

REVISED FISCAL IMPACT

(replaces fiscal note dated February 17, 2011)

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Date: March 21, 2011

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

Bill Status: House Agriculture

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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, AND MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
Cash Funds		
Division of Registrations Cash Fund		\$662,320*
Custodial Funds**		116,880
State Expenditures		
Cash Funds		
Division of Registrations Cash Fund	\$12,075	\$301,030
Custodial Funds**		58,440
FTE Position Change		1.6 FTE
Effective Date: July 1, 2011.		
Appropriation Summary for FY 2011-2012: See State Appropriations section.		
Local Government Impact: 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

The *reengrossed bill* continues the State Board of Veterinary Medicine and its functions 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 board is directed to develop a uniform system and schedule of fines for violations. It modifies the grounds for discipline, and imposes a two-year waiting period for a veterinarian whose license was revoked to reapply for licensure. The bill requires the establishment of a peer assistance program to be funded by fees.

The bill exempts the practice of animal physical therapy by a licensed physical therapist from the licensing requirements of the Colorado Veterinary Practice Act. It requires that all veterinary clinics have a Colorado-licensed veterinarian designated as responsible for all veterinary medical decisions and care provided to a patient present in the facility. A corporate veterinary practice that fails to do so is subject to a fine by the board. It specifies that an unlicensed person may assist in a surgical procedure if the person is under the immediate supervision of a licensed veterinarian.

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. This increase, plus base program revenues of \$650,632, will cause total collections of \$662,320 in FY 2012-13. 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.

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

State Expenditures

This bill increases expenditures by \$12,075 in FY 2011-12 and \$673 in FY 2012-13 from the Division of Registrations Cash Fund. This increase, plus base program expenditures of \$300,357, will result in \$301,030 in expenditures in FY 2012-13.

To implement the new requirements and establish a fine schedule, the board requires 60 hours of legal services for \$4,402 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.

Table 2. Expenditures Under SB11-091		
Cost Components	FY 2011-12	FY 2012-13
Temporary Personnel Services	\$7,000	
Travel	533	533
Printing	140	140
Legal Services	4,402	
TOTAL	\$12,075	\$673

State Appropriations

For FY 2011-12, the Division of Registrations requires an appropriation of \$12,075 from the Division of Registrations Cash Fund. Of this, \$4,402 is reappropriated to the Department of Law.

Departments Contacted

Regulatory Agencies