

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 11-0121

**Date:** February 17, 2011

**Prime Sponsor(s):** Sen. Brophy  
Rep. McKinley

**Bill Status:** Senate Agriculture

**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**TITLE:** CONCERNING CONTINUATION OF THE STATE BOARD OF VETERINARY MEDICINE, AND, IN CONNECTION THEREWITH, IMPLEMENTING THE RECOMMENDATIONS CONTAINED IN THE SUNSET REVIEW OF THE BOARD AND ITS FUNCTIONS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
<b>State Revenue</b>		
Cash Funds		
Division of Registrations Cash Fund		\$662,320*
Custodial Funds**		\$116,880
<b>State Expenditures</b>		
Cash Funds		
Division of Registrations Cash Fund	\$12,083	\$301,030
Custodial Funds**		58,440
<b>FTE Position Change</b>		1.6 FTE
<b>Effective Date:</b> July 1, 2011.		
<b>Appropriation Summary for FY 2011-2012:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

\* 2-year license fee to cover 2 years of expenditures.

\*\* Custodial funds are not subject to Section 20 of Article X of the State Constitution.

**Summary of Legislation**

This bill implements the recommendations in the 2010 sunset review of the State Board of Veterinary Medicine. The board and its functions are continued until September 1, 2022. The bill creates an exemption to the veterinarian-client-patient relationship (VCPR) for the purpose of dispensing prescription drugs and modifies the definition of the VCPR to allow for emergency coverage by another veterinarian.

It allows veterinarians to establish professional service corporations under statutory guidelines. The makeup of the board is changed to include 5 veterinarians and 2 members of the public, and the board is directed to develop a fine schedule for violations. The bill requires the establishment of a peer assistance program to be funded by fees. It modifies the grounds for discipline, and imposes a 2-year waiting period after losing a license to reapply.

***Fiscal impact of programs set to expire.*** This bill continues a program in the Division of Registrations in the Department of Regulatory Agencies that is set to repeal, effective July 1, 2011. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2012-13, one year after the repeal date. There is no need for an appropriation of the board's base funding in FY 2011-12, since the program's authorization has not yet expired, and ongoing funding for the program is included in the department's base budget request for FY 2011-12.

The state revenue and state expenditures impact for FY 2012-13 reflect the program's anticipated fee revenue and base budget request beginning that year, plus increases to cover the implementation of this bill. The DORA's request for the State Board of Veterinary Medicine in FY 2012-13 is \$300,357 and 1.6 FTE. The anticipated revenue is \$662,320 for two years of base expenditures, and \$11,688 for new expenditures.

**State Revenue**

***This bill increases revenue by \$11,688 in FY 2012-13 from fees to the Division of Registrations Cash Fund.*** In addition, the board will collect \$116,880 in custodial funds. Table 1 identifies the fee impact of this bill.

***Fee impact on veterinarians.*** Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. The next veterinarian license renewal is October 31, 2012, so these fees will not be collected until FY 2012-13. The \$3 fee increase covers the nominal costs of this bill.

The peer assistance fee of \$30 covers the first two years of the peer health assistance program. The actual fee amount will depend on the contract negotiated by the board.

<b>Table 1. Fee Impact on Individuals, Families or Business</b>					
<b>Type of Fee</b>	<b>Current Fee</b>	<b>Proposed Fee</b>	<b>Fee Change</b>	<b>Number Affected</b>	<b>Total Fee Impact</b>
License Renewal - 2-year	\$170	\$173	\$3	3,896	\$11,688
Peer health assistance program fee	0	30	30	3,896	116,880
<b>TOTAL</b>					<b>\$128,568</b>

**State Expenditures**

***This bill increases expenditures by \$12,083 in FY 2011-12 and \$673 in FY 2012-13 from the Division of Registrations Cash Fund.***

To implement the new requirements and establish a fine schedule, the board requires 60 hours of legal services for \$4,410 in FY 2011-12. The board will do outreach to make veterinarians aware of changes in the regulation of their licensure and the peer assistance program, through outreach sessions, e-mails, and web postings. This requires \$533 for travel and \$140 in printing per year. To establish the peer health assistance program, the board will need to issue a Request for Proposals, select a vendor and negotiate a contract. This requires 200 hours of temporary services for \$7,000. These costs are shown in Table 2.

The fiscal note assumes that the peer assistance program contract will be \$58,440 per year beginning in FY 2012-13. The board will transfer custodial funds to the program administrator.

<b>Table 2. Expenditures Under SB11-091</b>		
<b>Cost Components</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
Temporary Personnel Services	\$7,000	
Travel	533	533
Printing	140	140
Legal Services	4,410	
<b>TOTAL</b>	<b>\$12,083</b>	<b>\$673</b>

### **State Appropriations**

For FY 2011-12, the Division of Registrations requires an appropriation of \$12,083 from the Division of Registrations Cash Fund. Of this, \$4,410 is reappropriated to the Department of Law.

### **Departments Contacted**

Regulatory Agencies