506 of the 132nd G.A.
(L_132_2142-8)

Status: In House Government Accountability and Oversight

Sponsor: Rep. Hill

Local Impact Statement Procedure Required: No

Subject: Revises the law governing high volume dog breeders

State & Local Fiscal Highlights

- The bill modifies the definition of high volume breeder, potentially affecting the number of dog breeders licensed as high volume breeders by the Division of Animal Health within the Department of Agriculture (AGR). That number is currently 263. License fees range from \$150 to \$750 depending on the number of litters sold by the dog breeder in a calendar year. License fees are deposited into the High Volume Breeder Kennel Control License Fund (Fund 5MR0). In FY 2017, nearly \$381,000 was deposited into Fund 5MR0.
- Correspondingly, the bill changes the license fee based on the number of litters sold in a calendar year to the number of puppies sold in a calendar year. This could increase the amount of fee revenue deposited into Fund 5MR0.
- A portion of the high volume breeder license fee revenue is remitted to county auditors and county dog wardens to defray the costs that county auditors incur for licensing dogs and county dog wardens incur for their operations. The amount remitted ranges from \$50 to \$100 and is based on the individual county fees. In FY 2017, over \$19,000 was remitted to county auditors and county dog wardens.
- The bill allows AGR to assess a civil penalty against a person violating the standards of care established by the bill that high volume breeders must follow. Civil penalties are not more than \$500 for a first violation, \$2,500 for a second violation, and \$10,000 for a third or subsequent violation. Civil penalties are deposited into Fund 5MR0.

Detailed Fiscal Analysis

Overview

The bill revises the law governing high volume breeders enforced by the Division of Animal Health within the Department of Agriculture (AGR). Specifically, the bill modifies the factors determining whether a dog breeder is subject to the High Volume Breeder Law and establishes the standards of care that a high volume breeder

and out-of-state breeders must follow. Currently, there are 263 dog breeders licensed as high volume breeders.

Under current law, high volume breeder means an establishment that keeps, houses, and maintains adult breeding dogs that produce at least nine litters of puppies in any given calendar year and, in return for a fee or other consideration, sells 60 or more adult dogs or puppies per calendar year. The bill alters the definition to an establishment that keeps, houses, and maintains six or more breeding dogs and does at least one of the following: (1) in return for a fee or other consideration, sells five or more adult dogs or puppies to a dog retailer or pet store, (2) in return for a fee or other consideration, sells 40 or more puppies in any given calendar year to the public, or (3) maintains, at any given time in a calendar year, more than 60 puppies that are under six months of age that have been bred, kept, housed, and maintained from birth on the premises of the establishment. Additionally, the bill clarifies that animal shelters for dogs operated by a humane society are exempt from licensure.

Fiscal effects

Definition of high volume breeder

The changes to the factors used to determine whether a dog breeder is subject to the law may affect the number of high volume breeders that would require licensure by AGR. Currently, high volume breeders pay an annual license fee, ranging from \$150 to \$750 depending on the number of puppy litters sold per calendar year by the breeder. Most significantly, the bill changes the license fee based on the number of litters sold in a calendar year to the number of puppies sold in a calendar year. This could increase the amount of license fee revenue deposited into the High Volume Breeder Kennel Control Fund (Fund 5MR0). For the minimum \$150 annual license fee, the bill reduces the minimum applicable number of puppies sold annually to require licensure from nine to five. The table below shows the license fees under current law and how many dog breeders are currently licensed under each fee range.

License Fees for High Volume Breeders		
Number of Litters	Annual Fee	Current Licensees
9 to 15 litters	\$150	26
16 to 25 litters	\$250	44
26 to 35 litters	\$350	44
36 to 45 litters	\$500	45
46 or more litters	\$750	104

In FY 2017, nearly \$381,000 was deposited into Fund 5MR0. A portion of this fee is remitted to county dog and kennel funds to defray the costs that county auditors incur for licensing dogs and county dog wardens incur for their operations. The portion of the fee that is remitted to county auditors and county dog wardens ranges from \$50 to \$100 based on the individual county fees. In FY 2017, over \$19,000 from these state

fees was distributed to county auditors and county dog wardens. In addition to Fund 5MR0, the High Volume Dog Breeders Program is funded by GRF appropriation item 700427, High Volume Breeder Kennel Control. H.B. 49, the main operating budget act of the 132nd General Assembly, appropriated \$895,000 in FY 2018 and \$1.2 million in FY 2019 under this line item.

Standards of care

The bill establishes standards of care for high volume breeders. These standards of care are currently being enforced by AGR during the annual inspection process. The bill allows AGR to assess a civil penalty against a person violating the standards of care established by the bill. Civil penalties are not more than \$500 for a first violation, \$2,500 for a second violation, and \$10,000 for a third or subsequent violation. Civil penalties are deposited into Fund 5MR0.

Lastly, the bill requires a dog retailer or a pet store that purchases a dog from an in-state high volume dog breeder or out-of-state dog breeder to verify that the dog breeder is in compliance with the standards of care established by the bill and maintain accurate records documenting the verification. The bill requires AGR to adopt rules that establish requirements and procedures to administer and enforce the bill's provision. As a result, this could increase administrative costs for AGR to adopt rules, administer, and enforce this requirement on dog retailers or pet stores. Any costs would be paid from Fund 5MR0 or GRF appropriation item 700427, High Volume Breeder Kennel Control. AGR employs four inspectors, one veterinarian, two administrative personnel, a part-time enforcement inspector, and attorney under the High Volume Dog Breeder Program.

Synopsis of Fiscal Effect Changes

The substitute bill (L_132_2142-8) modifies the definition of a high volume breeder under current law and the previous version of the bill, potentially affecting the number of high volume breeder licenses overseen by AGR and likely increasing license revenue collected by the Department. Under L_132_2142-8, high volume breeder includes an establishment that keeps, houses, and maintains six or more breeding dogs and does a least one of the following: (1) in return for a fee or other consideration, sells five or more adult dogs or puppies to a dog retailer or pet store, (2) in return for a fee or other consideration, sells 40 or more puppies in any given calendar year to the public, or (3) maintains, at any given time in a calendar year, more than 60 puppies that are under six months of age that have been bred, kept, housed, and maintained from birth on the premises of the establishment. Under the previous version of the bill, the factors for determining whether a person qualified as a high volume breeder were whether the person: (1) kept eight or more unspayed female adult dogs, (2) produced a minimum of five puppy litters annually, and (3) sold a minimum of 30 puppies annually. The substitute bill also removes the exemption for breeding dogs that are unspayed and used both for producing offspring and for hunting and field trial purposes from the law

governing high volume breeders. High volume breeders pay an annual license fee that ranges from \$150 to \$750 depending on the number of litters sold per calendar year by the breeder. Changing the basis of the fee from the number of litters sold to the number of puppies sold in a calendar year is likely to increase the amount of license fee revenue deposited into the High Volume Breeder Kennel Control Fund (Fund 5MR0).

The substitute bill also allows AGR to assess a civil penalty against a person violating the standards of care established by the bill. Under current law, civil penalties are not more than \$500 for a first violation, \$2,500 for a second violation, and \$10,000 for a third or subsequent violation. Civil penalties are deposited into Fund 5MR0.

Lastly, the substitute bill requires a dog retailer or a pet store that purchases a dog from an in-state high volume dog breeder or out-of-state dog breeder to verify that the dog breeder is in compliance with the standards of care established by the bill and maintain accurate records documenting the verification. The bill requires AGR to adopt rules that establish requirements and procedures to administer and enforce the bill's provision. As a result, this could increase administrative costs for AGR to adopt rules, administer, and enforce this requirement on dog retailers or pet stores. Any costs would be paid from Fund 5MR0 or GRF appropriation item 700427, High Volume Breeder Kennel Control.