

Bill as  
Introduced

HB 547 - AS INTRODUCED

2013 SESSION

13-0664

08/05

HOUSE BILL

**547**

AN ACT

establishing a commission to study permanent options for funding the veterinary diagnostic laboratory.

SPONSORS:

Rep. Haefner; Hills 37; Rep. Sad, Ches 1

COMMITTEE:

Environment and Agriculture

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ANALYSIS

This bill establishes a commission to study permanent options for funding the veterinary diagnostic laboratory.

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Explanation:

Matter added to current law appears in *bold italics*.

Matter removed from current law appears [~~in brackets and struck through~~].

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Thirteen*

AN ACT                    establishing a commission to study permanent options for funding the veterinary diagnostic laboratory.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1            1 New Section; Commission to Study Permanent Options for Funding the Veterinary Diagnostic  
2 Laboratory. Amend RSA 436 by inserting after section 92 the following new section:

3            436:92-a Commission to Study Permanent Options for Funding the Veterinary Diagnostic  
4 Laboratory.

5            I. There is established a commission to study permanent options for funding the veterinary  
6 diagnostic laboratory. The members of the commission shall be as follows:

7            (a) Three members of the house of representatives, appointed by the speaker of the  
8 house of representatives, including 2 from the environment and agriculture committee and one from  
9 the executive departments and administration committee.

10            (b) One member of the senate, appointed by the president of the senate.

11            (c) The commissioner of the department of agriculture, markets and food, or designee.

12            (d) One member of the New Hampshire Veterinary Medical Association, appointed by  
13 that association.

14            (e) One member of the College of Life Sciences and Agriculture from the university of  
15 New Hampshire, appointed by the dean of the college.

16            II. Legislative members of the commission shall receive mileage at the legislative rate when  
17 attending to the duties of the commission.

18            III. The commission shall study permanent options for funding the veterinary diagnostic  
19 laboratory.

20            IV. The members of the study commission shall elect a chairperson from among the  
21 members. The first meeting of the commission shall be called by the first-named house member.  
22 The first meeting of the commission shall be held within 45 days of the effective date of this section.  
23 Four members of the commission shall constitute a quorum.

24            V. The commission shall report its findings and any recommendations for proposed  
25 legislation to the speaker of the house of representatives, the president of the senate, the house  
26 clerk, the senate clerk, the governor, and the state library on or before November 1, 2013.

27            2 Repeal. RSA 436:92-a, relative to the commission to study permanent options for funding the  
28 veterinary diagnostic laboratory, is repealed.

29            3 Effective Date.

30            I. Section 2 of this act shall take effect November 1, 2013.

1

II. The remainder of this act shall take effect upon its passage.

CHAPTER 99  
HB 547 – FINAL VERSION

2013 SESSION

13-0664  
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29            99:3 Effective Date.

**CHAPTER 99**  
**HB 547 – FINAL VERSION**  
**- Page 2 -**

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2           II. The remainder of this act shall take effect upon its passage.

3

4   Approved: June 21, 2013

5   Effective Date: I. Section 2 shall take effect November 1, 2013.

6           II. Remainder shall take effect June 21, 2013.

# Committee Minutes



**SENATE CALENDAR NOTICE**  
**EXECUTIVE DEPARTMENTS AND ADMINISTRATION**

✓ Senator Sharon Carson Chairman  
 ✓ Senator Sam Cataldo V Chairman  
 ✓ Senator John Reagan  
 ✓ Senator Donna Soucy  
 ✓ Senator David Watters

*open 12:30 PM*  
*close 12:39*

For Use by Senate Clerk's Office ONLY	
<input type="checkbox"/> Bill Status	<input type="checkbox"/> Docket
<input type="checkbox"/> Calendar	Proof: <input type="checkbox"/> Calendar <input type="checkbox"/> Bill Status

**Date: April 3, 2013**

**HEARINGS**

**Wednesday 4/10/2013**

EXECUTIVE DEPARTMENTS AND ADMINISTRATION SH 100 9:00 AM

(Name of Committee) (Place) (Time)

**EXECUTIVE SESSION MAY FOLLOW**

9:00 AM	HB599-FN	relative to establishing a single liquor commissioner.
9:20 AM	HB364	(New Title) relative to notice required concerning employment of a retired member of the New Hampshire retirement system of the limitations on part-time employment.
9:40 AM	HB591	relative to an abusive work environment and the health and safety of public employees.
10:00 AM	HB313	relative to the regulation of the compounding of drugs by pharmacists.
10:15 AM	HB547	establishing a commission to study permanent options for funding the veterinary diagnostic laboratory.

**Sponsors:**

**HB599-FN**

Rep. Marilinda Garcia  
 Rep. Dan McGuire

Rep. Tara Sad  
 Sen. Sharon Carson

Rep. Shawn Jasper

Rep. Carol McGuire

**HB364**

Rep. Timothy Copeland

Rep. Alan Turcotte

Rep. Kevin St.James

**HB591**

Rep. Dianne Schuett  
 Rep. Susan Emerson

Rep. Janice Schmidt  
 Rep. Virginia Irwin

Rep. Frank Davis  
 Rep. Sylvia Gale

Rep. Alan Turcotte  
 Rep. Caroletta Alicea

**HB313**

Rep. Daniel Sullivan

**HB547**

Rep. Robert Haefner

Rep. Tara Sad

**SENATE  
EXECUTIVE DEPARTMENTS AND ADMINISTRATION  
COMMITTEE**

*Deb Chroniak, Legislative Aide*

HB 547, establishing a commission to study permanent options for funding the  
veterinary diagnostic laboratory.

Hearing Date: April 10, 2013

Time Opened: 12:28 p.m.

Time Closed: 12:39 p.m.

**Members of the Committee Present:** Senators Carson, Cataldo, Reagan, Soucy  
and Watters

**Members of the Committee Absent:** No one

**Bill Analysis:** This bill establishes a commission to study permanent  
options for funding the veterinary diagnostic laboratory.

**Sponsors:** Rep. D. Sullivan, Hills 42

**Who supports the bill:** Rep. Tara Sad, Chair, House Environment and  
Agriculture Committee; Rep. Bob Haefner, Hudson and Pelham, and House  
Environment and Agriculture Committee; Steve Crawford, NH Department of  
Agriculture; Robert Gibson, NH Veterinary Diagnostic Laboratory; Jay Phinizy,  
Acworth, NH; Robert Johnson, II, NH Farm Bureau; Richard L. Booley, NH  
Veterinary Medical Association

**Who opposes the bill:** No one

**Summary of testimony presented in support:**

**Rep. Bob Haefner, House Environment and Agriculture Committee**

- Legislation looks for ways of funding the veterinary diagnostic laboratory at  
UNH, which is one of only two diagnostic laboratories in New England.

- Currently funded three separate ways: through the Department of  
Agriculture, Markets and Foods funds approximately one-third, University of New  
Hampshire (COLSA) funds approximately one-third (UNH offers a pre-veterinary  
program), and through fee for service (i.e., private veterinarians).

- The laboratory not only deals in animal health, but public health, emergency  
management, etc.; only lab in northern New England that diagnose rabies.

- Legislation brought forward due to cuts in the budget at the Department of Agriculture with the second one-third cut coming from the University, after their budget was cut.
- Looking for a way to fund the lab and need to look at alternatives. This legislation does just that by developing a commission to study permanent options for funding.

**Dr. Steven Crawford, NH Department of Agriculture, Markets & Food (DAMF) (testimony provided)**

- DAMF supports this legislation.

Senator Watters asked how much was this year's budget for the laboratory? Dr. Crawford stated that the Department of Agriculture budgeted in 2012, \$248,000 to the laboratory. In 2013 their operating budget is \$821,795, down from \$1.24 million in prior years. The next two year budgets will get the lab back to where they were in 2012.

Senator Carson asked if the state sent requests for testing to this lab. Dr. Crawford stated yes and that within his testimony he has shown some of the diseases that the lab tests for.

**Robert Gibson, Director, Veterinary Diagnostic Laboratory**

- Has been at the Lab for 19 years and as the director just this past year.
- Lab has been in existence for over 40 years and located at the University of NH.
- Have a large number of stakeholders who depend on this laboratory.
- Large involvement with the pre-veterinary program.
- Working hard to get their fee for service revenue up because it will assist in leveraging the amount of money that the state and the university provide.

**Summary of testimony presented in opposition:** No one.

**Fiscal Note:** N/A

**Future Action:** Pending

dac  
Date hearing report completed: 4-12-13  
[file: HB 0547 report]

# Speakers



# Testimony

#1

New Hampshire  
Department of Agriculture,  
Markets & Food

Lorraine S. Merrill, Commissioner

April 10, 2013

Honorable Sharon Carson  
Executive Departments and Administration Committee, Chair  
Room 100, State House  
Concord, NH 03301

Dear Chair Carson and Honorable Committee Members:

Thank you for the opportunity to comment on behalf of the New Hampshire Department of Agriculture, Markets & Food (DAMF) regarding House Bill (HB) 547 *An act establishing a commission to study permanent options for funding the veterinary diagnostic laboratory*. DAMF strongly supports HB 547.

RSA 436:92 established the NHVDL in the 1970s:

*There is hereby established, in the agriculture experiment station at the university of New Hampshire, a veterinary diagnostic laboratory for the diagnosis and early detection of infectious and contagious diseases of domestic animals which advanced medical knowledge has shown to be important to human or animal health. The laboratory shall conduct procedures in bacteriology, virology, parasitology, serology, and histological and clinical pathology and in such other subjects as the commissioner of agriculture, markets, and food shall direct. The laboratory shall be operated by the agricultural experiment station. Any funds made available for the operation of said laboratory shall be expended under the supervision of the commissioner of agriculture, markets, and food.*

Some relevant history about NHVDL financing is culled from a February 5, 2009 e-mail from Dr. Joe Moore, NHVDL director from 1980-2007. The most relevant points from this communication:

- The original funding was \$42,000 with a plan to increase for labor cost adjustments;
- Funding was stable at \$32,000 per year until 1995;
- A legislative study committee was established in the mid-1990s to review NHVDL mission and financing resulting in a one time \$50,000 infusion of capital;
- The FY 97-98 DAMF budget was supplemented by the Legislature by \$80,000 per year;
- Other sources of state funding came when DAMF closed its own poultry-specific lab and turned the work over to NHVDL. This funding was provided as two line items until DAMF consolidated these in its FY10-11 budget.

The approximate total operating budget of NHVDL for FY 13 is \$921,795, down from approximately \$1.25M in prior years. The DAMF's FY 12-13 budget required significant cuts to the NHVDL line item -- from \$248,000 to \$160,000 (35%) in FY 12 and \$132,000 (47%) in FY 13. This was compounded by a cut of ~50% to the UNH budget. In addition to the DAMF line item, NHVDL receives funding from dog license fees (\$0.50 from each license; ~\$85,000 per year); fee-for-service work; and UNH, COLSA and AES budget. NHVDL faced closure in June 2012 as a result of this grave cut in funding. Emergency funding was approved by the Governor and Executive Council to bridge this gap and keep the NHVDL open to date. But it is necessary to understand that any reduction in service increases the risk of a catastrophic disease problem for the state. NHVDL has worked hard to make significant changes in

operation subsequent to this near closure – new director, numerous cost cutting measures, new and innovative services, charges for services that reflect the actual cost of service, improved marketing, etc.

Ultimately, the state maintains an obligation to provide surveillance for diseases of animals that pose significant economic and/or human health risks. An assessment of the return on this investment is attached for selected diseases. These estimates are based on real experiences and calculations from other states and/or economic modeling experts as noted on the attachment. Further, in the absence of NHVDL, any animal health surveillance funds expended by the State in defense of our health, our farmers, and our economy would be sent to the accounts nearby states, likely Connecticut (University of Connecticut Veterinary Diagnostic Laboratory) and New York (Cornell Veterinary Diagnostic Laboratory). In addition to New Hampshire state funds being sent every year to other states for this work, there would be a loss of New Hampshire-based jobs with the closure of the NHVDL. These are good jobs that require an educated and well-trained workforce, which we have in New Hampshire.

For the ongoing protection of the state, the department believes that it is necessary to identify a long term solution to providing funding for this work. A working legislative commission is a reasonable approach to evaluate and identify the best method(s) of improving the long term outlook for NHVDL funding. The department would be happy to participate in any subcommittee or work group sessions that the committee may deem necessary.

Thank you for your time and consideration.

Respectfully,

A handwritten signature in black ink, appearing to read "SK Crawford".

Stephen K. Crawford, DVM  
New Hampshire State Veterinarian

Encl.

CC: Lorraine S. Merrill, Commissioner  
Representative Bob Haefner  
Dr. David Stowe, president, NHVMA



New Hampshire  
Department of Agriculture,  
Markets & Food

Lorraine S. Merrill, Commissioner

Prepared by Steve Crawford, December 2012

**NHVDL Return on Investment:**

**-Tuberculosis.**

-When the state of NM diagnosed tuberculosis (TB) in its cattle population several years ago, according to the state veterinarian in NM the state analysis determined that it cost \$8 more per head per year to cattle owners (e.g. added regulation, testing, etc to ship out of state; price discounts; cost to maintain cattle if cannot sell; etc).

-MN analysis of tuberculosis cost to producers, 5.1% increase in cost per head, approximately \$16 per head. <http://ageconsearch.umn.edu/bitstream/55446/2/p90-12.pdf>

- Arguably, these numbers could be higher in NH since NH likely relies more on cattle sales and export than NM and MN as a percent of individual farm revenue – many dairies in NH regularly sell animals as part of their routine course of business, and with only one inspected slaughterhouse in the state beef cows must be shipped across state lines for slaughter with the attendant added cost of regulation to move animals interstate.

-Using \$6 per head as an example, a simple calculation shows a **\$221,280 savings to farmers** solely by maintaining tuberculosis free status (36,880 cattle in 2007 USDA NASS Census x \$6 per head added expense).

-Cost to state to manage and eradicate - >\$2M per year to MN Board of Animal Health to manage as a TB positive state. <http://ageconsearch.umn.edu/bitstream/55446/2/p90-12.pdf>. Even if the cost to NH was 5% of that, note that the management area in MN is a focused location that may be a bit larger than the state of NH, this equates to **\$100,000 savings per year to the state.**

-There is a significant cost to wildlife (health management, hunting season and revenue implications, etc. that cannot be calculated here).

-There would likely be impacts to tourism based on the zoonotic nature of tuberculosis. As an example, the presence of Foot and Mouth disease, which is not zoonotic, in the UK in 2001 led to a 10% decrease in overall tourism.

**-Rabies.**

-From 2008-2011, an average of 54% of the animals tested for rabies by the State have been domestic animals. The NHVDL staff is responsible for removing and preparing brain samples from all of the domestic animal submissions. Total samples have declined over time, but seem to have settled around 435 per year for the past few years. At an average of 54%, approximately 235 would be from domestic animals. There is no other source of this service in the State.

-It should be assumed with the 100% fatal nature of rabies in humans, any human who is exposed to an animal that is not tested will be subject to post-exposure prophylaxis (PEP). Rabies is a zero risk tolerance disease. The cost of PEP is borne by the state and municipal governments. Current average cost estimates for PEP are approximately \$4,000 per person. This cost would be higher if private citizens were obligated to obtain it through private medical care providers.

-Assuming PEP was only recommended and accepted in 100 of these cases per year. This would add a cost of \$400,000 to state and local budgets.

- If every contact was treated, the cost would be \$940,000.
- Assume 1 hour of sample collection and preparation time at \$100 per hour. The current estimated time spent on this work is \$23,500 per year.
- Net cost savings to the state per year = \$376,500-\$916,500**

**-Avian influenza (AI).**

-World Bank and other analyses of AI outbreaks show poultry economies shrunk approximately 80% following identification of and response to an outbreak. NH has two major businesses using live poultry. Absent individual business data, estimates of economic impacts, 2007 USDA-NASS Census indicates \$15.4M in poultry and egg sales. At least one of these businesses has reported double digit relative (percent) growth in business over recent years, so \$15.4M is a very conservative number. **\$12.32M potential loss per year.**

-NH has a number of tests each year which indicate exposure to AI. Generally, these animals are considered to have been exposed to AI via exposure to wild waterfowl. Importation regulations require that birds or eggs either originate from flocks that have been certified AI free or have been tested negative themselves.

-Based on USDA small-scale poultry census, estimate 1.67 Million poultry in 34,000 flocks in NH. NH owners import approximately 230,000 poultry under permit each year. The potential impact on these farms / owners is potentially large. Assume 80% of these are egg laying chickens; a bird averages 240 eggs per year (20 dozen); and the value of each dozen eggs is \$3. Assume the loss of production is either lost revenue to the owner or increased family food cost due to necessary purchases that would need to be made to replace lost production. 1.67 M birds x 80% layers x 20 dozen eggs x \$3/dozen = \$80.16M egg value. 80% loss of value = **\$64.128M loss**

-Various analyses and predictions of the impact of pandemic influenza abound. These range from 0.4% GDP to more than 2.5% GDP. These are primarily due to lost tourism, government and private costs of health care, and lost productivity (staying home rather than going to work, shopping, etc). Assume NH impact would be 0.2% GSP (half of lowest estimate). NH GSP in 2011 \$63.6B;  
<http://www.statehealthfacts.org/profileind.jsp?rgn=31&cat=1&ind=27>. 0.2% is **\$127.2M.**

-[http://economics.about.com/od/healthcareconomics/a/flu\\_pandemic.htm](http://economics.about.com/od/healthcareconomics/a/flu_pandemic.htm);  
[http://www.todayszaman.com/newsDetail\\_getNewsById.action;jsessionid=332AE4A7B89FAB68AEA57E97982BDAA4?newsId=191374](http://www.todayszaman.com/newsDetail_getNewsById.action;jsessionid=332AE4A7B89FAB68AEA57E97982BDAA4?newsId=191374)

**-Brucellosis.**

-2 human cases in NH in past 3 years. Both associated with livestock contact. Testing and work done at NHVDL drove human treatment decisions because human lab results lagged.

-Impossible to place a value on this in terms of human health protection.

-Cost of added regulation to all livestock owners and state residents if brucellosis-free status is lost would be comparable to loss of tuberculosis-free status outlined above. **>\$300,000 per year.**

**-Swine influenza.**

-In each of the past two years, NH has had humans and pigs showing and/or exposed to influenza-like illness (ILI) at local or regional fairs. NHVDL has been instrumental in the animal testing to develop the epidemiologic links.

-According to the latest study by the Allianz Insurance Group and RWI Essen, an economic research institute, the swine flu virus will have less impact on Germany's economy than previously expected. The study said swine flu would cost Europe's biggest economy between 10 billion euros and 40 billion euros, equivalent to 0.4 percent and 1.6 percent of GDP, respectively, depending on the gravity of the global flu pandemic. The transport, hospitality and cultural sectors would suffer the most, said the study. "The fact is that companies will suffer from the new flu less in the current difficult economic situation than in a boom," said Christoph Schmidt, the president of the RWI Essen. "In a crisis, companies have fewer orders, so when employees fall sick, it doesn't matter as much."

[http://www.todayszaman.com/newsDetail\\_getNewsById.action;jsessionid=332AE4A7B89FAB68AEA57E97982BDAA4?newsId=191374](http://www.todayszaman.com/newsDetail_getNewsById.action;jsessionid=332AE4A7B89FAB68AEA57E97982BDAA4?newsId=191374)

-Assume swine influenza outbreak would cost swine economy 50%.

-USDA NASS 2007 Census estimates revenue at \$518,000. **\$259,000 loss per year.**

-USDA NASS 2007 Census shows 4901 hogs sold by reporting farms. Assume 70% (3430) are sold for individual NH families to raise for their own consumption. An average 250 lb pig will yield 144 lbs of meat; <http://www.oda.state.ok.us/food/fs-hogweight.pdf>. Assume an average value of \$3.50/lb. Assume the loss of production is increased family food cost due to necessary purchases that would need to be made to replace lost production. 3430 pigs x 144 lbs meat/pig x \$3.50/lb = **\$1.73M increased food cost to NH families.**

-Various analyses and predictions of the impact of pandemic influenza abound. These range from 0.4% GDP to more than 2.5% GDP. These are primarily due to lost tourism, government and private costs of health care, and lost productivity (staying home rather than going to work, shopping, etc). Assume NH impact would be 0.2% GSP (half of lowest estimate). NH GSP in 2011 \$63.6B;  
<http://www.statehealthfacts.org/profileind.jsp?rgn=31&cat=1&ind=27>. 0.2% is **\$127.2M.**

-[http://economics.about.com/od/healthcareconomics/a/flu\\_pandemic.htm](http://economics.about.com/od/healthcareconomics/a/flu_pandemic.htm);

[http://www.todayszaman.com/newsDetail\\_getNewsById.action;jsessionid=332AE4A7B89FAB68AEA57E97982BDAA4?newsId=191374](http://www.todayszaman.com/newsDetail_getNewsById.action;jsessionid=332AE4A7B89FAB68AEA57E97982BDAA4?newsId=191374)

### **-Chronic Wasting Disease (CWD)**

-In most states where CWD has been diagnosed in wild cervid populations, its incursion has been associated with or definitively linked to local captive cervid populations. In order to move cervids in and out of NH, NH deer and elk owners must participate in NH's CWD program. This program is designed to minimize the risk of introducing CWD into the state's wild and domestic cervid populations from elsewhere. As part of this program, brain samples must be submitted for testing on all deaths, including by slaughter for human consumption, of animals over 12 months of age. Options for collecting such samples are limited. While some samples are collected by slaughterhouse staff, NHVDL staff is responsible for removing and preparing many of the required brain samples. Eighty-three samples were submitted in 2012; approximately 65 were collected and processed by NHVDL. There is no other source of this service in the State. Assume 1 hour of sample collection and preparation time per sample at \$100 per hour. The current estimated time spent on this work is 65 hours at **\$6,500 per year.**

-If this program were unavailable, no deer or elk farmers in NH could import or export animals. This would be severely limiting to their businesses. There are 10 farms enrolled in the NH program. While these farms may not represent the average, an average farm in NH generates \$152,664 in sales per year (*The Impact of Agriculture on New*

*Hampshire's Economy in Fiscal year 2009; \$636M total sales. USDA NASS Census 2007; 4166 farms.*) Farms generate \$1.48 in indirect economic activity for each \$1 of direct spending in agriculture, per 2005 Plymouth State analysis of multiplier effect (\$225,942 additional revenue per average farm).

- \$1.53M direct revenue at risk + \$2.26M indirect revenue at risk = **\$3.79M in revenue at risk**

- 16,082 jobs in 2009 on or related to 4166 farms = 3.86 jobs per farm. **~39 jobs at risk.**

- Alternatively, farmers could continue to participate in interstate commerce without any CWD testing. This would place NH wildlife at increased risk of CWD introduction.

- Experience in states where CWD has been diagnosed in wildlife shows an initial drop in license sales. License sales in these states have generally recovered over time. But given the long-term impact of CWD on a herd such as NH's, which is already severely constrained by winter mortality and possibly predation, CWD would be extremely problematic. This is in sharp contrast to most states where they literally struggle to reduce deer numbers; NH's population is very vulnerable to additive mortality. Currently, NH licenses approximately 60,000 hunters annually.

- Per NH Fish and Game, hunting generates approximately \$65M in revenue each year in NH. It is assumed that deer hunting constitutes approximately 85% of said activity. Thus, deer hunting is responsible for approximately \$55M in direct expenditures (license fees, equipment expenditures, food, lodging, other local trip-related expenses) each year in NH. Deer hunting as used herein does not include viewing, photographing, feeding. Revenue generated by these activities may be comparable. Presuming hunting participation suffered a sustained drop of only 10%, this would result in **\$5.5M loss of direct revenue per year.**

- NH Fish and Game's modest economic resources would limit state response to CWD in NH. But there would still be a substantial financial cost to the state. This increase is estimated at several hundred thousand dollars of additional cost. For reference, current monitoring costs in wildlife in NH (including testing) approach \$30K per year, not counting USDA Wildlife Services time and resources, which bring costs to approximately \$50K. Assume added cost would be limited to **\$100k per year.**

- **Net cost savings to the state per year = ~\$5.6M per year**



State of New Hampshire

GENERAL COURT

CONCORD

*Filed 11/8/13*

**MEMORANDUM**

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**DATE:** November 1, 2013

**TO:** Honorable Margaret Wood Hassan, Governor  
Honorable Terie Norelli, Speaker of the House  
Honorable Chuck W. Morse, President of the Senate  
Honorable Karen O. Wadsworth, House Clerk  
Honorable Tammy L. Wright, Senate Clerk  
Michael York, State Librarian

**FROM:** Representative Robert H. Haefner, Chairman *Bob Haefner*

**SUBJECT:** Final Report on RSA 436:92-a, HB 547, Chapter 99, Laws of 2013

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Pursuant to RSA 436:92-a, enclosed please find the Final Report of the Commission to Study Permanent Options for Funding the Veterinary Diagnostic Laboratory.

If you have any questions or comments regarding this report, please do not hesitate to contact me.

I would like to thank those members of the commission who were instrumental in this study. I would also like to acknowledge all those who testified before the commission and assisted in our study.

RH/dm  
Enclosures

cc: Commission Members  
Rep. Tara Sad, Chair, House Environment and Agriculture Committee  
Robert Gibson, Director, Veterinary Diagnostic Laboratory, UNH

**Commission to Study Permanent Options for Funding the Veterinary Diagnostic Laboratory  
RSA 436:92-a, Chapter Law 99, Laws of 2013**

**Members**

Rep. Robert H. Haefner

Rep. Janice S. Gardner

Rep. Raymond G. Gagnon

Sen. Jim B. Rausch

Stephen K. Crawford, DVM, Dept. of Agriculture, Markets and Food

Jon M. Wraith, Dean, UNH College of Life Sciences and Agriculture

David B. Stowe, DVM, NH Veterinary Medical Association

**Charge of the Commission**

There is established a Commission to study permanent funding options for the New Hampshire Veterinary Diagnostic Laboratory (NHVDL) and report its findings to the Speaker, Senate President and the Governor among others by 1 November 2013.

**Background**

Current funding for the NHVDL, with a budget of about \$ 1.25 Million per year is funded with about 38% fee for service; 33% by the College of Life Sciences and Agriculture (COLSA) at the University of New Hampshire (UNH); 29% by the State, through the Department of Agriculture, Markets and Food (NHDAMF), including dog license fees collected by town clerks; and about 1% from federal funds. The funding reflects the service level to NHVDL's constituency. Roughly a third is a fee for service to the veterinary community, a third is the value to UNH, primarily for the pre-veterinary program at UNH and where the laboratory and the pathologists at NHVDL also teach and provide hands-on experiences. The last third is funded from the NHDAMF and dog license fees and is part of a public health service to the state, diagnosing everything from rabies to avian flu.

The Commission strongly argues that the NHVDL is an absolute necessity to the State and cannot be privatized. Although there are private labs that are used by the veterinary community, they do not test for rabies, regulatory diseases, or many other issues of public health significance. Further, they do not provide large animal necropsy and are not a teaching resource for UNH and one of the best pre-vet programs in the country. Without the NHVDL, several critical services will not be provided by the private labs. For example, NHVDL is the only current location in the state that is equipped to and capable of safely removing brains from domestic animals for rabies testing. As well, most private labs do not offer comprehensive livestock and poultry services. There are only two state Veterinary Diagnostic

Labs in all of New England, ours and the one at the University of Connecticut. The next closest lab is at Cornell University. Maine and Vermont send much of their state work to our lab.

During the 2011 – 2012 state budget process, funding was cut to both the University and the Department of Agriculture Markets and Food for the NHVDL. We almost lost substantial portions of the lab for lack of financial support. The NHVDL undertook a complete business model update that resulted in reduced costs, fewer personnel, improved marketing, and has more recently increased fees for service. The University and Department of Agriculture found one-time bridge funds and with Governor and Executive Council approval were able to transfer these to the lab as stopgap effort to maintain viability until this fiscal year.

Through extensive discussion, the committee set a target of \$650,000 in new annual funding. This would meet the need for a stable and sufficient long term funding source for the NHVDL which was the legislative charge to the Study Committee. The remainder of operating costs would be covered by the NHDAMF, and the COLSA at UNH, as well as through continuing fee-based diagnostic services.

#### Findings

We did contact the only other Veterinary Diagnostic Lab in New England to find that they have experienced the same funding concerns as New Hampshire. What may be different about the State Funding in Connecticut is that it is only partly through the Department of Agriculture and some of the salary and benefit money is provided directly from the state's general fund.

We also talked to a few Town Clerks who had varying positions on increasing the dog license fee to provide more money to the lab, and there was general, but not unanimous, opposition to licensing cats.

Based on the Commission's work and analysis, we have identified and categorized the following possible Funding options:

Biggest Bang, but not necessarily easy:

New legislated revenue stream targeted to the NHVDL; proposed at \$650,000

Cat Licensing; revenue would depend on where the license fee is set, how it was apportioned to town, APCP, and NHVDL, and estimated cost of administration

Dog License increase (\$.50 to the lab and .50 to the town); estimated at \$167,500 additional revenue per year (\$83,750 each for NHVDL and town)

Fee for livestock (\$1 per head); revenue would depend on cost of administration and whether certain species of livestock would be excluded from payment

Veterinarian License dogs (instead of the town) and send what was the town cut of the fee to the VDL ; estimated at \$### (undetermined) per year

Cat Rabies shots a fee of \$1 to the NHVDL; estimated at \$### (undetermined) per year

Increase the number of dogs that are registered (about 50% now); revenue would depend on the increased degree of compliance and any additional cost of administration to achieve such compliance

**Most Likely:**

Increase the cost of animal feed license from \$75 to \$100; estimated at \$125,000 additional revenue per year to NHVDL

Pet Importation Fee; estimated net revenue of \$58,000 per year to NHVDL

VMA donation; this should not be recommended.

Some of these recommendations may involve legislative discussions related to compliance and other aspects of these revenue streams.

**Recommendation**

There is no easy recommendation, no magic bullet that will raise \$650,000 as sufficient, permanent funding.

The Committee by consensus has agreed the following two recommendations should be suggested for legislation:

1. Increase the cost of animal feed license from \$ 75 per year to \$100 per year with half going to the dedicated fund and half to the NHVDL; raising an estimated \$125,000 for the latter.
2. Charge a fee for the pet importations that occur pursuant to RSA 437. These activities currently take place without a fee. Based on current documentation this will raise about \$ 60,000 for the NHVDL.

**Legislation proposed**

Both items 1 and 2 of the recommendation will require legislation, as well most of the other options that did not get recommended. Someone from the House Committee on Environment and Agriculture should sponsor legislation in the fall of 2014.



September 18, 2013

**HB 547 committee white paper contents**

1. Regarding the concept of implementing a fee for every dog or cat imported into the state pursuant to RSA Chapter 437:

- in calendar year 2009, 6322 dogs were imported on interstate certificates of veterinary inspection (CVI)
- calendar year 2010, 6089 dogs imported on CVI
- calendar year 2011, 6155 dogs imported on CVI
- calendar year 2012, 6742 dogs imported on CVI
- four year average of **6327 dogs imported per year**
- if there was a \$10 fee per animal, this would generate an average of **\$63,270 dollars per year**
- a statutory change would be necessary to allow the collection of such a fee
- there would be some administrative cost to implementation
- presuming NHDAMF was responsible for collecting and processing these fees:
  - >Some of the work is already being done: review and file CVIs; count numbers of animals per CVI and enter into NHDAMF database
  - >Based on assumptions of 2 minutes per animal to complete additional work (produce and mail invoices, track payments, process payments, etc), and applying this to approximately 6327 animals per year, this new work would require just over 200 hours to complete. Any new work would require the hiring of additional personnel to complete the work. Absent this added workforce, this work would not get done.
  - >Presuming \$25 per hour for personnel costs, this new work would cost ~\$5000 per year
  - >Net revenue = \$63,270 - \$5000 = **\$58,270**
- it is possible that such a fee would reduce compliance with animal importation regulations in RSA 437

2. Regarding the concept of raising feed label registration fees to the regional average:

- RSA Chapter 435 17-31 is the Commercial Feed registration law, <http://www.gencourt.state.nh.us/rsa/html/XL/435/435-mrg.htm>
- RSA 435:20 IV, "One-half of the fees collected under this section shall be deposited with the state treasurer into a separate, nonlapsing account to be known as the agricultural product and scale testing fund. The remainder of the fees collected under this section shall be deposited in the general fund."
- RSA 435:20 sets the annual registration fee in New Hampshire at **\$75 per product**
- the average registration fee in the northeast is approximately **\$100 per product**
- there are approximately **10,000 such products registered annually in NH**
- 10,000 registrations x \$25 increase per product x 50% into product and scale testing fund = **\$125,000 potential new revenue**
- this fee is collected by the department's division of regulatory services
- this idea has been suggested to the department in the past, so it is possible that there would be competing interests that would also have intentions on using a portion of any fee increase for other services, both within the department and outside

3. Regarding the concept of re-organizing the system of dog licensing:

- estimated dog license numbers
  - >\$335,000 APCP revenue average year / \$2 per license to APCP = 167,500 current licenses
- estimated dog population in NH
  - >Dogs = (.534) x (tot. households) = .534 x 514,869 = 278,029 dogs
  - ><http://quickfacts.census.gov/qfd/states/33000.html>
  - >*AVMA US Pet Ownership and Demographics Source Book*
- estimated percent of dogs licensed
  - >(167,500 licenses) / (278,029 dogs) = ~60% licensing compliance
- current statute requires the annual licensing of every dog in the State of New Hampshire; RSA Chapter 466,  
<http://www.gencourt.state.nh.us/rsa/html/XLV/466/466-mrg.htm>
- dogs are currently required to be licensed by town clerks
- dog owners must provide proof of current rabies vaccination in order to obtain a dog license
- statute appropriately requires the administration of rabies vaccination by veterinarians; RSA 436:99-109,  
<http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XL-436.htm>
- Rabies is the only legally required vaccination of any animals in New Hampshire. It is required in dogs, cats, and ferrets for the benefit of public health.** Vaccination is not required for the benefit of the animal's own health. It is necessary to retain licensing as a tracking mechanism for public health and emergency management. Rabies is a zero risk tolerance disease in humans as only 6 people have ever survived after the onset of clinical signs.
- statute requires veterinarians to send a copy of rabies vaccine records to the town clerk in the town where the dog resides
- dog owners are subsequently required to go to the town clerk office to register their dog on an annual basis
- if dog licenses were issued by veterinarians at the point of vaccination, dog owners could save the trip to the town clerk
- proof of rabies vaccination would still be sent to the clerks and retained in their offices since these records are necessary to verify vaccine status in the event of bites / exposures – when the local animal control officer / police officer takes a bite report, they must be able to access this information quickly through town records. Municipalities would be exposed to great liability risks if such records were not maintained in the event of an exposure / potential exposure. Absent this local record keeping, there would be a great many dog and cat bites from which PEP would result.
- Most rabies vaccines are administered on a triennial basis, though licenses are currently issued annually. Many dog owners only visit their veterinarian every third year to obtain a rabies vaccination. Most veterinary clinics send reminders to clients about the impending expiration date of their rabies vaccine.
- make the dog license a triennial requirement linked to rabies vaccine administration.
- the cost for a triennial dog license could be \$20 for a single, regular license; special rates for group licenses and senior citizens could be considered
- if compliance drops to 50% (139,000 dogs licensed), there would be approximately \$2.78M revenue generated every three years
- assuming vaccinations are administered approximately equally each year, this would generate approximately **\$927k each year**
  - >each \$20 license fee would be distributed:
    - \$10 to NHVDL
    - = \$463k / year

- \$7 to APCP = \$324k / year  
- \$1 to animal control education (e.g. NEACHA, ACOANH, clerks association, etc) = \$46,300 / year  
- \$2 to each town clerk for each dog in residence

- questions – vet clinics in bordering states that vaccinate NH-resident animals; non-NH-resident animals vaccinated by NH licensed veterinarians; cost of administrative system and infrastructure for billing, payment distribution, etc; potential reduction in local control; sources of revenue for local animal control; do clerks want to give up this role; this would eliminate the current \$95k from dog licenses to NHVDL so would be total of \$463k annually not (\$463 + \$95)

4. Regarding collection of a fee from licensed veterinarians for each rabies vaccination administered:

- includes all animal types that use NHVDL, not just dogs
- this would not change dog licensing requirements
- rabies vaccination is required for all dogs, cats, and ferrets; rabies vaccination is administered to some number of livestock for their own benefit
- estimate 50% of dogs and 30% of cats would be vaccinated against rabies
  - > 278k dogs x 50% compliance = 139k vaccinated dogs
  - > (.598 x #households) = (.589 x 514,869) = 303k cats x 30% compliance = 91k vaccinated cats
  - > 139k dogs + 91K cats = 230k dog and cat vaccinations
- Most rabies vaccines are administered on a triennial basis; statute requires these vaccines to be administered by licensed veterinarians.
- approximately 77k vaccinations would be administered annually
- revenue could be generated at estimated amounts based on the fee
- notes – vet clinics in bordering states that vaccinate NH-resident animals; non-NH-resident animals vaccinated by NH licensed veterinarians; cost of administrative system and infrastructure for billing, payment distribution, etc; this would be in addition to the current \$95k from dog licenses to NHVDL

# New Hampshire

Livestock and Pet Population  
Estimate.

# The Animals They Own

(Estimates)

- 263,253 dogs
- 285,910 cats
- 58,420 pet birds
- 25,000+ horses
- 1.67 Million poultry in 34,000 flocks
- 39,912 cattle
- 2,718 pigs
- 7,423 sheep
- 3,774 goats
- 1500 deer, elk, bison



# Committee Report



## New Hampshire General Court - Bill Status System

**Docket of HB547**

Docket Abbreviations

**Bill Title:** establishing a commission to study permanent options for funding the veterinary diagnostic laboratory.

*Official Docket of HB547:*

<b>Date</b>	<b>Body</b>	<b>Description</b>
1/3/2013	H	<b>Introduced</b> 1/3/2013 and Referred to Environment and Agriculture; <b>HJ 12</b> , PG.199
1/29/2013	H	Public Hearing: 2/5/2013 11:00 AM LOB 303
2/6/2013	H	Executive Session: 2/7/2013 10:00 AM LOB 304
2/12/2013	H	Committee Report: Ought to Pass for Feb 20 (Vote 15-0; CC); <b>HC 15</b> , PG.263-264
2/20/2013	H	<b>Ought to Pass:</b> MA VV; <b>HJ 21</b> , PG.461-462
3/21/2013	S	Introduced and Referred to Executive Dept. & Admin
4/3/2013	S	Hearing: 4/10/13, Room 100, SH, 10:15 a.m.; <b>SC15</b>
4/23/2013	S	Committee Report: Ought to Pass, 5/2/13; Vote 5-0; CC; <b>SC18</b>
5/2/2013	S	<b>Ought to Pass:</b> MA, VV; OT3rdg;
5/2/2013	S	Enrolled
5/8/2013	H	Enrolled; <b>HJ41</b> , PG.1424
6/24/2013	H	Signed By Governor 06/21/2013; Chapter 0099
6/24/2013	H	I. Section 2 Effective 11/01/2013
6/24/2013	H	II. Remainder Effective 06/21/2013

NH House

NH Senate



# Other Referrals

# COMMITTEE REPORT FILE INVENTORY

HB 547 ORIGINAL REFERRAL \_\_\_\_\_ RE-REFERRAL

1. THIS INVENTORY IS TO BE SIGNED AND DATED BY THE COMMITTEE AIDE AND PLACED INSIDE THE FOLDER AS THE FIRST ITEM IN THE COMMITTEE FILE.
2. PLACE ALL DOCUMENTS IN THE FOLDER FOLLOWING THE INVENTORY IN THE ORDER LISTED.
3. THE DOCUMENTS WHICH HAVE AN "X" BESIDE THEM ARE CONFIRMED AS BEING IN THE FOLDER.
4. THE COMPLETED FILE IS THEN DELIVERED TO THE CALENDAR CLERK.

DOCKET (Submit only the latest docket found in Bill Status)

COMMITTEE REPORT

CALENDAR NOTICE

HEARING REPORT

HANDOUTS FROM THE PUBLIC HEARING

PREPARED TESTIMONY AND OTHER SUBMISSIONS

SIGN-UP SHEET(S)

ALL AMENDMENTS (passed or not) CONSIDERED BY COMMITTEE:

\_\_\_\_ - AMENDMENT # \_\_\_\_\_ - AMENDMENT # \_\_\_\_\_  
\_\_\_\_ - AMENDMENT # \_\_\_\_\_ - AMENDMENT # \_\_\_\_\_

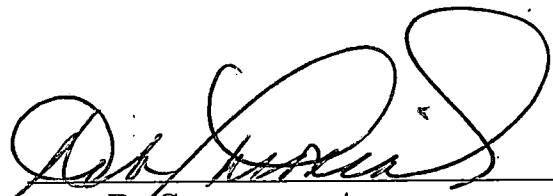
ALL AVAILABLE VERSIONS OF THE BILL:

AS INTRODUCED \_\_\_\_\_ AS AMENDED BY THE HOUSE  
 FINAL VERSION \_\_\_\_\_ AS AMENDED BY THE SENATE

OTHER (Anything else deemed important but not listed above, such as amended fiscal notes): \_\_\_\_\_

DATE DELIVERED TO SENATE CLERK

7-29-13

  
\_\_\_\_\_  
BY COMMITTEE AIDE