

January 14, 2022

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

RE: Maryland Senate Bill 206 Department of Agriculture - Spay/Neuter Fund - Extension

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

The Pet Food Institute (PFI) appreciates the opportunity to provide comments regarding [Senate Bill 206](#) Department of Agriculture - Spay/Neuter Fund - Extension.

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. It is significant that Maryland can approve the majority of grant proposals, and support a decrease in both shelter intakes and animals euthanized, while still maintaining carryover in program funding year-to-year. **We appreciate and support the effort to extend this program for the next decade, and are in favor of the committee advancing SB 206 with no amendments.**

Last year, the Maryland Department of Agriculture 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." **Thus, PFI would oppose any amendments that would directly or indirectly increase fees collected from pet food manufacturers to further expand the program.**

In particular, we would oppose the inclusion of a fee increase provision and any language requiring the Department of Agriculture to provide a report on the market capacity for increasing the fees assessed on each brand name or product name of commercial feed, and a proposed fee structure that can be implemented over the next 5 to 10 years to enhance the revenue generated from the fees assessed. Any language requesting a report and fee structure, with the express purpose of expanding the program and increasing fees, would ultimately be a stratagem to achieve a significant tax increase on pet food makers for a program that is not directly related to them and where there is no need for additional funds.

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. Increased taxes on pet food makers would 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 support an extension and urge the committee vote to continue the program for 10 years with the current \$100 per product fee.

Given the Department's opinion that the program is already appropriately funded, **we respectfully request the committee to reject any proposals that would increase taxes, which would have tangible impacts on pet food manufacturers and pet parents.** Instead, additional funding mechanisms should be explored and sought rather than solely placing the full burden on pet food makers. Many states provide funding for spay and neuter programs with fees collected from the purchase of specialty "animal lover" license plates as well as voluntary contributions made for spay and neuter programs via check offs on state income tax returns.

Maryland already utilizes such mechanisms for funding other programs. For example, Marylanders can help restore the Chesapeake Bay and conserve endangered species by donating to the Chesapeake Bay and Endangered Species Fund on their tax forms. Donations to the fund are divided evenly between Bay restoration grants, provided by the Chesapeake Bay Trust, and rare species programs run by the Wildlife and Heritage Service at the Maryland Department of Natural Resources. Additionally, the Chesapeake Bay Trust receives a portion of fees collected from the purchase of the Chesapeake Bay vehicle license plate offered through the Maryland Motor Vehicle Administration. Similar funding mechanisms could be put in place to provide additional funds to the Maryland Spay and Neuter Program.

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,

Savonne Caughey
Senior Director of Advocacy and Government Relations
Pet Food Institute