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TESTIMONY BEFORE THE JOINT COMMITTEE ON AGRICULTURE,  
CONSERVATION AND FORESTRY

IN SUPPORT OF LD 1744

*An Act To Increase Funding for the Animal Welfare Fund by Increasing Certain Fees*

January 11, 2022

Senator Dill, Representative O'Neil, and honorable members of the Joint Standing Committee on Agriculture, Conservation and Forestry, my name is Liam Hughes. I am the Director of the Animal Welfare Program (AWP) for the Department of Agriculture, Conservation and Forestry. I am speaking in support of LD 1744, An Act to Increase Funding for the Animal Welfare Fund by Increasing Certain Fees. We thank Senator Dill for sponsoring this bill.

AWP ensures humane and proper treatment of animals by upholding the animal welfare laws of Maine through communication, education, and enforcement. Core components of our program include: responding to and investigating animal welfare complaints; executing seizures of animals and arranging the safe custody of them while awaiting disposition of related criminal cases; licensing and inspecting all animal shelters, pet stores, boarding kennels, breeding kennels, and research facilities in the State of Maine; administering the state-wide spay/neuter control program known as Help Fix ME; collecting and reporting data on municipal Animal Control Officer complaints; and administering the state dog licensing program with the help of Maine municipalities. These activities and more keep our staff of 11 full-time and part-time employees extremely busy as they pursue the goals of the AWP each and every day.

The AWP is entirely reliant on dedicated funding to run its various operations. While revenue from these streams has seen little change over the years, including the ten years I've served as Director, the expenses of the program have increased exponentially. Factors driving the increase include the drastically rising costs to maintain animals in custody as welfare cases wind their way through the court system, as well as the scale of these seizures and the number of animals to be housed. Over the past five years, we have seen an increase in the costs of our investigations, and within the last two years, the costs have tripled. The court slowdown has much to do with COVID-pandemic delays, which to date have no sign of easing. Other increases are due to rising veterinarian costs that relate to the length of animals' stay in custody. Many of these animals have medical conditions that are diagnosed while in custody that the program must cover. Finally, unsurprisingly, personnel costs have risen in the past decade. The attachment to my

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testimony today provides a graphical representation of AWP's income and expenditures over the past five years.

Keeping pace with the responsibilities of the program demands a robust revenue stream. LD 1744 is the Department's proposal for a revenue generation increase that will allow AWP to meet the needs of the animals and stakeholders it serves on a daily basis. If provided additional funding, it is AWP's intention to fill two field agent positions to bring us to full staffing and help the current annual inspection of almost 550 animal care facilities and investigate the average 325 complaints of animal cruelty.

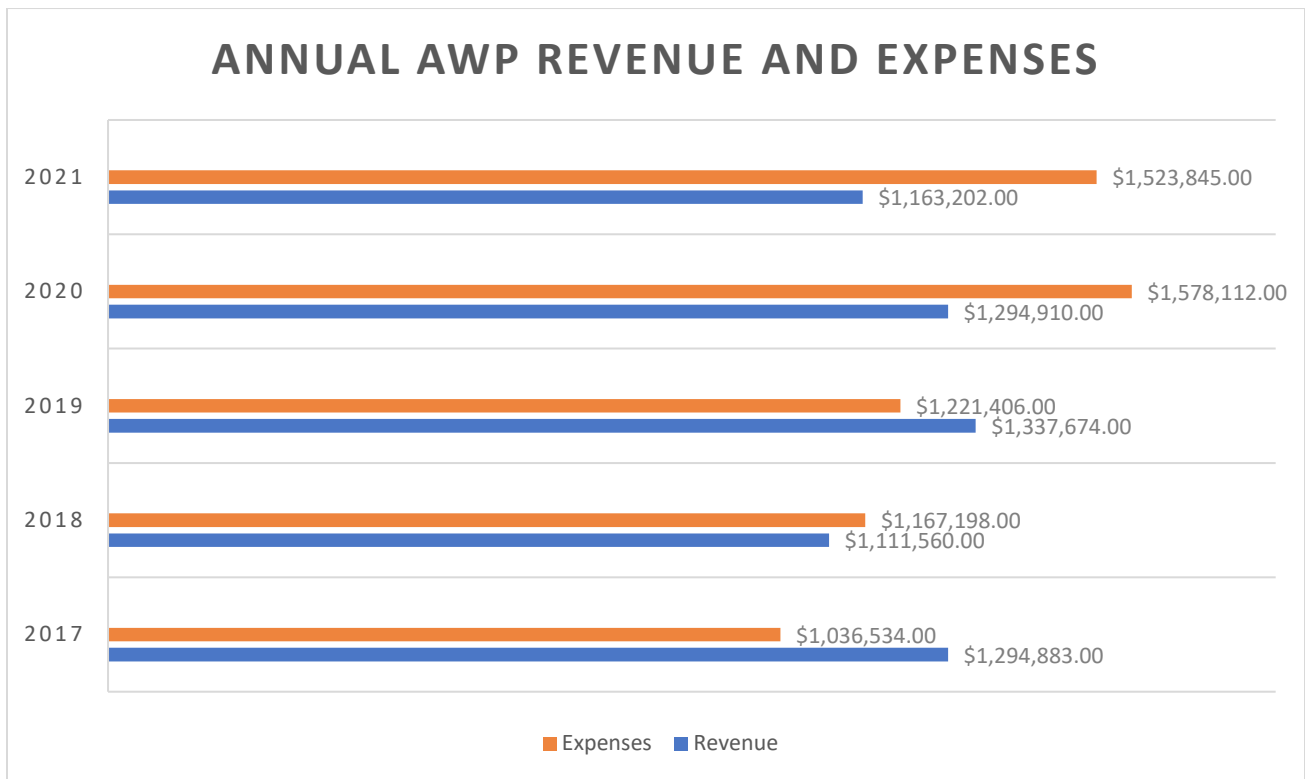
As a way to close this revenue gap, AWP is proposing to adjust the existing revenue sharing that occurs between AWP and the General Fund of the registration fees paid by manufacturers of pet food and other animal feed.<sup>1</sup> Currently, half of the revenue generated by the existing registration fee goes directly to AWP, and the other half goes to the General Fund. LD 1744 would allow AWP to retain 100% of the revenue generated and eliminate the General Fund share. Taking this step will appropriately stabilize the AWP. However, we also recognize the significant fiscal impact that this bill will have, as approximately \$550,000 would no longer be paid into the General Fund. The Department is willing to think creatively and work with the ACF Committee should it prefer to find alternative ways to avoid this level of impact to the General Fund. I will be prepared to walk the Committee through a number of potential scenarios at the work session.

Thank you for your time. I am happy to answer any questions now and at the work session.

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<sup>1</sup> Pet food and commercial feed manufacturers must currently register, on an annual basis, their pet food labels with the Department in order to sell their products within the state. The fees presently are set at \$80 per annum. Examples of some of the current 11,644 registrants of the pet feed fee include: Bayer Health Care, Mars Petcare US, Merrick Pet care and Nestle-Purina. Examples of the current 2,324 commercial feed manufacturers who pay the annual registration fees are: Perdue, Purina Animal Nutrition, and Lucerne North America LLC.

# Animal Welfare Program (AWP) Comparison of Revenue and Expenses for the past Five Years



From 2017 to 2021, AWP expenses **increased** at an average rate of 10.75% annually (see Table 1). During the same period, AWP exceeded revenue in three out of five years (see Table 2). Increased costs associated with AWP activities, specifically the volume of animals, types of animals (e.g., large dogs, horses), and length of stay of animals in custody, have contributed to an increasing gap between revenues and expenses.

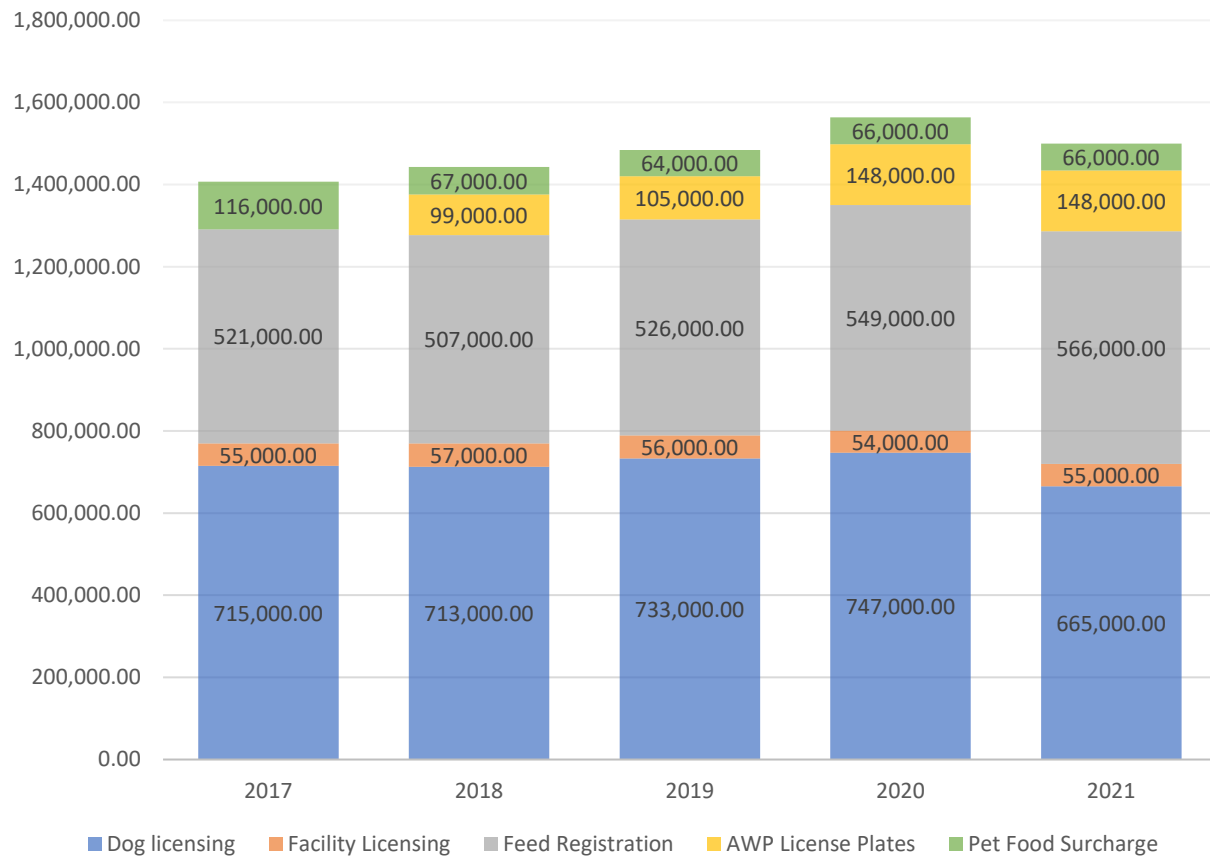
**Table 1. Year to Year Percent Change for AWP Expenses, 2017-2021**

Period	Percent Change
2020-2021	-3.4%
2019-2020	+29.2%
2018-2019	+4.6%
2017-2018	+12.6%

**Table 2. Year to Year Percent Change for AWP Revenues, 2017-2021**

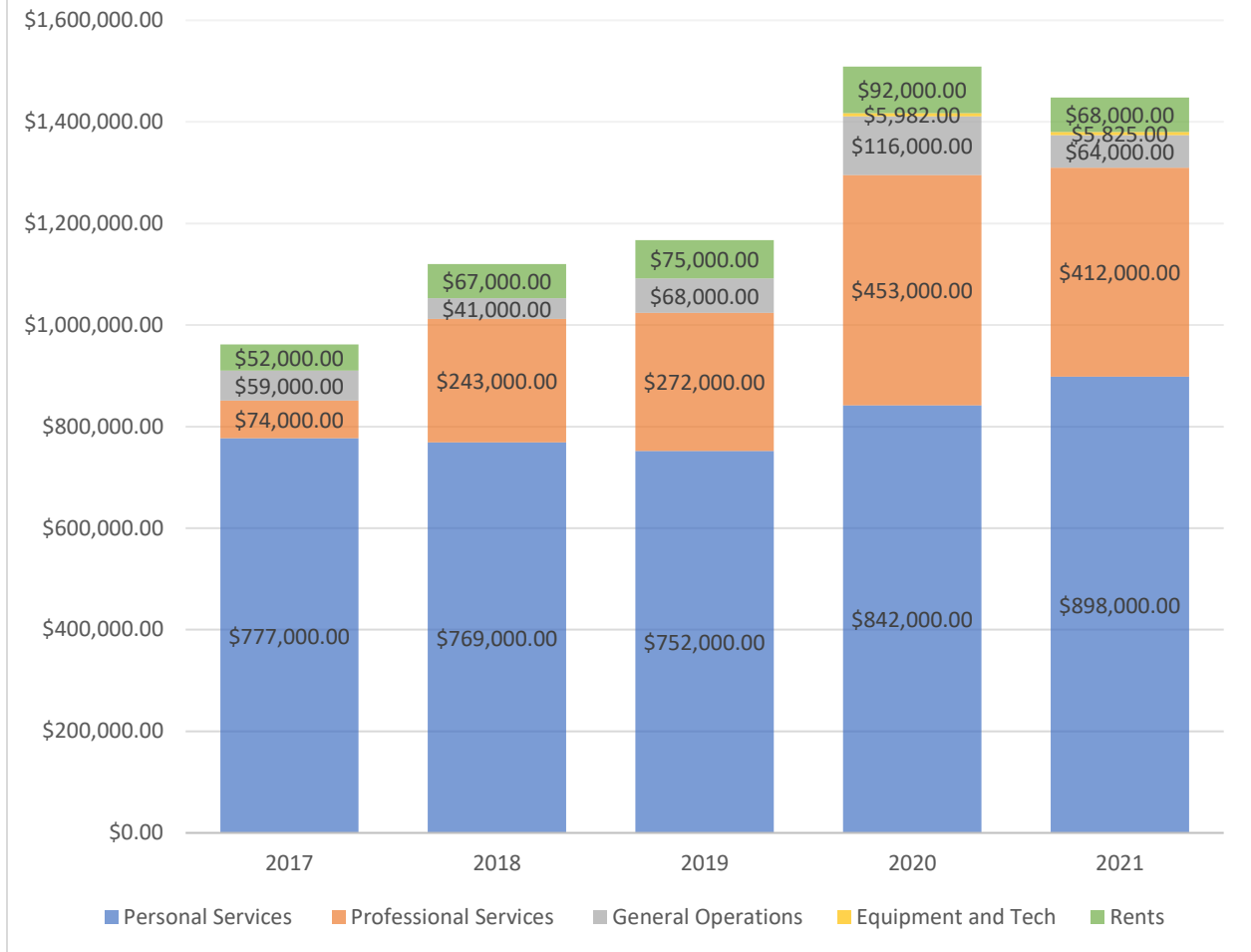
Period	Percent Change
2020-2021	-10.2%
2019-2020	-3.2%
2018-2019	+20.3%
2017-2018	-14.2%

## FIVE YEAR COMPARISON OF AWP REVENUE

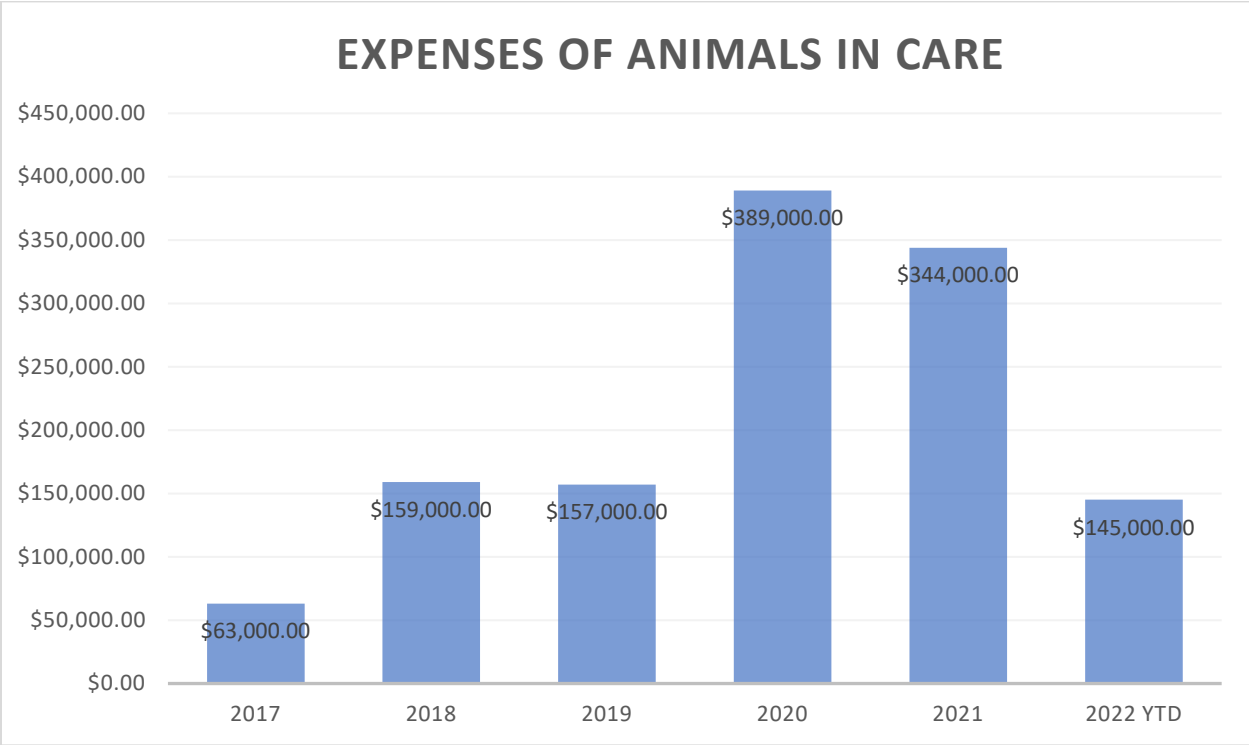


Note: Revenue has been fairly stable for the past 5 years. The change in the pet food surcharge was due to an accounting error that was corrected. One notable increase is the amount of revenue generated from sales of the Animal Welfare license plates.

## FIVE YEAR COMPARISON OF AWP EXPENSES



Note: Increase in expenses for 2020 and 2021 for *Professional Services* was due to animals in care. The increase in *Personal Services* was primarily related to filling a vacant position focusing on animal imports and facility inspections.



Note: The cost of paying for animals in the custody of the state while awaiting a decision by the courts has increased substantially over the past 5 years. Both the volume of animals and the length of stay are part of these costs. At the end of 2019, a large dog seizure required paying for the construction and operation of an emergency animal shelter. Since then, another emergency animal shelter was constructed to deal with a large-scale cat seizure that could not be handled by local animal shelters. In 2020, as a result of the pandemic, there were delays at the court hearing cases leading to the much longer length of stays for animals in custody.