

March 22, 2021

Maryland Senate
Committee on Education, Health, and Environmental Affairs
2 West, Miller Senate Office Building
Annapolis, Maryland 21401

RE: Maryland House Bill 146 Department of Agriculture - Spay/Neuter Fund - Extension and Report

Dear Chair Pinsky, Vice Chair Kagan, and Members of the Committee:

The Pet Food Institute (PFI) appreciates the opportunity to provide comments regarding [House Bill 146](#) Department of Agriculture - Spay/Neuter Fund - Extension and Report.

Established in 1958, PFI is the trade association and the voice of U.S. cat and dog food and treat manufacturers. Our members account for the vast majority of pet food and treats made in the United States and feed 180 million pets in U.S. households. Our members operate under regulations issued by the U.S. Food and Drug Administration and enforced by both federal and state officials. This means dog and cat owners throughout the United States and around the world benefit from science-based regulations that provide the safest animal food supply available globally.

PFI recognizes and agrees in principle with the intended goals of Maryland's spay and neuter program, with a core focus on low-income communities and populations, and commends Maryland for the great success of the program at its current funding level. Given this, no additional funds or an increased tax are needed which are levied solely on pet food manufacturers.

In addition to the current \$100 per product spay and neuter fee, pet food producers already pay a \$50 per product registration fee to Maryland and pet food consumers pay a 6% sales tax on products purchased in the state. **At an industry level, the taxes paid in Maryland account for approximately 10% of pet food manufacturers' cumulative budgets for all taxes and fees across the nation – a significant share for a single state.**

Even though HB 146 as amended and passed by the Maryland House removed the immediate fee increase provision, the language does require the Department of Agriculture to complete a report with the stated goal of expanding the program and increasing fees – essentially reaching the same goal. **This goes directly against the official opinion of the Department, which recently stated in a [Legislative Comment](#) that it “believes the Spay and Neuter Grants Program is currently well funded and operating as designed and envisioned. There is no current need to increase fees at this time.”**

Requesting a report and fee structure, with the express purpose of expanding the program and increasing fees, is inevitably still a tax on pet food makers for a program that is not directly related to them and where there is no need for additional funds. Increased taxes on pet food makers will reduce consumer choice and sales to brick-and-mortar pet retail in the state, who employ Maryland residents

and who have already been negatively impacted by the evolving shopping habits of customers during the COVID-19 pandemic.

Due to the success of the program at its current funding level, we urge the committee to continue the program with the current \$100 per product fee. However, we question the need for a study given the stated goal to increase already high fees and the Department's opinion that the program is already appropriately funded.

On behalf of PFI members, whose nearly 25,000 employees in 32 states provide safe food for the 180 million pets across the U.S., we thank you for this opportunity to share our views.

Sincerely,



Morgan Beach
Director of Public Affairs
Pet Food Institute