

1 BOARDS AND COMMISSIONS

2 Board of Veterinary Examiners

3 (Amended After Comments)

4 201 KAR 16:515. Fees for veterinary facility registrations.

5 RELATES TO: KRS 321.203, 321.235, 321.320

6 STATUTORY AUTHORITY: KRS 321.203, 321.205, 321.235(1)(c), 321.236, 321.320

7 NECESSITY, FUNCTION, AND CONFORMITY: KRS 321.235(1)(c) requires the Kentucky

8 Board of Veterinary Examiners to promulgate administrative regulations to establish the fee

9 amounts for all fees required by KRS Chapter 321 and the fees for services provided by the board.

10 KRS 321.236(1)(a) and (4) **authorize[allow]** the board to establish application fees for veterinary

11 facilities and mobile units. This administrative regulation establishes fees for veterinary facility

12 registrants and their associated mobile units, including the cost for application, renewal, and

13 reinstatement.

14 Section 1. Payment and Submission of Fees.

15 (1) Fees to the board shall be paid by check or money order, or, if available, online payment by

16 debit or credit card. Checks and money orders shall be made payable to the Kentucky State

17 Treasurer.

18 (2) All fees shall be nonrefundable.

19 ~~[(3) In the event the board carry forward balance at the end of a fiscal year falls below~~

20 ~~\$200,000, the board's fees shall automatically increase 20% for the duration of the fiscal~~

21 ~~biennium.]~~

1 Section 2. Application Fees for Veterinary Facility Registration.

2 (1)

3 (a) In accordance with KRS 321.236(2), the initial registration fee for a veterinary facility that is
4 registered with the board by June 30, 2025, shall be \$200 and reduced by half to \$100 for facilities
5 registered by the mandated deadline.

6 (b) After June 30, 2025, the initial application fee for a veterinary facility with up to two (2) mobile
7 units shall:

8 1. Until June 30, 2026, be \$500;

9 2. Between July 1, 2026, and June 30, 2028, be \$550; and

10 3. After June 30, 2028, be \$625.

11 (2) In addition to the initial application fee for a registered veterinary facility, an additional fee
12 shall be paid to the board, calculated based on the number of mobile units associated with the
13 facility, as follows:

14 (a) For a registered veterinary facility with two (2) or fewer mobile units identified on the
15 application, no additional fees shall be collected; **and**

16 (b) For a registered veterinary facility with three (3) or more mobile units identified on the
17 application, an additional fee **of \$25** per mobile unit shall be due to the board with the initial
18 application for each additional mobile unit beyond two (2) mobile units per veterinary facility[:

19 **1. Until June 30, 2025, \$25 per unit;**

20 **2. Between July 1, 2025, and June 30, 2027, \$50 per unit;**

21 **3. Between July 1, 2027, and June 30, 2029, \$75 per unit; and**

22 **4. After June 30, 2029, be \$100 per unit].**

23 (3) The fees shall be attached to the completed Application for **[Registration as a]** Veterinary

1 Facility Registration form incorporated by reference~~[as found]~~ in 201 KAR 16:762 or online
2 equivalent form, including all required attachments.

3 Section 3. Renewal Fees for Veterinary Facility Registration. The following fees shall be paid
4 biennially for the renewal of a veterinary facility registration:

5 (1)

6 (a) Except as provided for in subsection (3) of this section, the base renewal fee for a veterinary
7 facility registration in active status shall be \$200;

8 ~~1. Until September 30, 2027, be \$450;~~

9 ~~2. Between October 1, 2027, and September 30, 2029, be \$550; and~~

10 ~~3. After September 30, 2029, be \$650].~~

11 (b) The fees shall be attached to the Renewal Application for Registered Veterinary
12 Facilities~~[Facility Registrations]~~ form incorporated by reference~~[as found]~~ in 201 KAR
13 16:765 or online equivalent form.

14 1. To qualify for renewal, the form shall be complete, including all required attachments,
15 continuing education credits if required, and fee payment; and

16 2. The complete package is submitted to the board for review and approval not later than
17 September 30 of each odd-numbered year.

18 (2) In addition to the renewal base fee for a registered veterinary facility, an additional fee shall be
19 paid to the board, calculated based on the number of mobile units associated with the facility, as
20 follows:

21 (a) For a registered veterinary facility with two (2) or fewer mobile units identified on the
22 registration, no additional fees shall be collected; and

1 (b) For a registered veterinary facility with three (3) or more mobile units identified on the
2 registration, an additional fee of \$25 per mobile unit shall be due to the board with the biennial
3 renewal application for each additional mobile unit beyond two (2) mobile units per veterinary
4 facility registration[=

5 ~~1. Until September 30, 2027, \$50 per unit;~~

6 ~~2. Between October 1, 2027, and September 30, 2029, \$75 per unit; and~~

7 ~~3. After September 30, 2029, be \$100 per unit].~~

8 (3) For a veterinary facility initially registered less than 120 days prior to the end of the renewal
9 period, the registration renewal fees shall be waived during the first registration cycle.

10 (4) There shall be no renewal grace period provided for veterinary facility registrations. Veterinary
11 facilities that fail to renew their registration by September 30 of each odd-numbered year shall
12 expire. If a veterinary facility intends to continue operations following a missed renewal, the
13 registered responsible party or veterinary manager shall apply for reinstatement for the veterinary
14 facility and obtain board approval before continuing operations at the registered facility.

15 Section 4. Reinstatement Fees for Veterinary Facility Registration.

16 (1) To reinstate a veterinary facility registration following expiration, the registered responsible
17 party or veterinary manager shall submit a complete Reinstatement Application for **Registered**
18 **Veterinary Facilities form incorporated by reference[as found]** in 201 KAR 16:765 or online
19 equivalent form, including all required attachments and fees, to the board for reinstatement of the
20 veterinary facility registration.

21 (a) If less than six (6) months has elapsed since the expiration date of the facility registration, the
22 veterinary facility shall pay a reinstatement fee of \$675.

23 (b) If more than six (6) months and not more than five (5) years have elapsed since the expiration

1 date of the facility registration, the veterinary facility reinstatement fee shall:


2 1. Until June 30, 2027, be \$725;

3 2. Between July 1, 2027, and June 30, 2029, be \$900; and

4 3. After June 30, 2029, [~~2028,~~] be \$1,050.

5 (2) A veterinary facility shall not apply for a new registration during this five (5) year window; a
6 reinstatement application shall be required.

7 (3) If more than five (5) years have elapsed since the last date of registration expiration, a
8 veterinary facility shall apply as a new applicant to obtain a new veterinary facility registration in
9 the Commonwealth of Kentucky.


p.p Michelle M. Shane, Executive Director
on behalf of John C. Park, DVM, Board Chair
Kentucky Board of Veterinary Examiners

2/13/2025
Date

APPROVED BY AGENCY: 4/25/2024, with changes on 8/29/2024 and 1/30/2025

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation Number: 201 KAR 016:515

Contact Person: Michelle M. Shane

Phone: 502-564-9905

Email: Michelle.Shane@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This new administrative regulation establishes the fees for persons and businesses seeking a veterinary facility registration from the board to gain the ability to operate a veterinary facility in Kentucky.

(b) The necessity of this administrative regulation:

This new administrative regulation is necessary to establish the fees that the Kentucky Board of Veterinary Examiners (KBVE) approves for veterinary facility registration, as required in KRS 321.203, 321.205, 321.235(1)(c), 321.236, and 321.320.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

KRS 321.235 requires that the board administer and enforce KRS Chapter 321. KRS 321.203, 321.235(1)(c), and 321.236 specifically require the board to collect fees for new, renewal, and reinstatement applications on registered facilities.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

This new administrative regulation will assist in effective administration by clearly expressing what fees have been approved by the board in order to keep all mandated programs operational and responsive to constituent needs.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

N/A. This is a new administrative regulation.

(b) The necessity of the amendment to this administrative regulation:

N/A. This is a new administrative regulation.

(c) How the amendment conforms to the content of the authorizing statutes:

N/A. This is a new administrative regulation.

(d) How the amendment will assist in the effective administration of the statutes:

N/A. This is a new administrative regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

Approximately 500 businesses in Kentucky offering veterinary services are estimated to be affected.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment:

Applicants will be required to have paid the fee prior to registration, renewal, or reinstatement.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):

No costs are associated with compliance, as this is a prerequisite for application, renewal, and reinstatement.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3):

Administrative ease of clear communications of the fees associated with registration.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

The KBVE expects costs for all board operations to be approximately \$759,700 annually in the near term.

(b) On a continuing basis:

The KBVE expects costs for all board operations to be approximately \$900,000 annually in future bienniums as new programming is brought online, per the mandates in the modernized Kentucky Veterinary Medicine Practice Act, KRS Chapter 321.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation:

KBVE does not receive any general funds. Fees for the board come from license, certificate, permit, and registration fees established in this filing and the other fee filings.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

There is no anticipation of an increase in fees to implement this administrative regulation, as the KBVE is already running an administrative program to process applications and an inspection program to ensure compliance. The new fees for veterinary facility registration establish revenue required for this new program.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

Fees are established directly.

(9) TIERING: Is tiering applied?

Yes, tiering is applied to the fees based on the number of mobile units associated with the veterinary facility. If a veterinary facility has more than two (2) mobile units, there is a small fee for each additional mobile unit to account for additional staff time processing applications and database management.

FISCAL IMPACT STATEMENT

Regulation Number: 201 KAR 016:515
Contact Person: Michelle M. Shane
Phone: 502-564-9905
Email: Michelle.Shane@ky.gov

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation.

KRS 321.203, 321.205, 321.235(1)(c), 321.236, and 321.320.

(2) Identify the promulgating agency and any other affected state units, parts, or divisions:

The promulgating agency is the Kentucky Board of Veterinary Examiners. There are no other affected state units, parts, or divisions.

(a) Estimate the following for the first year:

Expenditures: The KBVE expects costs for all board operations to be approximately \$759,700 annually in the near term. This includes the administration of the veterinary facility registration program, database management, infrastructure, overhead, and contractors, including legal counsel and investigators.

Revenues: This filing will generate approximately \$50,000 the first year.

Cost Savings: There will be no cost savings; this amendment simply codifies the requirements, making them easily accessible for regulated entities.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

The General Assembly provided a low initial registration fee of \$100 and empowered the board to set fees based on costs in subsequent years. The board is phasing in fees so businesses have time to prepare. Further, veterinary facility registrations shall renew only every other year. Consequently, the annual amount varies significantly. In F.Y.s ending in even numbers, the

regulation will generate approx. \$250,000; in F.Y.s ending in odd numbers, there is anticipated to be virtually no revenue (i.e., only new facilities, projected to be less than \$2,000). Staff time and database management will be required for record keeping. Costs will be minimal.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts):
Counties that run animal shelters which offer veterinary services to the public will need to register the animal shelter as a veterinary facility.

(a) Estimate the following for the first year:

Expenditures: The KBVE expects costs for all board operations to be approximately \$759,700 annually in the near term. This includes the administration of the veterinary facility registration program, database management, infrastructure, overhead, and contractors, including legal counsel and investigators.

Revenues: This filing will generate approximately \$50,000 the first year.

Cost Savings: There will be no cost savings; this amendment simply codifies the requirements, making them easily accessible for regulated entities.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

The General Assembly empowered the board to set fees based on costs in subsequent years. The board is phasing in fees so businesses have time to prepare. Further, veterinary facility registrations shall renew only every other year. Consequently, the annual amount varies significantly. In F.Y.s ending in even numbers, the regulation will generate approx. \$100,000; in F.Y.s ending in odd numbers, there is anticipated to be virtually no revenue (i.e., only new facilities, likely less than \$2,000).

(4) Identify additional regulated entities not listed in questions (2) or (3):

KBVE does not anticipate that any other regulated entities will be impacted.

(a) Estimate the following for the first year:

Expenditures: N/A

Revenues: N/A

Cost Savings: N/A

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

N/A

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation:

Running an administrative program mandated by the General Assembly costs money. Fees for veterinary facility registration, renewal, and reinstatement shall be used to pay programmatic costs and are shared across board operations to keep fees as low as possible. Expenses include overhead, staffing and benefits, database usage and maintenance, IT for basic operations, maintenance of a website, essential contractors, legal counsel, investigators, etc. These fees shall ensure that the board and its staff remain operational, efficient, and responsive to both the public and constituent needs, while also implementing new programs as mandated by the modernized Kentucky Veterinary Medicine Practice Act, KRS Chapter 321. Once established and recurring, these fees are anticipated to generate revenue of approx. \$100,000 every two years, critical revenue for the functionality of all board services.

(b) Methodology and resources used to determine the fiscal impact:

A large spreadsheet was used to calculate all board revenues, expenditures, proposed fees, and estimated quantities of applications based on historical numbers. Projections were calculated ten (10) years out to F.Y. 2036.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate)

This new regulation shall not have a "major economic impact", as defined in KRS 13A.010(13).

The fees are minimal and are used for board operations to run the registration program.

(b) The methodology and resources used to reach this conclusion:

"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. In most cases, fees from this administrative regulation will be less than \$300 per application or renewal. Reinstatement fees will be slightly higher due to the extra staffing costs related to auditing of CE and verification of application materials.

STATEMENT OF CONSIDERATION

RELATING TO 201 KAR 016:515

BOARDS AND COMMISSIONS
Kentucky Board of Veterinary Examiners
(Amended After Comments)

I. The public hearing on 201 KAR 016:515, scheduled for December 23, 2024, at 10:00 a.m. at the offices of the Kentucky Board of Veterinary Examiners (KBVE) was held per request; however, no one appeared at the hearing. Written comments were received during the public comment period, which closed December 31, 2024.

II. The following people submitted written comments:

<u>Name and Title</u>	<u>Agency/Organization/Entity/Other</u>
James Beckman, DVM	Gas Light Equine, Bluegrass Equine Emergency Service, and Three Fans Farms
Kerry Beckman, DVM	Gas Light Equine
Travis Luna, DVM	Luna Veterinary Services
Tammy Smith, DVM	Knox County Veterinary Services, Inc.
Deborah Spike-Pierce, DVM	Rood & Riddle Equine
Erica Tolar, DVM	Bluegrass Veterinary Vision
Agency	Kentucky Board of Veterinary Examiners

III. The following people from the promulgating administrative body responded to the written comments:

<u>Name and Title</u>
John C. Park, DVM, KBVE Chair
Gene Smith, DVM, KBVE Vice Chair
Dianne Dawes, DVM, KBVE Board Member
Tom Dorman, Citizen-at-large, KBVE Board Member
Tim Gardner, DVM, KBVE Board Member
Stephanie Kennedy, DVM, KBVE Board Member

Phil Prater, DVM, KBVE Board Member
Jennifer Quammen, DVM, KBVE Board Member
Amy Staton, EdD, LVT, KBVE Board Member
R. Steve Velasco, DVM, State Veterinarian, Proxy for KDA Commissioner Jonathan Shell
Michelle M. Shane, KBVE Executive Director
Carmine G. Iaccarino, KBVE Legal Counsel

IV. Summary of Comments and Responses

(1) Subject Matter: Inflation and increased costs of business

(a) Comment: Dr. J. Beckman, Dr. Smith – The commentor acknowledges that costs have gone up due to inflation as well in increased responsibilities assigned to the Board in 2023 due to changes in the Kentucky Veterinary Medicine Practice Act, including facility registrations.

(b) Response: KBVE appreciates this acknowledgment. Changes in the national economy and inflation rates are just one factor related to the required fee increases to fund the board. In response to this comment, no changes were made to the proposed administrative regulation.

(2) Subject Matter: Zoom informational meeting held November 20 – No general funds for agency

(a) Comment: Dr. Spike-Pierce – The commentor stated they attended the informational meeting hosted by KBVE during the public comment period wherein the Board informed attendees that the agency does not receive General Funds (tax dollars) to fund any part of the agency’s operations. The commentor asks, “Why is it the duty/burden of the veterinarian to protect the public in the realm of veterinary medicine? If someone is practicing veterinary medicine without a license and the Board needs to investigate, why is this funded by the licensed veterinarians?” They further comment that “it would seem as though revenue generated by taxes should be protecting the public not fees from licensed veterinarians”.

(b) Response: KBVE has no say in the allocation of Kentucky’s tax dollars and is unable to explain why tax dollars are not used to support public protection in the arena of professional licensing. In Kentucky, the cost to administer a professional licensing board, including legal and investigative expenses to enforce the Kentucky Veterinary Medicine Practice Act, has historically been borne by the professions themselves. Besides protection of the public, the Practice Act provides for restrictions on who can practice, ensuring that only qualified practitioners are able to offer competing services, and ensuring that those practitioners who don’t meet standards of practice may be sanctioned or have their license sanctioned. It should be noted that very few states supplement or support professional licensing boards with tax dollars. In response to this comment, no changes were made to the proposed administrative regulation.

(3) Subject Matter: Zoom informational meeting held November 20 – No general funds for agency

(a) Comment: Dr. Spike-Pierce – The commentor stated they attended the informational meeting hosted by KBVE during the public comment period wherein the Board informed attendees that the agency does not receive General Funds (tax dollars) to fund any part of the agency’s operations. The commentor asks, “Why is it the duty/burden of the veterinarian to protect the public in the realm of veterinary medicine? If someone is practicing veterinary medicine without a license and the Board needs to investigate, why is this funded by the licensed veterinarians?” They further comment that “it would seem as though revenue generated by taxes should be protecting the public not fees from licensed veterinarians”.

(b) Response: KBVE has no say in the allocation of Kentucky’s tax dollars and is unable to explain why tax dollars are not used to support public protection in the arena of professional licensing. In Kentucky, the cost to administer a professional licensing board, including legal and investigative expenses to enforce the Kentucky Veterinary Medicine Practice Act, has historically been borne by the professions themselves. Besides protection of the public, the Practice Act provides for restrictions on who can practice, ensuring that only qualified practitioners are able to offer competing services, and ensuring that those practitioners who don’t meet standards of practice may be sanctioned or have their license sanctioned. It should be noted that very few states supplement or support professional licensing boards with tax dollars. In response to this comment, no changes were made to the proposed administrative regulation.

(4) Subject Matter: Automatic fee 20% fee increase when Board balance falls below \$200,000

(a) Comment: Dr. Spike-Pierce, Dr. Tolar – The commentors did not find the proposed language about automatic fee increases appropriate for a government agency. One commentor asked who is overseeing the Board budget to ensure that the agency remains within the General Assembly authorized allotment of \$759,000. The commentors requested that the language about automatic fee increases be struck.

(b) Response: The agency budget is overseen by the Board, the State Budget Director, and by established policies and procedures of the Finance and Administration Cabinet. Every two years the General Assembly also reviews and passes a State Budget, and KBVE is included in that budget review. The State Budget establishes a maximum allotment for expenditures by the Board that cannot be exceeded. There are multiple layers of oversight to ensure the Board spends only amounts as authorized by the General Assembly. Following legal review, while [KRS 13A.190](#) allows for emergency regulations, it is the Board’s understanding that this does not apply to fees. Legal review also determined that the Board does not have the statutory authority to include in the fee regulations an escalation clause triggered by a low carry forward balance. In response to these comments, the Board removed the language about automatic fee increases.

(5) Subject Matter: Increase in fees – Request for explanation

(a) Comment: Dr. Spike-Pierce – The commentor requests that the Board provide an explanation of the proposed fee changes for licensure and how it was determined these changes were warranted.

(b) Response: The Board regularly reviews the agency Budget. The state tracks all expenditures and revenues in a financial system called eMARS. Each expenditure and revenue type is assigned an object code, and every penny of expense is accounted for through eMARS tracking. This enables the Board to review all expenses and revenues of the agency. The budget is also reviewed by the State Budget Director and approved by the General Assembly.

Members of the Board are provided a budget report at each regular meeting of the Board, six times per year, detailing the current expenses and providing a look back at expenses for the prior two fiscal years. The Board sets the salaries of its employees, reviews and approves all contracts held by the Board, and approves all expenses, membership, and travel for the Board. Additionally, the Board has a large projections spreadsheet which incorporates all expenditure codes and amounts with all revenue codes and projected income. The spreadsheet projects revenue and expenditures for the next 10 years. In 2024, administrative services contract negotiations failed and the legal services contract could not be awarded due to low rates. Consequently, the Board inputted the updated numbers into the projections spreadsheet and determined that these increased contractual costs would force the Board into a negative carry forward balance by the end of the next biennium (F.Y.2027-F.Y.2028). For the Board to remain solvent and be able to pay all anticipated agency expenses, the fee schedule needed changed at the earliest possible opportunity. Because the Board receives most of its revenue from veterinarian license renewal, and only receives this revenue once every two years, the Board determined that the most appropriate change to the schedule should be reflected in the veterinarian renewal fee. Changing the fees with this filing would also allow licensees nearly two years to prepare for the increased rate as well. All budget materials are available to the public upon request. In response to these comments, the Board did not make any changes to the proposed administrative regulation.

(6) Subject Matter: KBVE budget projections and overhead costs

(a) Comment: Dr. J. Beckman – The commentor states that they have reviewed the agency's publicly available 10-year budget projections and they have reached a different conclusion than the 11-member board. The commentor recommends that KBVE cuts its out-of-control overhead by pooling resources with other agencies to reduce costs. The commentors suggests that KBVE review budgets from other state veterinarian boards and model their spending more like those agencies who have lower costs for veterinarians.

(b) Response: While the commentor has looked at the budget projections from the Board, the Members of the Board, including seven (7) other licensed veterinarians and the KDA Commissioner's proxy, the State Veterinarian, respectfully disagree with the commentor's

conclusions. KBVE Board Members have conducted multiple in-depth reviews of the budget, both individually and as a group. The Board is also constrained by complex governmental budgetary processes and requirements, and has its budget reviewed by the Office of the State Budget Director and the Finance and Administration Cabinet. In the current environment, KBVE rents state owned office space at a rate set by the General Assembly, utilizes computer systems by the state Commonwealth Office of Technology at state established rates, and contracts with the Public Protection Cabinet for use of its state agency database. Additional oversight is provided by the Finance and Administration Cabinet regarding strict rules on procurement processes and contracts, and the State Budget Director's biennial review of the budget.

Additionally, KBVE has looked at other veterinary licensing board fee structures as well as the factors that impact the setting of those fees: agency structure, number of credential types, number of credential holders/licensees, number of staff, etc., as has been covered in the responses to other commentors above. Agency structure, administration, and services varies significantly among states. However, the ultimate factor to establishing appropriate fees for KBVE is the agency's own Practice Act mandates, revenue streams, and administrative needs.

KBVE as an agency has experienced all agency model types available: merged with other licensing boards, as an independent partner with other agencies, and as an independent board. In general, while costs are typically somewhat lower in a merged or partnership setting, the ability of the agency to respond to the needs of constituents can be severely restricted, as has been KBVE's experience in the merged agency setting. Members of the Board agree it is essential that KBVE maintain its autonomy to adequately respond to critical public protection needs, especially in the current regulatory landscape related to the practice of veterinary medicine. Further, it is essential that KBVE maintain adequate staffing levels to quickly and appropriately respond to public grievances, licensee and constituent outreach, and new programming as assigned by the General Assembly in the modernized Practice Act (2023). In response to these comments, the Board did not make any changes to the proposed administrative regulation.

(7) Subject Matter: Registration of veterinary facilities needed

(a) Comment: Dr. Smith – The commentor acknowledges that KBVE needs to register veterinary facilities as a measure to monitor/oversee fly-by-night, low-cost clinics that do not provide services meeting the standards of care in the profession. The commentor notes that they have to deal with the repercussions of these programs. They hope to see improvements once facility registrations are in place, and that facility registrations are not just another hurdle to those practitioners trying to do the right thing.

(b) Response: Members of the Board thank the commentor for sharing this perspective. KBVE is working diligently to reduce the number of grievances received related to cases where temporary service providers do not meet standard of care and then depart town, leaving behind clients and patients without options for appropriate follow up care and support. This places a terrible burden on practitioners in the community who feel an obligation to help patients in need owned by clients who can't afford the services to fix the problems that were created. KBVE has

received too many sad reports of pets dying as a result of improper practices. Members of the Board share the vision of this commentor that facility registrations shall be a benefit to public protection and not a penalty on good actors licensed by the Board. In response to these comments, the Board did not make any changes to the proposed administrative regulation.

(8) Subject Matter: Fees for Veterinary Facility Registration

(a) Comment: Dr. J. Beckman, Dr. K. Beckman, Dr. Spike-Pierce – The commentors ask KBVE to justify the facility registration fees. One commentor reviewed the agency’s publicly available 10-year budget projections and did not note any increase in costs related to the registration program. Another commentor asked for justification of the proposed facility fees, calling them “exorbitant”, and requesting estimated revenue projections for the proposed fees as well as a proposed budget for the use of the revenue stream.

(b) Response: KBVE does not receive any tax dollars from the General Assembly, and instead is mandated by KRS 321.235 to collect fees from those the Board regulates to implement and enforce the mandates within the Kentucky Veterinary Medicine Practice Act. Direct costs for registered facilities include staff time to process paper applications, data entry into the database, database maintenance of each licensure file, the supplies needed to print and mail registered facility certificates, and future database upgrades to automate renewal processes. Additionally, staff time is spent in responding to questions from the public on the requirements of facility registration, and the KBVE maintains a website with information on requirements. At this time, inspections are voluntary and incur an inspection fee based on the hourly rate of the inspectors and their travel costs. An increase in costs for these various tasks is reflected in the 10-year budget projections in the areas of staff salaries, database, IT and website maintenance costs, contractual rates for inspectors, and increases in the cost of legal services.

KBVE does not set each fee-for-service based on the cost to provide an individual service for a particular function. If so, the cost to license a veterinary technician would match or exceed the cost to license a veterinarian, which is hardly acceptable given the disparity in salaries for these two professions. Instead, KBVE sets fees to distribute costs across all fee-for-services provided by the Board. KBVE was attempting to lessen the rate of renewal fees for veterinarians by increasing the renewal fee for registered veterinary facilities, effectively offsetting the cost to the individual practitioner and instead placing more cost on the business portion of the licensed population. However, through discussions with the Kentucky Veterinary Medical Association (KVMA) and from comments received like these during the public comment period, KBVE understands that licensees prefer registered facility registrations to cost as little as possible. Before raising fees for any registered veterinary facility or AAHP facility, KBVE shall first capture data to accurately reflect the world of registered facilities, specifically how many fixed and mobile facilities exist in Kentucky right now, which is an unknown. This will enable the KBVE to make more accurate projections of established fees by knowing the usage number of each fee year-over-year. Following the mandated registration deadline for all veterinary facilities in Kentucky, which is on June 30, 2025, KBVE shall reevaluate the need to change the

registered facility fees. In response to these comments, KBVE shall amend the proposed regulation to revert the registered facility renewal fee back to the statutory minimum of \$200 for the initial registration (KRS 321.236).

(9) Subject Matter: Program revenue and registered facility inspections

(a) Comment: Dr. J. Beckman – The commentor states that a rate of \$200 per facility registration should provide KBVE enough revenue to complete “a fair number” of inspections. They ask the board to clarify the estimated cost per inspection for each facility. Further, they ask for information inclusive of all costs associated with the program.

(b) Response: The KBVE estimates direct costs for registered facilities in the first six (6) months to include:

- Staff time (hourly + benefits) to process paper applications: at a rate of either \$43/hr or \$114/hr, with the processing time to open mail, complete an application review form for conformity with regulations, issue an email of receipt and detailing application deficiencies, respond to applicant inquiries on how to clear the deficiencies, collect and pair disparate information from direct source record custodians with applications on file, coordinate a response and determination from the KBVE Applications Committee, etc., conservatively estimated an average 2.5 hours per application with an estimated 500 applications (total 1,250 hours, cost estimate = \$53,750 - \$142,500);
- Data entry into the database, with the average data entry estimated at 15 minutes for an estimated 500 facilities (approximately 315 hours) at a rate of either \$43/hr or \$114/hr per application (cost estimate = \$13,545 - \$34,910);
- Processing of payments, at estimated average of 3-5 min per check at a rate of \$43/hr for an estimated 500 applications (cost estimate = \$1,075 - \$1,720);
- Check deposit information into the State Treasury system, estimated weekly at 30 min at \$114/hr for 20 weeks (cost estimate = \$1,140);
- Database maintenance of each licensure file, database fees estimated at \$0.30 per file for an estimated 500 applications (cost estimate = \$150);
- Staff time in responding to questions from the public on the requirements of facility registration, at either \$43/hr or \$114/hr, time estimated conservatively to be 3 hours per week for 6 months (est. 72 hours) (cost estimate = \$3,096 - \$8,208); and
- Maintenance of the KBVE website with information on requirements, at \$114/hr estimated at 2/hr per month for 6 months (cost estimate = \$1,368).

One-time costs for registered facilities are estimated as follows:

- Supplies needed to print and mail registered facility certificates, estimated at \$10 per certificate for an estimated 500 facilities, with an unknown number of associated mobile facilities, estimated to be 300 (cost estimate = \$8,000); and

- Database upgrades for entry fields and reports, currently @ \$76/hr; \$3,040 already invested before any fees collected and estimated to be an additional \$10,000-\$15,000, split between 500 facilities (estimated total costs = \$18,000, or \$36 per registered facility).

The initial cost for the registered facility program, just to establish and maintain a facility registration file and respond to constituent needs in the initial six months of opening, is estimated to be between \$100,124 and \$203,684.

Note that KRS 321.236 halves the collection of the fee at the initial registration to \$100, meaning KBVE will only collect based on an estimated 500 facilities, \$50,000, which is at least \$50,000 short of the minimum estimated costs to establish the program, placing the Board in an immediate program deficit. The extra money must be taken from the Board's reserve fund which is supposed to be saved for the second year of the biennium to cover operational costs, so this will in turn cause shortfalls in the agency's overall budget.

Further, the above cost estimate does not include overhead costs for network connectivity, laptops, non-database IT programs, phones, office space, supplies, etc., as well as staff time to keep the office open five (5) days per week (excepting state holidays). These annual costs are shared between all the licensees of the Board, an estimated total = 4,150 [3,638 current licenses files (all Active, Inactive, or pending applicants) plus an estimated 500 facilities], with a cost totaling approximately \$310,000 with only one staff person in the office, or \$470,000 with a fully staffed office of three. This is an estimated \$75-113 annual overhead cost per individual license. Additionally, the costs do not include investigative services (\$100 per hour) and legal services (\$210 per hour) for the enforcement of the chapter, nor other contracts and services required by the Board, travel for work with national regulatory organizations, or staff professional development, etc.

Moreover, to reduce staff time, the KBVE is looking to automate renewal processes with future database upgrades. In 2023, KBVE requested a similar quote from the IT database staff to automate initial licensure for other license types already in the database which was quoted at \$72,000. KBVE estimates that the automated renewal development for the new registered faculties and AAHP license types in the current economy to be higher. However, even with database automation, ongoing staff time shall still be required for database entry, corrections, and management, and responding to constituent questions and needs, particularly with the eServices Portal which allows the automated renewal process.

And none of this is inclusive of the cost of staff and Board Member time and expenses in writing the regulations to govern these programs, which is additionally hundreds of hours, nor inclusive of the cost of Board meetings, stakeholder meetings, etc.

It should be further noted that none of these estimates are inclusive of consultation inspections, which are based on the hourly rate of the inspectors (\$100/hr) for their time at the facility, their time to write up the inspection report, and their travel costs (reimbursed at the set state mileage rate established by the Finance and Administration Cabinet at

<https://finance.ky.gov/office-of-the-controller/office-of-statewide-accounting-services/Pages/state-employee-travel.aspx>, adjusted quarterly).

Finally, note that the staff time on these new programs is time taken away from other KBVE programs, such as the licensure programs for veterinarians and LVTs, and the grievance processes for the public. Given the KBVE is already understaffed and backlogged in many areas, the Board has approved the hiring of a third employee to balance the workload requirements.

In response to these comments, the Board did not make any changes to the proposed administrative regulation.

(10) Subject Matter: Facility fees in other states

(a) Comment: Dr. Spike-Pierce – The commentor requests that the Board provide an explanation if other states collect veterinary facility fees, as well as how the Board determined facility fees were warranted.

(b) Response: Laws differ in various states based on the needs of the jurisdictions and the directives of each State General Assembly. Some states do not register veterinary facilities, some register only those owned by non-licensees, and some states register all facilities. Also, some states conduct mandatory inspections (even if they don't register facilities), and some states don't conduct any inspections. There is a broad range of facility regulation in the U.S. In Kentucky specifically, the General Assembly assigned the registration and tracking of veterinary facilities to the KBVE. In order to establish and run a veterinary facility program, fees are needed to support the infrastructure needed for the program. As outlined in prior response to comments, the costs to run such a program have been projected and are not insignificant. In response to these comments, the Board did not make any changes to the proposed administrative regulation.

(11) Subject Matter: Bureaucracy for the sake of bureaucracy

(a) Comment: Dr. Luna – The commentor expressed the opinion that the fee increases in reality stem from bureaucratic expansion rather than from necessity. The commentor states that veterinarians already contribute significantly to the profession and to public health. They also state that expanding regulatory requirements should be done only when there is a documented and compelling need to address specific regulatory deficiencies. Kentucky has effectively operated under existing veterinary laws and fee structures for many years, leading to questions about the need for additional administrative complexity.

(b) Response: Members of the Board agree that the KBVE has operated in the past with a fee structure that supported most of the programming assigned by the General Assembly. It should be noted that there was a substantial revenue reserve in place that has depleted in recent years due increases in costs to run programs. Additionally, as is evidenced by the lack of enforcement in certain areas of the Kentucky Veterinary Medicine Practice Act, such as lay equine dental practice or temporary and sub-par spay/neuter clinics, Members of the Board do not feel KBVE

has effectively and consistently enforced the Practice Act against unlicensed or substandard practice in the past, which is a detriment to the public. To effectively carry out the provisions of the Chapter, including the four (4) new programs added to the Practice Act by the General Assembly in 2023, it is essential to fully fund the agency.

The new programming includes three (3) new license types: Veterinary Facility Registrations, Allied Animal Health Professional (AAHP) permits for Animal Chiropractic Providers (ACP), and AAHP Facility Registrations. The General Assembly has tasked KBVE to collect accurate data on facilities to reliably inform the legislature regarding areas where there are shortages of veterinary services so that they can enact appropriate legislation to support practitioners in these areas. Additionally, KBVE has many grievance case files which document and support the need for registration and additional regulation of veterinary facilities and non-licensee owners. In order to track and enforce these new credential types, KBVE requires additional staff support, upgrades to the licensure database, as well as additional legal services and investigative services support. None of these needs are without cost.

Finally, the economic climate in 2025 is such that the costs to administer the Board have increased substantially. The cost of living has increased and the General Assembly has mandated raises for state employees to assist with retention. The cost of goods and services has increased, including IT equipment and programming needs, office space, and other fees which are set by the government and out of the control of KBVE to negotiate. It should be noted that there are at least nine (9) Members of the Board who are also required to pay licensure fees, and thus are cognizant of the impact these fees have on the businesses they run in the Commonwealth. In response to these comments, the Board did not make any changes to the proposed administrative regulation.

(12) Subject Matter: Fees for facility inspections

(a) Comment: Dr. Tolar – The commentor expressed confusion about why there was both a facility registration fee and a fee for inspections. They felt charging for inspections would discourage the voluntary use of this service. The commentor felt that inspection fees should be waived or be very nominal to assist in raising the standard of care across Kentucky.

(b) Response: As described in prior responses to comments above, the overhead costs to maintain a facility registration with the Board is conservatively estimated at \$75-113 annually, potentially more than the \$200 registration fee for biennial renewal. This does not include costs for investigators, legal services, database upgrades, other contracts and services needed by the Board for operations, stakeholder meetings, travel for national regulatory work, staff professional development, etc. The Board intends to promulgate an administrative regulation establishing minimal inspection fees to offset the costs of inspections. The fee for a consulting inspection visit is anticipated to be less than costs related to enforcement actions. In response to these comments, the Board did not make any changes to the proposed administrative regulation.

(13) Subject Matter: Conformity with KRS Chapter 13A

(a) Comment: Agency – Following legal review, the agency notes changes are necessary to conform with KRS Chapter 13A.

(b) Response: In response to this comment, the Board made edits to the regulation for clarity of intent and conformity with KRS Chapter 13A.

(14) Subject Matter: Cooperation with KVMA

(a) Comment: Dr. Smith – The commentor states that they were on the Kentucky Veterinary Medical Association (KVMA) board in 2023 when the Practice Act was updated. At that time, they felt like there was a culture of cooperation and mutual respect in the beginning, but not at the end of the process. They clarify that their comments are not from the KVMA Board, but are personal comments.

(b) Response: The KBVE appreciates the perspective of the commentor. The majority of Members of the Board are also licensees and practitioners and recognize the inherent difficulties in wearing two hats: that of the licensed professional and that of a KBVE Board Member with a mission of public protection. These roles are sometimes in conflict, none more apparent than when Members of the Board must interact with their colleagues on the KVMA Board whose mission is to protect and promote the profession, a mission very different from that of KBVE. The KBVE is limited in its scope of authority by the General Assembly in the Kentucky Veterinary Medicine Practice Act, and also bound by the laws that govern the procedures for agency filings of administrative regulations (KRS Chapter 13A). Members of the Board express their regrets that KBVE and KVMA do not always see eye-to-eye on solutions for the agency. However, Members also strongly believe in continued conversations together, even when that dialogue is difficult. KBVE thanks the commentor and everyone who took time to provide written comment to the Board so that together we can make the best choices for Kentucky. In response to these comments, the Board did not make any changes to the proposed administrative regulation.

(15) Subject Matter: Appreciation for the work of KBVE and its staff

(a) Comment: Dr. J. Beckman – The commentor thanks KBVE and the Members of the General Assembly for taking the time to hear and respond to concerns as outlined in their written letter to the board.

(b) Response: Members of the Board are grateful for every comment that is received during the administrative regulations process, allowing the Board to offer explanations and justification for the proposed changes, including the opportunity to appropriately adjust changes when warranted. Members appreciate the acknowledgment for the agency and its staff, who often go unrecognized by the licensee population for their dedicated civil service to the public and the

assistance they offer licensees daily. In response to these comments, the Board did not make any changes to the proposed administrative regulation.

(16) Subject Matter: Public Hearing scheduled date

(a) Comment: Dr. J. Beckman – The commentor expresses frustration that the public hearing for these regulations was scheduled on December 23, just two days before Christmas.

(b) Response: The meeting date for the public hearing required by KRS Chapter 13A is mandated by LRC to fall in a certain date window. This schedule is published on the LRC website at <https://legislature.ky.gov/Law/kar/Pages/KarFaq.aspx> under the heading “Promulgating Agency”, “Filing Information”, “General Reference” – see the schedule for “Filing Deadlines and Dates”, which is updated annually. For a filing in October, the KBVE is required to hold the meeting between December 23-31 while avoiding state holidays (Dec 24-25, and 31). Members of the Board emphasize that this has been very inconvenient for everyone involved, including credential holders who may optionally attend, as well as Board Members and staff who were required to attend. One reason KBVE offered additional informational meetings via Zoom early in the public comment period was to provide licensees an opportunity to speak before Members of the Board, in a situation similar to that of the Hearing. The online public meetings offered the additional benefit of immediate feedback and dialogue with Board Members, which is different from the public hearing process where attendees may make statements to Members of the Board, but the Board does not respond to comments. KBVE notes that the commentor was able to attend the Zoom meeting on November 20. In response to these comments, the Board did not make any changes to the proposed administrative regulation.

V. Summary of Statement of Consideration and
Action Taken by Promulgating Administrative Body

The public hearing on 201 KAR 016:515 was held per request; however, no one appeared at the hearing. Written comments were received during the public comment period. The Kentucky Board of Veterinary Examiners responded to the comment as noted above and amends the administrative regulation as follows:

Page 1

NECESSITY, FUNCTION, AND CONFORMITY

Line 10

After “KRS 321.236(1)(a) and (4)”, insert the following:

authorize

Delete “allow”.

Page 1
Section 1(3)
Line 18-19

Delete "(3) In the event the board carry forward balance at the end of a fiscal year falls below \$200,000, the board's fees shall automatically increase 20% for the duration of the fiscal biennium."

Page 2
Section 2(2)(a)
Line #

After "be collected;" , insert the following:
and

Page 2
Section 2(2)(b)
Line #

After "additional fee", insert the following:
of \$25

Delete "":
1. Until June 30, 2025, \$25 per unit;
2. Between July 1, 2025, and June 30, 2027, \$50 per unit;
3. Between July 1, 2027, and June 30, 2029, \$75 per unit; and
4. After June 30, 2029, be \$100 per unit".

Page 2
Section 2(3)
Line 21

After "Veterinary Facility", insert the following:
Registration
Delete "Registration as a".

Page 2
Section 2(3)
Line 22

After "form", insert the following:
incorporated by reference
Delete "as found".

Page 3

Section 3(1)(a)

Line 4

After “status shall”, insert the following:

be \$200

Delete “:

1. Until September 30, 2027, be \$450;
2. Between October 1, 2027, and September 30, 2029, be \$550; and
3. After September 30, 2029, be \$650”.

Page 3

Section 3(1)(b)

Line 8

After “Application for”, insert the following:

Registered

After “Veterinary”, insert the following:

Facilities

Delete “Facility Registrations”.

Page 3

Section 3(1)(b)

Line 9

After “form”, insert the following:

incorporated by reference

Delete “as found”.

Page 3

Section 3(2)(a)

Line 18

After “collected;”, insert the following:

and

Page 3

Section 3(2)(b)

Line 20

After “additional fee”, insert the following:

of \$25

Delete “ZZZ”.

Page 3-4
Section 3(2)(b)
Line 22-2

Delete “:

1. Until September 30, 2027, \$50 per unit;
2. Between October 1, 2027, and September 30, 2029, \$75 per unit; and
3. After September 30, 2029, be \$100 per unit”.

Page 4
Section 4(1)
Line 12

After “Application for”, insert the following:

Registered

Page 4
Section 4(1)
Line 13

After “Facilities form”, insert the following:

incorporated by reference

Delete “as found”.

Page 4
Section 4(1)(b)3.
Line 21

Delete “2028,”.

