

Date of Hearing: March 15, 2023

ASSEMBLY COMMITTEE ON AGRICULTURE

Robert Rivas, Chair

AB 240 (Kalra) – As Amended February 28, 2023

SUBJECT: Dogs and cats: California Spay-Neuter Fund

SUMMARY: This bill would establish the California Spay-Neuter Fund (CSN fund) to offer competitive grants to specified organization to increase or develop no or low cost Spay-Neuter programs. The CSN fund allocation would come from a new tax on dog and cat food, as specified. Specifically, *this bill*:

1) Finds and declares the following:

- a) California has long had a homeless animal overpopulation problem, too often leading to overcrowded shelters despite cities and counties across the state collectively investing more than \$400,000,000 annually in operating our public animal shelters.
- b) As recently as 2016, California was tragically euthanizing approximately 160,000 dogs and cats. Many of these were unnecessary deaths only due to shelter overpopulation.
- c) The single most effective mechanism for addressing shelter overpopulation is spaying and neutering.
- d) The state does not invest enough in necessary spay and neuter services.
- e) The demand for low-cost and no-cost spay and neuter services far outstrips supply, demonstrating the strong desire of Californians to spay and neuter their animal companions.
- f) Research shows that shelter populations explode when spay and neuter services stop.
- g) Without assistance, it can cost up to \$550 to spay or neuter an animal, a price that many Californians struggle to pay.
- h) While the average low-cost estimate to spay or neuter an animal is \$160, it costs an average of \$2,000 to control, house, care for, adopt out, and/or euthanize an animal.
- i) Spaying and neutering is a more cost-effective and humane approach to animal care and control than only investing in animals after they have arrived at public shelters.

2) Defines the following:

- a) “Department” means the Department of Food and Agriculture (CDFA).
- b) “Dog and cat food” means a food for dogs or cats, or both, that has been prepared by heating, drying, semidrying, canning, or by a method of treatment prescribed by regulation of the State Department of Public Health (DPH). The term includes special diet, health foods, supplements, treats, and candy for dogs or cats, or both, but does not include fresh or frozen foods for dogs or cats, or both, subject to the control of CDFA.
- c) “Eligible partner” means public animal shelters, private animal shelters with public contracts, or nonprofits for whom spay-neuter is a primary activity.
- d) “Fund” means the CSN Fund.
- e) “Set allocation” means an allocation of fund moneys, using a formula developed by the department, to eligible partners requesting fund moneys.

- f) “Spay-neuter” means low-cost to no-cost spay and neuter surgeries conducted in the state.
- 3) Declares it is the intent of the Legislature that fund moneys are disbursed to eligible partners to reduce all of the following:
 - a) The overpopulation of unwanted or homeless dogs and cats, including feral or community cats.
 - b) Animal shelter overpopulation.
 - c) The ongoing costs associated with managing animal shelters.
 - d) The state’s euthanasia rates for dogs and cats, including feral or community cats.
 - 4) Establishes the CSN Fund in the State Treasury, as specified.
 - 5) Requires that moneys collected be transferred into the CSN fund.
 - 6) Requires the Treasurer, in consultation with CDFA, to invest moneys contained in the fund, as specified.
 - 7) Requires CDFA to collect, on an annual basis, a charge of two hundred dollars (\$200) from a manufacturer of dog and cat food for each label submitted by the manufacturer to DPH, as specified.
 - a) Requires DPH, at the request of the CDFA, provide the department with the information necessary, as specified.
 - b) Provides that a manufacturer of dog and cat food that has less than seventy-five thousand dollars (\$75,000) in verifiable gross annual sales will only be required to pay a single annual charge of two hundred dollars (\$200) to CDFA.
 - 8) Requires CDFA, in administrating and overseeing the CSN fund, to do the following:
 - a) Offer competitive grants or set allocations, or both, to eligible partners. Both competitive grants and set allocations shall primarily be used by eligible partners to fund spay-neuter services.
 - b) Determine, with stakeholder input, the most strategic method of allocating CSN fund moneys to eligible partners.
 - c) Target CSN fund moneys towards the cities and counties with the state’s highest shelter overpopulation or euthanasia rates, or both.
 - d) Require all eligible partners receiving CSN fund moneys to annually report outcomes to the CDFA, as specified.
 - e) Publish an annual report on the department’s internet website summarizing the information provided to CDFA.
 - 9) Allows CDFA, in administrating and overseeing the CSN fund to solicit and accept into the fund private donations, grants, and other moneys, as specified.
 - 10) Requires CDFA, if the department offers set allocations to eligible partners, to review its formula every three years and adjust the formula if necessary.

- 11) Requires CDFA cost for administering CSNF not to exceed 5 percent of the moneys deposited into the fund in any fiscal year.
- 12) Requires CDFA to promulgate rules consistent with this part to:
 - a) Establish parameters regarding the eligible partners that qualify for fund moneys.
 - b) Establish procedures and requirements for offering grants or set allocations, or both, and for disbursing fund moneys to eligible partners.
 - c) Establish parameters regarding the use of fund moneys by eligible partners.
 - d) Establish administrative, recordkeeping, and reporting requirements for eligible partners receiving fund moneys.

EXISTING LAW:

- 1) Establishes the Pure Pet Food Act of 1969, which is administered by DPH. Under the act, every person who manufactures a processed pet food, as defined, in California is required to first obtain a license from DPH, and every person who manufactures a processed pet food for import into California from another state is required to first obtain a registration certificate from DPH. *Health and safety code (HSC) 113025 – 113120*
- 2) Excludes from the definition of “processed pet food” fresh or frozen pet foods subject to the control of the Department of Food and Agriculture. *Food and Agriculture code (FAC) 19212*
- 3) Requires annual license or registration certificate only be issued when certain conditions are met, including, among others, when the applicant submits to DPH the label that would be attached to the container of each type of processed pet food. *(HSC) 113025 – 113120*
- 4) Prohibits a public animal control agency or shelter, society for the prevention of cruelty to animals shelter, humane society shelter, or rescue group from selling or giving away any cat or dog that has not been spayed or neutered, except as provided. *FAC 30520*
- 5) Requires the owner of a nonspayed or unneutered cat or dog that is impounded by a city or county animal control agency or shelter, society for the prevention of cruelty to animals, or humane society to receive a specified fine. *FAC 31751.7 and 30804.7*

FISCAL EFFECT: Unknown

COMMENTS: California spends over \$400,000,000 dollars on its animal shelter system, not including the many millions more it dedicates to the construction of new facilities. Even with this investment, tens of thousands of animals are still being euthanized in the state’s severely overcrowded shelters. DPH reported that 58,454 dogs and 99,737 cats were euthanized by local animal control authorities in 2016. While some are put down due to severe medical issues, many others are actually healthy, adoptable pets that shelters simply do not have the space or resources to care for the dogs and cats.

According to the author, the best way to address this problem is to reduce shelter populations, and the most effective means of accomplishing this is to foster robust spay-and-neuter practices throughout the state. When enough animals are spayed and neutered, dog and cat reproduction rates fall so low that shelters see a meaningful lull in the stream of animals coming through their doors.

The state of Maryland's affordable spay-and-neuter program is correlated with a 12.1% decrease in stray animal intakes and a 49.7% decrease in euthanasia due to lack of shelter space. Spay-and-neuter services not only save the lives of countless animals, but also reduce the burden shouldered by both shelters and the taxpayers that fund them. Unsubsidized spay and neuter surgeries can be extremely expensive, often costing owners hundreds of dollars per animal. This can be prohibitive for lower-income pet owners who would otherwise spay and neuter their animals. Some low-and-no-cost spay and neuter services do exist, but are often so overwhelmed by demand that they must put interested pet owners on months-long waitlists.

This bill addresses the spay-neuter issue by establishing the CSN Fund, which will offer grants and set allocations to eligible entities to use to subsidize low-and-no-cost spay and neuter services. The CSN fund and subsequent grants and set allocations will be administered by CDFA. Any entity that receives a grant or set allocation will be required to report annually the outcomes of those funds.

Supporters state there is no one solution to the pet overpopulation problem. Breeding regulations, public education campaigns, and stronger enforcement of current state and local regulations are needed, but there is no more efficient way to tackle the issue than through widespread spay and neuter. We must get at the root of the problem by preventing unwanted dog and cat litters.

Opponents state California's existing sales and use tax applies to pet food, adding anywhere from 7.25 percent to 10.75 percent to the cost, depending on location. Imposing a new tax on pet food would result in a greater burden for lower- and middle-income Californians. While a pet may not be considered a "necessity of life" in the truest sense, dogs and cats play important roles in the lives of many Californians, providing comfort, companionship, security, and joy. The state should not unnecessarily add to the cost of feeding these cherished members of the family by imposing another tax.

In a coalition letter by various organization involve the manufacture and sales of pet food ask to amend this bill to remove the tax and find additional alternative funding mechanisms to fund the program rather than having pet food makers solely bear the cost of funding this program by imposing a spay and neuter fee.

The coalition states this bill would impose a significant burden on pet food makers to sell their products in California. These fees ultimately have an impact on the prices of pet food products sold to California pet owners. A spay and neuter tax of \$200 applied to product label has significant implications on manufacturers. The fee would be applied to every product label. For every cat or dog food product on the shelf there are often multiple protein formula variations (salmon, chicken, beef, lamb) as well as diets specifically formulated for different stages of life (puppy, kitten, adult, senior, large breed, small breed) – and the tax is assessed against every single formula.

This bill is funded by an annual pet food manufacturer's tax. Two hundred dollars (\$200) from a manufacturer of dog and cat food for each label submitted to DPH, with an exception to for

smaller pet food producer. As this bill include a change in state statute that would result in a taxpayer paying a higher tax and would require for passage the approval of 2/3 of the membership of each house of the Legislature.

REGISTERED SUPPORT / OPPOSITION:

Support

Amanda's Cat Rescue
Friends of Berkeley Animal Care Services
Humane Society of Sonoma County
Inyo / Mono County Animal Resources & Education
Partners in Animal Care & Compassion
San Diego Humane Society
Social Compassion in Legislation
Together Spay It Forward
United Spay Alliance
41 animal welfare organizations
191 individuals

Opposition

California Taxpayers Association

Oppose Unless Amended

American Feed Industry Association
California Grain and Feed Association
California Retailers Association
Pet Advocacy Network
Pet Food Institute

Analysis Prepared by: Victor Francovich / AGRI. / (916) 319-2084