



## Senate Bill 51/House Bill 64: Myths and Facts

**MYTH:** Consumers will not be able to afford pet food and will be forced to give up their animals when the manufacturers pass down the cost of the additional \$100 fee.

**FACT:** Based on data and testimonials from other states, there is **NO** evidence that adding a **\$100/product fee will be a burden on consumers or cause consumers to relinquish their animals.**

- The corporations that sell most pet food in the U.S. are million & billion-dollar companies that can easily absorb the additional fee, in the same way they absorb the costs of doing business in other states already charging them more.
- But if every company passed the additional fee down to customers with a proportional increase in dog and cat food prices, New Mexicans would see an average increase (based on updated data from the NM Department of Agriculture) of **only approximately \$2.46/year per pet-owning household<sup>1</sup>** to feed their pets, or **\$1.38/year per dog/cat<sup>1</sup>** on average.
- If an increased fee spurred animal relinquishment, Maryland animal shelters would have seen an increase in dog and cat intake. However, over the course of three years since implementation of an increased pet food registration fee, dog and cat intake numbers decreased slightly.
- In a comparative analysis between New Mexico, neighboring states, and other states that have increased pet food registration fees to pay for spay/neuter services—we've found that pet food retail prices are unrelated to the types and amounts manufacturer fees paid, and some pet foods sold in the same stores are more expensive here in New Mexico than in other states that charge manufacturer fees for spay/neuter.

**MYTH:** We cannot predict the impact of this fee increase in New Mexico.

**FACT:** The best available data from states who have implemented similar pet food registration fee increases shows undeniable effectiveness in reducing the costs of pet overpopulation, as well as a zero to negligible impact on consumer costs, retail pet food prices, and availability of a variety of products in those states.

- Since enacting a pet food manufacturer increase in Maine, the state reports a **decrease in euthanasia.**
- Maine has also since seen an **increase in the number of pet food/treat products** registered for sale.
- Notably, Maryland passed legislation in 2013 raising pet food registration fees to \$100 over the course of three years and reports a slight decrease in intake and **dramatic 29% reduction in euthanasia.**
- **Testimonials received from Maine and Maryland pet food retailers report no negative impact on sales.**

**MYTH:** The increased fee will give an unfair advantage to Internet sales over in-state brick-and-mortar retailers, thereby harming in-state pet food stores.

**FACT:** According to the NM Department of Agriculture, the fee is assessed per manufacturer per product sold in New Mexico, regardless of whether the products are sold in brick-and-mortar establishments or via online sellers.

- The NM Department of Agriculture already administers the current \$2/year per product registration fee, and this applies to manufacturers regardless of whether products are sold online or in-state. The spay/neuter program fee mirrors this fee scheme.

MYTH: There is a better way to fund low-cost spay/neuter services.

**FACT: An independent New Mexico study conducted at the request of a Senate Memorial determined the most effective, feasible, and equitable funding mechanism was a fee increase for pet food manufacturers.**

- The following is an excerpt from the independent feasibility study that compared different funding mechanisms, which can be accessed in full here:

<http://www.rld.state.nm.us/uploads/files/sm36%20study%20final%201-24-12%20full.pdf>

Table 1: Summary of Criteria Evaluation for Each Funding Mechanism

	<i>Surcharge on fines</i>	<i>Income tax or car registration check-off</i>	<i>Intact animal or litter permit fees</i>	<i>Statewide companion animal licensing</i>	<i>Grant writing</i>	<i>Pet food distribution fee</i>
<i>Sufficient Revenue</i>	Low	Low	Low	Low	Low	High
<i>Reliable and predictable</i>	Low	Low	Low	Low	Low	High
<i>Limited complexity for start-up</i>	Low	Low - Medium	Low	Medium	High	High
<i>Limited administrative burden</i>	Low	High	Low	High	Medium	High
<i>Equitable Source</i>	High	High	High	High	N.A.	High

MYTH: The additional fee will harm the pet food industry and cause manufacturers to stop selling in NM.

**FACT: Based on data and testimonials from other states, there is NO evidence the additional fee will harm the extremely profitable global pet food industry.**

- The U.S. pet food market had a value of \$24.60 billion in 2016 and is forecasted to reach \$30.01 billion by 2022.<sup>2</sup> The pet food industry’s sales have continued to increase nationwide, even after three states have enacted fees to fund spay/neuter.
- Pet food companies sold an estimated \$190 million worth of food in New Mexico in 2017, almost double the sales of the previous year. The number of products sold in NM increased from approximately 8,300 in 2016 to approximately 13,700 in 2017.
- In general, the wealthiest pet food corporations produce the largest number of products registered in New Mexico, which means the increased fee amounts will primarily be proportional to higher volume of sales and greater ability to absorb the cost.
- There is **NO evidence that pet food companies have stopped selling** in states due to increased/added fees in any way that has meaningfully impacted consumers. During the time that Maine has implemented increased fees to fund spay neuter, the number of different pet food products sold in Maine has increased significantly (as provided by testimony from Maine retail pet stores).