

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
 First Reader

Senate Bill 535 (Senator Kramer)
 Education, Energy, and the Environment

Research Facilities and Testing Facilities That Use Animals - Licensing and Regulations

This bill requires each “research facility” and “testing facility” in the State to be licensed by the Maryland Department of Agriculture (MDA) to use animals in research, education, or testing. Among other things, the bill (1) establishes the position of State Inspector of Animal Welfare (State Inspector) to inspect facilities; (2) establishes penalties; (3) requires specified reporting by schools and institutions of higher education; (4) requires regulations to be adopted; and (5) establishes the Animals in Research Fund, primarily funded by licensing fees that must be set to cover MDA’s implementation costs.

Fiscal Summary

State Effect: Special fund revenues and expenditures both increase by \$82,700 in FY 2026, reflecting licensing fees set at a level to cover MDA’s implementation costs, as discussed below. Future years reflect annualization, inflation, and ongoing costs as well as ongoing licensing fee revenue. Special fund revenues may increase further from penalties assessed for violations.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	\$82,700	\$49,800	\$52,000	\$54,200	\$56,600
SF Expenditure	\$82,700	\$49,800	\$52,000	\$54,200	\$56,600
Net Effect	\$0	\$0	\$0	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill is not expected to significantly affect local government finances.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Licensing of Research Facilities and Testing Facilities

Each research facility and testing facility must be licensed by MDA to use animals in research, education, or testing. The department must issue a license to a research facility or testing facility that (1) passes an inspection conducted by the State Inspector and (2) agrees to comply with the inspection and reporting requirements under the bill. MDA must charge a licensing fee to (1) a research facility or testing facility that uses animals *not* covered under the federal Animal Welfare Act and (2) cover the costs of implementing the bill.

“Research facility” means any facility in the State that uses live animals for research, education, or experimentation. “Research facility” does not include (1) a partnership, a corporation, an association, an institution, an organization, or any other entity in the State that provides only beneficial services to an animal, such as spaying or neutering, or (2) a school or an institution of higher education.

“Testing facility” means a public or private partnership, corporation, association, organization, or other entity in the State – including one owned, leased, or operated by a public or private entity – that uses animals for the testing of (1) chemical substances; (2) ingredients; (3) drugs; (4) vaccines; (5) products; or (6) product formulations. “Testing facility” does not include (1) a partnership, a corporation, an association, an institution, an organization, or any other entity in the State that provides only beneficial services to an animal, such as spaying or neutering, or (2) a school or an institution of higher education.

State Inspector of Animal Welfare

The State Inspector must inspect (1) each research facility and testing facility applying for a license; (2) at least once every year, each research facility and testing facility that has an active license but is *not* registered by the U.S. Department of Agriculture (USDA) under the federal Animal Welfare Act; and (3) at least once every other year, each research facility and testing facility for which a license has been issued under the bill and that *is* registered by USDA under the federal Animal Welfare Act. The department may enter into an agreement with an animal welfare organization, a local animal control agency, or another similar entity to conduct the inspections.

A research facility or testing facility must notify the State Inspector within 30 days after receipt of any violation notification received for a violation under the federal Animal Welfare Act or the regulations adopted under the Act. Within 30 days of receipt of a

notification, the State Inspector must inspect the research facility or testing facility that is in violation.

School and Institution of Higher Education Reporting Requirements

By December 31 of each year, a school or an institution of higher education that uses animals for the same purpose as a research facility or testing facility must report to the General Assembly on the results of any inspection of the school or institution of higher education performed by the agency that regulates the use of animals by the school or institution of high education. The report must include any violations found during an inspection.

Animals in Research Fund

The stated purpose of the Animals in Research Fund, administered by MDA, is to cover the costs associated with the statutory and regulatory duties of the State Inspector, and the fund may only be used for that purpose. The fund consists of (1) licensing fees charged by MDA under the bill; (2) penalties collected under the bill; (3) money appropriated in the State budget to the fund; (4) interest earnings; and (5) any other money from any other source accepted for the benefit of the fund.

Adoption of Dogs or Cats No Longer Needed for Scientific Research Purposes – Applicability to Testing Facilities and Change in Definition of “Research Facilities”

The bill makes existing provisions – requiring a research facility located in the State in which dogs or cats are used for scientific research purposes to take specified reasonable steps to provide for the adoption of a dog or cat no longer needed for scientific research purposes – applicable to testing facilities as defined under the bill. Also, while these provisions still apply to “research facilities,” that term is modified by the bill. Among other things, this means that higher education research facilities are no longer subject to these provisions.

Penalties

A research facility or testing facility that violates the provisions of the bill or the existing provisions relating to adoption of dogs or cats used for scientific research is subject to (1) for a first offense, a fine of up to \$1,000 and (2) for a second or subsequent offense, a fine of up to \$5,000.

Regulations

MDA must adopt regulations to (1) carry out the bill and the existing provisions relating to adoption of dogs or cats used for scientific research and (2) ensure the humane treatment and care of dogs and cats that are used for research, education, or testing consistent with the federal Animal Welfare Act and corresponding regulations.

Current Law:

Title 15 of the Agriculture Article – Research Facilities That Use Dogs or Cats

A research facility located in the State in which dogs or cats are used for scientific research purposes must take reasonable steps to provide for the adoption of a dog or cat that, in the determination of the research facility, is no longer needed for scientific research purposes by (1) establishing a private placement process to provide for the adoption of a dog or cat; (2) establishing a list of animal rescue organizations that are approved by the research facility and are willing to take a dog or cat from the research facility; and (3) offering the dog or cat to the animal rescue organizations identified in the list if the research facility is unable to place the dog or cat through its private placement process. “Research facility” includes (1) a higher education facility; (2) a scientific research facility; (3) a medical research facility; and (4) a product testing facility.

Federal Regulation

Under the federal Animal Welfare Act, the USDA Animal and Plant Health Inspection Service (APHIS) regulates commercial animal dealers, exhibitors (circuses, zoos, etc.), research facilities, and commercial businesses that transport animals. Research facilities that use or intend to use live animals in research, tests, or experiments must be registered with USDA and are inspected by APHIS. A facility must also appoint an Institutional Animal Care and Use Committee (IACUC) consisting of at least three members, including a veterinarian and one person who is not in any way affiliated with the facility. IACUC is responsible for, among other things, reviewing the facility’s program for humane care and use of animals and inspecting the research facility’s animal facilities.

Research facilities must submit an annual report to APHIS providing information that includes the types and numbers of animals used for teaching, testing, experiments, research, or surgery, by specified categories, and the types and numbers of animals being bred, conditioned, or held for use in teaching, testing, experiments, research, or surgery, but not yet used for such purposes.

In addition, the Office of Laboratory Animal Welfare within the National Institutes of Health administers the Public Health Service [Policy on Humane Care and Use of Laboratory Animals](#).

State Fiscal Effect:

Maryland Department of Agriculture

Special fund expenditures from the Animals in Research Fund increase by \$82,653 in fiscal 2026, which accounts for the bill’s October 1, 2025, effective date. This estimate reflects the cost of hiring one part-time contractual agricultural inspector to act as the State Inspector (and handle inspections and other compliance activities) and one part-time contractual office secretary to handle administrative work associated with licensing and enforcement. This assumes, based on USDA information on APHIS-licensed facilities in the State, that there are a relatively limited number of research facilities and testing facilities (including potentially only approximately 10 APHIS licensees that are not higher education institutions or federal research facilities) licensed under bill. MDA indicates that these responsibilities cannot be handled by existing staff. The estimate includes salaries, fringe benefits, one-time start-up costs (including the purchase of a vehicle), and ongoing operating expenses.

Contractual Positions (two part-time positions)	1.0
Salaries and Fringe Benefits	\$38,722
Vehicle Purchase	32,500
Operating Expenses	<u>11,431</u>
Total FY 2026 MDA Expenditures	\$82,653

Future year expenditures reflect part-time salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

The bill contemplates that licensing fee revenue will cover the costs MDA incurs under the bill, by requiring MDA to charge a licensing fee to (1) research facilities and testing facilities that use animals not covered under the federal Animal Welfare Act and (2) cover the costs of implementing the bill. Therefore, it is assumed that special fund revenues to the Animals in Research Fund increase correspondingly to the expenditures described above, as MDA sets licensing fees to fully cover its costs. Special fund revenues may increase further from any penalties assessed for violations of the bill.

The Department of Legislative Services (DLS) notes, however, that if the number of licensees is not much more than the approximately 10 APHIS licensees in the State that appear to be subject to the bill (as mentioned above), a relatively significant fee needs to be charged each licensee (in the thousands of dollars) to cover the costs of implementing the bill. It is unclear to what extent there will be additional licensees under the bill that are not also APHIS licensees. Because it may be unrealistic to set a licensing fee at that level, to the extent fee revenues are not sufficient to cover MDA's costs, general funds may be needed.

DLS also notes that to the extent MDA is able to enter into an agreement – as authorized in the bill – with an animal welfare organization, a local animal control agency, or another similar entity to conduct the inspections, expenditures may be less than those needed to cover the costs of hiring contractual employees.

Public Institutions of Higher Education

It is assumed that the bill's changes do not materially affect the operations or finances of public institutions of higher education.

Small Business Effect: To the extent any small businesses fall under the definition of “research facility” or “testing facility,” they may be meaningfully affected by costs to comply with the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Baltimore City; Calvert and Prince George's counties; Maryland Association of Counties; City of Annapolis; Maryland Municipal League; University System of Maryland; St. Mary's College of Maryland; Maryland Department of Agriculture; Baltimore City Public Schools; Baltimore County Public Schools; Montgomery County Public Schools; U.S. Department of Agriculture; National Institutes of Health; Department of Legislative Services

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