

February 16, 2024

Maryland Senate  
Committee on Education, Energy, and the Environment  
2 West, Miller Senate Office Building  
Annapolis, Maryland 21401

**RE: Maryland Senate Bill 641 – Department of Agriculture – Spay/Neuter Fund**

Dear Chair Feldman, Vice Chair Kagan, and Members of the Senate Education, Energy, and the Environment Committee:

The Pet Food Institute (PFI) appreciates the opportunity to provide comments regarding SB 641.

Established in 1958, PFI is the trade association for 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, providing complete and balanced nutrition for the more than 186 million dogs and cats in U.S. households. As the voice of U.S. pet food makers for over 60 years, we advocate for a transparent, science-based regulatory environment for our members and provide information about pet food and treat safety, nutrition, and health to pet owners.

PFI recognizes the efforts to support low-cost spay and neuter services in reducing animal shelter overpopulation and dog and cat euthanasia rates and commends Maryland for the success of the Spay and Neuter Program at its current funding level. According to Maryland Department of Agriculture, as of December 31, 2022, shelter intake has been reduced by 27%, and shelter euthanasia has been reduced by 62% since the program's implementation in 2014.

While PFI supports establishing a process for making voluntary donations to the Spay and Neuter Fund under SB 641, **we cannot support an increase on the tax levied solely on pet food.** This measure would raise the annual cost of registering each product from the current spay and neuter fee of \$100 per product to an estimated \$130 per product over three years. This would amount to a 30% tax increase – imposing a significant burden on pet food makers just to sell their products in Maryland.

Additionally, SB 641 proposes to expand the Spay and Neuter Program to additionally finance costs related to routine vaccinations for cats and dogs at the time of a spay or neuter service, mobile veterinary clinic transportation, and transportation services to bring animals to a clinic from unserved areas. Expansion of the program to finance routine vaccinations goes well beyond the program's objective of reducing the number of cats and dogs surrendered to and euthanized in shelters across Maryland.

In growing the scope of services paid for by the program, PFI urges the committee to amend the bill to include alternative funding mechanisms rather than exclusively placing the full burden on pet food makers, who are already paying nearly \$1 million a year in spay and neuter fees to fund the program.

The current spay and neuter tax of \$100 applied to every stock-keeping unit (SKU) or product label has significant implications on manufacturers. For every product on the shelf, there are often multiple sized packages as well as multiple formula variations, each of which must pay the tax. This results in a single product paying at least \$1,600 in taxes. This is on top of the \$50 per product registration fee that pet food manufacturers pay to register each of their products. At an industry level, the taxes paid in Maryland are the highest in the U.S. and account for approximately 10% of pet food manufacturers' cumulative budgets for all taxes and fees across the country – a significant share for a single state.

We respectfully request that the bill be amended to take out the fee increase for pet food. Last year, the state budget bill, [HB 200](#), provided \$200,000 in appropriations for additional funding to the Spay/Neuter Fund. Similarly, any expansion of the program should be paid for with money appropriated from the state budget.

Additional ways for Marylanders to contribute funds to the program should also be provided. Many states successfully provide funding for spay and neuter programs via “animal friendly” license plate programs and voluntary spay and neuter program checkoffs on state income tax returns. Maryland already successfully uses similar mechanisms, including the Chesapeake Bay and Endangered Species Fund tax checkoff and the Chesapeake Bay license plate. Similar funding mechanisms could be put in place to provide additional funds to the Maryland Spay and Neuter Program.

The last few years have been incredibly challenging. Like other industries, PFI members continue to experience inflation, labor shortages and continued transportation and supply chain challenges, while also facing increased prices and scarcity of crucial ingredients such as meat proteins, fats and oils. Increasing taxes would add another burden to U.S. pet food makers as they work to adequately source the quantity and quality of critical government-required ingredients to feed the pets in nearly 85 million U.S. households.

Raising taxes on pet food would decrease the options provided for sale in Maryland, resulting in less variety in product sizes and diet options and reducing consumer choice. These fees ultimately have an impact on the prices of pet food products sold to Maryland pet owners, who also pay a 6% sales tax. Additionally, this will likely negatively impact sales in Maryland brick-and-mortar pet retail stores, who employ Maryland residents and who have already been negatively impacted by current economic factors. Ultimately, this increased tax will negatively impact Maryland's economic growth.

**PFI respectfully requests that the committee seek appropriations funding from the state budget and amend the bill to take out the spay and neuter fee increase on pet food and instead include alternative funding mechanisms to fund the expansion of the program.**

On behalf of PFI members, whose nearly 35,000 employees in 35 states provide safe food for 186 million dogs and cats across the U.S., we thank you for the opportunity to share our views. I would be happy to discuss this issue in more detail.

Sincerely,



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