



NATIONAL ANIMAL INTEREST ALLIANCE

Supporting the people who care for America's animals

August 4, 2009

Senate Committee on Appropriations
Room 2206
State Capitol
Sacramento, CA 95814

Dear Senator Kehoe:

I am writing on behalf of the National Animal Interest Alliance (NAIA) to register our opposition to AB 241 as amended on July 23, 2009. The mission of NAIA is to provide a balanced, fact-based approach to animal welfare issues based on the expertise and perspective of those who live and work with animals. Our California membership includes thousands of conscientious dog and cat owners and responsible breeders who work tirelessly to improve the health and wellbeing of animals, providing training classes for dogs, funding and volunteers for animal health clinics, rescue and rehabilitation, and hosting dog and cat shows.

NAIA supports legislation that raises animal care standards and abhors the keeping and breeding of dogs and cats in inhumane conditions, but we cannot support AB 241 because it offers a simple solution to a very complex problem, which is doomed to fail. This legislation would exacerbate current problems and lead to a host of unintended and very costly negative consequences.

Simply capping the number of intact dogs/cats a breeder is allowed to keep would undoubtedly result in job and state revenue losses during a time of economic crisis, without doing anything meaningful to ensure humane treatment of animals.

We believe the issue that California lawmakers are rightly trying to resolve is the presence of substandard, inhumane breeding operations, often operating illegally and not subject to any licensing guidelines, inspections or oversight. It is important to understand that there are currently two major approaches to this problem: one recommended by animal welfare experts, and the other (represented in AB 241) driven by an animal rights agenda.

Animal rights bills like AB 241, featuring arbitrary number caps ranging from 20 to 75, have been introduced and promoted heavily by HSUS in 32 states this year. The vast majority of them have so far been rejected, but this concept sometimes gains traction based on several false assumptions.

FALSE ASSUMPTIONS:

- **All large-scale breeding operations and commercial kennels are “puppy mills”.** Animal experts prefer to use the term substandard kennels to describe the problem, not “puppy mill”, which is a subjective, derogatory term with no industry standard definition. There is not a shred of scientific evidence to suggest that numbers alone lead to inhumane treatment and substandard care for dogs or cats. The staff to dog/cat ratio would be a better indicator of care received.

- **This bill will not harm good breeders.** There are, in fact, breeders providing excellent care and conditions in well-maintained kennels in California who have more than 50 dogs. They will be forced to sterilize or give up numerous dogs and possibly give up their businesses and put people out of work for no good reason. Passing AB 241 would amount to a declaration that it is impossible to humanely and responsibly care for more than 50 dogs or cats, no matter how many resources a breeder devotes to them. A single dog, whether intact or not can be abused and neglected, while a well-designed, properly managed and well-staffed kennel can provide excellent care and a humane environment for keeping, raising and producing healthy, well-socialized dogs.
- **Without the cap, it will be impossible for law enforcement to shut down substandard operations.** The high profile kennel busts in recent years were made possible by already strong animal cruelty laws in California and the capacity to enforce them. We would like to see law enforcement devote more time to seeking out and eliminating inhumane and underground breeders, but this legislation provides no additional resources for that purpose. AB 241 will assuredly drive more breeders underground, and if local officers lack the resources to address *current* violators, how will they keep up with the new criminals created by this law?
- **Fifty is a sufficient number of dogs/cats to run a successful commercial breeding operation.** Many large-scale breeders who have carefully grown their businesses will find it difficult if not impossible to survive the severe reductions this bill would require. Ironically, standards of care might actually suffer under the cap because economically distressed breeders may try to remain solvent by breeding a smaller number of animals more frequently, or by reducing staff hired to provide for their physical and behavioral needs. Other breeders will simply opt to close down completely.
- **This bill will have minimal costs for the state.** The fiscal impact of this bill, both in the form of increased enforcement and decreased revenues, makes AB 241 a huge budgetary liability. Crippling an industry like dog or cat breeding that supports other businesses, including pet food suppliers, veterinarians and dog and cat shows, will have a significant negative ripple effect on the state's economy.

Passage of AB 241 would significantly reduce California tax revenues. While it's impossible to estimate with precision the exact number of large-scale breeders in California, reports from inspecting agencies and organizations, indicate upwards of 40 kennels that would be affected by AB 241.

Revenue Impact #1 = \$175,500 Annually

The state will lose significant sales tax revenues if AB 241 limits number of intact breeding dogs allowed.

- ▶ Estimate assumes a minimum of 20 breeders with 100 adult intact dogs
- ▶ Number of dogs reduced to comply with AB 241 (50 x 20) = 1000
- ▶ If each dog has 3 puppies* per year = 3000 puppies
- ▶ California aggregate state and local sales tax rate = 9%
- ▶ Average price per puppy = \$650**

Estimated state revenue loss = \$175,500 annually

* Averages litter size for large and small breeds

**Source of average price per dog: LA Times Classifieds reflecting one week, 7/27/09 through 8/3/09

Revenue Impact #2 Using US Census Data = \$170,000 Annually

The state will lose significant sales tax revenues if AB 241 limits number of intact breeding dogs allowed.

- ▶ Revenue impact using US Census Data (2002) and estimating that large scale dog breeders represent 5% of the \$3,400,000 collected in taxes paid on pet sales = \$170,000 annually

Every job lost in California will translate into added costs for the state in the form of unemployment benefits paid. In the absence of a formal fiscal analysis that takes job loss into account, we will use conservative numbers to estimate a likely scenario under the proposed cap.

Unemployment Impact

- ▶ Assumes a minimum of 20 breeders with 100 adult intact dogs
- ▶ Number of breeding dogs reduced to comply with AB 241 (20 x 50) = 1000
- ▶ Staff to dog ratio = 1:35
- ▶ Number of jobs lost = 28
- ▶ Average hourly wage = \$10
- ▶ Minimum unemployment benefit per eligible worker* = \$4810

Estimated initial cost to state = \$134,680

* Source: California Employment Development Department. A Guide to Benefits and Employment Services. Unemployment Insurance Benefit Table For New Claims With a Beginning Date of January 2, 2005, or After. Weekly benefit amount calculated based on a former FTE at \$10/hour for the standard benefit period of 26 weeks.

The 2002 Economic Census indicates that California taxable sales for pet and supply stores amounted to an estimated \$911 million, of which \$56 million was spent for the purchase of pets. During a tough economic recession, AB 241 would needlessly slash or shut down pet businesses resulting in lost revenues to the state and a ripple effect that would weaken California's economy. Dog and cat breeders not only supply pets for the community, but also contribute positively to the economy by investing large amounts in pet food, supplies and veterinary care for their animals. The local businesses and suppliers that depend on large breeders for a portion of their income would be negatively impacted when their core clientele's orders are cut in half, if not totally eliminated.

Ripple Effect on Economy Based Only on Pet Food and Veterinary Costs = \$480,000 - \$912,000

- ▶ Assumes a minimum of 20 breeders with 100 adult intact dogs
- ▶ Number of breeding dogs reduced to comply with AB 241 (20 x 50) = 1000
- ▶ Lost yearly pet food sales (\$20 - \$30 per dog, per month) = \$240,000 - \$360,000*
- ▶ Lost yearly veterinary fees (\$1,000 - \$2,300 per kennel unit, per month) = \$240,000 - \$552,000**

Ripple effect based only on pet food and veterinary services = \$480,000 - \$912,000

*Range due to variation among breeds

**Commercial kennels require frequent veterinary services and surgeries such as C-sections, the issuance of health certificates and numerous other services related to breeding and puppy placement.

Using the lowest of these very conservative estimates, AB 241 would have a projected negative fiscal impact on the state of at least \$304,680 in the first year, with a negative ripple effect on the economy ranging from \$480,000 to \$912,000 based only on pet food sales and veterinary services. Many other businesses will be harmed by passage of AB 241 and several other industries and services unaccounted for in our analysis will struggle under this bill. Furthermore, new homes will have to be found for the hundreds if not thousands of dogs that have been displaced, putting added stress on shelters and rescue operations to re-home them at a time when fewer people can afford to keep pets.

AB 241 contains no reasonable exemptions for boarding, handling, and sporting dog or training facilities, all of which periodically possess more than 50 adult intact animals at one time. That is why Canine Companions for Independence, Guide Dogs of America and similar organizations oppose this bill.

Focusing on numbers alone to assess breeding operations ignores more meaningful indicators such as standards of care, conditions, staffing levels and outcomes. These are the measurable factors that animal experts use to evaluate breeders. Equating high numbers with substandard care is an unfortunate brand of profiling that has been successfully perpetuated by the animal rights movement using emotional arguments and popular, but unsubstantiated assumptions. No one would deny that there are appalling cases of animal abuse and neglect at some large-scale breeding facilities, but this bill would allow the exception to become the rule and treat law abiding, humane operations the same as criminals and animal abusers. The animal welfare community would suggest a different approach.

The key to eliminating inhumane breeding practices is to require higher care and housing standards and then to ensure that these laws are enforced. Legislation should focus on facilities that are currently unregulated, rather than penalize breeders that are already inspected by the federal government, local animal control agencies and often by the AKC. Higher standards, greater enforcement of existing cruelty laws and more thorough oversight of the industry will more successfully root out illegal or inhumane operations *of all sizes*.

And perhaps of equal importance, consumers need more information so that they can differentiate between good and bad sources. Educating consumers before they decide to purchase a pet would go much farther to ensure that they are protected because they will know what questions to ask at the point of sale. Furthermore, informed consumers would insist on visiting the kennel and seeking out responsible and humane sources of pets. Substandard kennels would not last long under the scrutiny of an educated consumer base. In keeping with this philosophy, NAIA has offered alternative consumer protection legislation that is education based. We would be happy to submit it for your consideration.

The available data do not support a correlation between size and care in commercial kennels. An internal audit conducted by the State Veterinarian in Nebraska, a state with a far higher number of large scale breeders than California, suggests that care standards in kennel businesses are slightly better in the larger facilities. http://www.naiaonline.org/pdfs/nebraska_comparison_on_number_of_breeding_dogs.pdf Without any statistical support, AB 241 would forcibly remove well cared for animals from good operations, taking away the livelihood of hardworking taxpayers without accomplishing anything worthwhile for animals or society. Given the fiscal costs associated with this bill, and the lack of any tangible benefits for the dogs and cats it alleges to protect, it would be unwise and irresponsible to pass AB 241.

Please consider NAIA and our thousands of active members in California a resource when trying to identify realistic and fair solutions to the animal welfare and pet consumer challenges California faces. We respectfully urge your no vote on this bill.

Sincerely,



Patti Strand
Chairman and National Director