

**Title 16. Professional and Vocational Regulations
Division 20. Veterinary Medical Board**

Initial Statement of Reasons

Hearing Date: 10 a.m. on October 8, 2013

Subject Matter of Proposed Regulations: Spay and Neuter Specialized License Plate

Sections Affected: Title 16, Division 20, California Code of Regulations (CCR) sections 2090, 2090.1, 2091, 2091.1, 2092, 2092.1, 2093, 2094, 2095, 2095.1, 2095.2, and 2095.3.

Specific Purpose of each adoption, amendment, or repeal:

1. Problem being addressed:

Vehicle Code (VC) Section 5060 establishes the Veterinary Medical Board (Board) may sponsor a Department of Motor Vehicles (DMV) specialized license plate program at the request of a tax-exempt organization.

The California Spay and Neuter License Plate Fund Incorporated (Fund) requested the Board sponsor its effort to establish a specialized license plate program in order to provide no or low cost animal sterilization services.

The Fund established there is currently a problem with pet overpopulation and increasing need for animal euthanasia. Part of the pet overpopulation problem can be attributed to the lack of access to affordable sterilization services. The Fund will use revenues received from the issuance and renewal of the specialized license plates to fund no or low cost animal sterilization services.

The proposed regulations will specify the Board and Fund relationship as well as establish a framework for the Fund to approve and issue grants for no or low cost animal sterilization services. The proposed language will also establish a mechanism where the Fund would report to the Board in order to ensure revenues received from the specialized license plates are allocated for their intended purpose.

Specifically the proposed language would:

Adopt CCR section 2090

The proposed language establishes the Board as the sponsoring agency of the Fund who will administer and manage the California Pet Lovers License Plate Program (Program). The Fund will use revenue from the issuance, renewal, retention, replacement or transfer of Program specialized license plates to fund low-cost spay and neuter services.

Adopt CCR section 2090.1

The proposed language establishes the Program is owned by the Fund and provides termination terms of the Fund's relationship with the Board if the Fund terminates its relationship with the Program.

Adopt CCR section 2091

The proposed language establishes specific provisions the Board may utilize for withdrawing recognition of the Fund. Provisions include fraud, misrepresentation, or deception in administering funds, failure to qualify for non-profit status, failure to provide documentation to the Board, or failure to comply with laws specific to the regulation of the Fund.

Adopt CCR section 2091.1

The proposed language establishes that the Board shall notify the Fund prior to withdrawal of recognition and provide the Fund the opportunity to be heard.

Adopt CCR section 2092

The proposed language requires the Fund provide an annual accounting report to the Board and that the report meets certain criteria. Criteria include a reporting of the Fund's board members, the Fund's bylaws, a list of approved grantees, amount of funds distributed, total revenue collected, amount of overhead expenses, number of spay and neuters performed, and feedback from grantees.

Adopt CCR section 2092.1

The proposed language requires the Fund to notify the Board, within a specified time, if there is a departure or appointment of a Fund board member, a change to the bylaws, or change to the Fund's non-profit status.

Adopt CCR section 2093

The proposed language establishes eligibility criteria for grant consideration. Criteria include compliance with certain laws related to veterinary medicine, tax exemptions and public health. Grantees must also be city, county, city and county owned, or non-profit who are able to provide animal sterilization services or a voucher program for sterilization services.

Adopt CCR section 2093.1

The proposed language establishes the Fund may approve grant applications of a first come, first served basis, criteria that promotes the official work of the program and availability of funds.

Adopt CCR section 2094

The proposed language requires grantees, prior to receipt of funding, provide records of sterilization procedures and ensure their operations open for inspection.

Adopt CCR section 2095

The proposed language establishes grantees use funds for no or low cost sterilization of dogs, cats and rabbits. Grantees are not allowed to use funds for supplanting existing procedures offered, funding overhead or operational costs, or offset budget reductions.

Adopt CCR section 2095.1

The proposed language establishes parameters for segregating grant monies and establishes that those funds may not be diverted or commingled with any other revenue.

Adopt CCR section 2095.2

The proposed language establishes the Board shall request the DMV provide a report to the Board that includes license plates sold, revenue received, revenue designated for the Fund, DMV revenue deposited, and DMV costs.

Adopt CCR section 2095.3

The proposed language establishes the Board shall request transfer of funds on no less than an annual basis and that funds be transferred directly to the Fund.

2. Anticipated benefits from this regulatory action:

The Fund established a need for no and low cost animal sterilization due to the lack of access to affordable animal sterilization services as well as the increasing number of animal euthanasia. In accordance with Vehicle Code, a state agency may sponsor a specialized license plate program.

The regulatory action will define the Fund's relationship as the administrator of the license plate program and the Board as the sponsoring state agency. The Board, as the sponsoring state agency, will provide oversight authority and is able to ensure funds raised by the specialized license plate program are allocated for their intended purpose.

Factual Basis/Rationale

Adopt CCR section 2090

The proposed language establishes the relationships between the Board, Fund and Program in order to define each party's responsibilities for the purpose of oversight and the administration of funds received from the specialized license plate program.

Adopt CCR section 2090.1

The proposed language establishes Fund ownership of the Program and provides general termination terms of the Fund's relationship with the Board in order to protect the Fund, provide notice to the public and assign the Fund its authority over the Program.

Adopt CCR section 2091

The proposed language defines specific Board terms for withdrawal of Fund recognition in order to establish the Board's authority over the Fund and provide clear notice to the Fund of specific terms that are the basis for termination of its relationship with the Board.

Adopt CCR section 2091.1

The proposed language establishes a notice process for Board withdrawal of Fund recognition in order to provide the Fund the opportunity to contest withdrawal of recognition.

Adopt CCR section 2092

The proposed language defines specific Fund accounting and reporting requirements in order to provide for Fund accountability to the Board, transparency in the distribution of funds to grantees, and provide information that is required to be reported to the DMV by the Board.

Adopt CCR section 2092.1

The proposed language specifies Fund notification provisions in order to establish the Board's authority over the Fund and provide clear notice to the Fund of specific terms required to be reported to the Board so that the Board may take account of how grant funds are expended.

Adopt CCR section 2093

The proposed language establishes criteria for grant consideration in order to provide clear requirements to the grantee for determining grant eligibility. Eligibility requirements have been established to ensure funds are granted to specific entities, funds are in compliance with specific control agency laws, and the funds are distributed to specific entities that already provide specified services.

Adopt CCR section 2093.1

The proposed language establishes application approval criteria in order to provide clear notice regarding the basis for approving grantee applications and ensure that available funds are equitably distributed.

Adopt CCR section 2094

The proposed language sets specific grantee requirements prior to receipt of funding in order to establish the Fund's authority and grantee's accountability for funds received. Information provided by the grantee will be used by the Fund to report to the Board and DMV.

Adopt CCR section 2095

The proposed language establishes the grantee provide specific services and defines the ineligible use of funds in order to ensure funds are only spent on no or low-cost sterilization of cats, dogs, and rabbits, in that order, which are the highest number of animals entering California shelters and being euthanized.

Adopt CCR section 2095.1

The proposed language establishes accounting requirements for grant funds in order to ensure funds cannot be diverted or commingled with other revenue for purposes of funding anything other than what the funds were intended.

Adopt CCR section 2095.2

The proposed language establishes DMV reporting requirements in order to ensure accurate and transparent accounting of the funds being transferred from the DMV to the Fund and so that the Board may monitor how grant funds are expended.

Adopt CCR section 2095.3

The proposed language establishes a transfer frequency of funds from the Fund and sets expenditure limits in order to ensure funds are consistently distributed, protect the integrity of the program, and maximize the number of animal sterilizations.

Underlying Data

- Social Compassion in Legislation (SCIL) Fact Sheet regarding pet euthanasia in United States shelters
- SCIL Fact Sheet regarding California Department of Public Health report on pet euthanasia
- Letter from Veterinary Medical board, dated June 28, 2010, to Assembly Member

Business Impact

The proposed regulation will not have a significant adverse economic impact on businesses. VC Section 5060 establishes the Board may sponsor a DMV specialized license plate program at the request of a tax-exempt organization. The proposed language specifies certain eligibility, expenditure and reporting requirements for both the Fund and grantees.

Specific to grantee reporting requirements, grantees are required to provide receipts and records of sterilization services and the grantee will maintain its records as open for inspection or audit. The Board anticipates city/county animal shelters will receive the majority of grants; however, the reporting requirement will not significantly impact businesses or city/county animal shelters as they regularly track grant funds. Additionally, individual veterinarians working at a veterinary premise or city/county animal shelters are already obligated to keep records for any act requiring a license, including animal sterilization procedures, in accordance with the Veterinary Medicine Practice Act.

Economic Impact Assessment

This regulatory proposal will have the following effects:

- It will not create or eliminate jobs within the State of California because the proposal provides a framework for the distribution of grant funds from the DMV specialized license plate program.
- It will not create new business or eliminate existing businesses within the State of California because the proposal provides a framework for the distribution of grant funds from the DMV specialized license plate program.
- It will not affect the expansion of businesses currently doing business within the State of California because the proposal provides a framework for the distribution of grant funds from the DMV specialized license plate program.
- This regulatory proposal does not affect the health and welfare of California residents because the proposal provides a framework for the distribution of grant funds from the DMV specialized license plate program. However, the proposal would help the Fund provide grant funds for no or low cost animal sterilization that would limit the amount of animals who are euthanized each year.
- This regulatory proposal does not affect the health and welfare of California residents because the proposal provides a framework for the distribution of grant funds from the DMV specialized license plate program. However, the proposal would help the Fund provide grant funds for no or low cost animal sterilization that would limit the amount of animals who are euthanized each year.
- This regulatory proposal does not affect worker safety because the proposal provides a framework for the distribution of grant funds from the DMV specialized license plate program. However, the proposal would help the Fund provide grant funds for no or low cost animal sterilization that would limit the amount of animals who are euthanized each year.
- This regulatory proposal does not affect the state’s environment because the proposal provides a framework for the distribution of grant funds from the DMV specialized license plate program. However, the proposal would help the Fund provide grant funds for no or low cost animal sterilization that would limit the amount of animals who are euthanized each year.

Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.