

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 206

(Chair, Education, Health, and Environmental Affairs
Committee)(By Request - Departmental - Agriculture)

Education, Health, and Environmental Affairs

Environment and Transportation

Department of Agriculture - Spay/Neuter Fund - Extension

This departmental bill extends the termination date for the Spay/Neuter Fund within the Maryland Department of Agriculture (MDA) by 10 years (from September 30, 2022, to September 30, 2032). By October 1, 2022, MDA must report to the General Assembly on the fund, including (1) spay and neuter programs that are not receiving funding from the fund; (2) the market capacity for increasing the fees assessed on each brand name or product name of commercial feed that are paid into the fund; (3) a proposed fee structure that can be implemented over the next 5 to 10 years to enhance the revenue generated from the fees; and (4) additional sources of revenue for the fund. **The bill takes effect June 1, 2022.**

Fiscal Summary

State Effect: Special fund revenues and expenditures continue until September 30, 2032, due to the extension of the termination date. The fund receives approximately \$966,000 annually in fee revenues, facilitating MDA grants for about 30 projects annually. MDA advises that it can complete the required report by October 1, 2022, with existing resources.

Local Effect: Local governments, as eligible grant recipients, continue to be eligible for grant funding for an additional 10 years.

Small Business Effect: MDA has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services (DLS) generally concurs with this assessment, as discussed below. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law/Background: Chapters 561 and 562 of 2013, which established the Spay/Neuter Fund, terminate September 30, 2022. The fund has the purpose of reducing animal shelter overpopulation and cat and dog euthanasia rates by financing grants to local governments and animal welfare organizations for programs that most efficiently facilitate and promote the provision of spay and neuter services for cats and dogs in the State. The fund receives revenue from a fee imposed on each registered brand name or product name of dog or cat food. The current fee, which will remain in effect until the fund's termination date, is \$100. Fees are paid by the person registering the pet food, in accordance with MDA guidelines.

MDA advises that the bill seeks to continue the work of the Spay and Neuter Grants Program of helping to reduce intakes and euthanasia of dogs and cats in animal shelters in the State. According to MDA, the program has helped to complete more than 84,200 spay/neuter procedures to date. MDA reports that from 2014 to 2020, shelter intakes decreased by about 28% (from 78,349 to 55,938), and shelter euthanasia decreased by about 71% (from 24,435 to 7,063).

Small Business Effect: While DLS concurs that the bill may have a meaningful impact on small businesses in the State, it is for a different reason than that which MDA includes in its small business impact statement. MDA's assessment largely relates to the effect on nonprofit organizations, which are not considered small businesses for purposes of this fiscal and policy note.

DLS advises, however, that small businesses that register dog and cat food products will be required to pay fees for an additional 10 years. MDA advises that of the 233 current registrants, 124 register fewer than 10 products per year, potentially reflecting small businesses that may be affected by the continued fee.

Additional Information

Prior Introductions: HB 146 of 2021, a similar bill as amended, passed the House and received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken.

Designated Cross File: None.

Information Source(s): Anne Arundel, Garrett, and Howard counties; Maryland Department of Agriculture; Department of Legislative Services

Fiscal Note History:
fnu2/lgc

First Reader - January 13, 2022

Third Reader - March 18, 2022

Revised - Amendment(s) - March 18, 2022

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Department of Agriculture – Spay/Neuter Fund – Extension

BILL NUMBER: SB 206

PREPARED BY: Cassie Shirk

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

OR

WILL HAVE A MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This program also provides grants to local non-profit animal shelters and rescue groups. The goal of the program is to help reduce the burden on animal shelters and reduce euthanasia rates by spaying and neutering cats and dogs to prevent unwanted animals being surrendered to shelters. If the program were to dissolve many projects supporting this initiative would end across the state. This would have the potential of not only removing funding to these programs but also increasing the financial burden over time of caring for more animals.