

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1551 (Delegate Metzgar)
 Economic Matters

Department of Agriculture - Regulation of Dog Breeders

This bill establishes a framework for the regulation of dog breeders by the Maryland Department of Agriculture (MDA). By July 1, 2028, and annually thereafter, a dog breeder must register with MDA and pay a \$150 registration fee. Beginning July 1, 2029, a breeder must, within 30 days after the birth of a litter, apply for a birth certificate for each puppy born in the litter and pay an application of \$50 per puppy. Fees collected by MDA are deposited into the newly established Dog Breeder Accountability Fund, a special fund administered by MDA, which must be used for specified purposes. Beginning July 1, 2028, a breeder may not sell, exchange, or otherwise transfer a puppy to the public unless specified requirements – including registration – have been met. MDA must adopt regulations to carry out the bill and develop a publicly accessible registry to maintain information related to registered dog breeders. Finally, the bill establishes a reporting requirement for MDA and an administrative penalty for violations of the bill. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: Under the assumptions discussed below, general fund expenditures increase by \$500,000 annually in FY 2027 and 2028 to capitalize the fund; beginning in FY 2029, the amount of general funds needed to capitalize the fund is unclear, as discussed below. Special fund revenues to the fund increase by \$500,000 annually (from capitalization funds and, beginning in FY 2029, also from any fees and penalties collected); special fund expenditures increase correspondingly as the fund is used for the required purposes.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
GF Expenditure	\$500,000	\$500,000	-	-	-
SF Expenditure	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Net Effect	(\$500,000)	(\$500,000)	(-)	(-)	(-)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local government revenues increase to the extent local animal shelters receive financial awards from the fund; local expenditures increase correspondingly as any awards are spent.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: “Breeder” means a person that breeds dogs in the State to sell, exchange, or otherwise transfer to the public.

Dog Breeder Accountability Fund

The purpose of the Dog Breeder Accountability Fund is to promote breeder registration and accountability and provide financial assistance to animal shelters and spay/neuter programs to reduce shelter intake and improve shelter outcomes. The fund consists of (1) revenue distributed to the fund from annual registration fees, puppy birth certificate application fees, and administrative penalties collected under the bill; (2) money appropriated in the State budget to the fund; and (3) any other money from any other source accepted for the benefit of the fund.

The fund may be used only as follows: (1) 50% for financial awards to animal shelters and spay/neuter programs; (2) 30% for administrative expenses; and (3) 20% for education and enforcement activities. Any interest earnings of the fund must be credited to the general fund.

Dog Breeder Registration and Puppy Birth Certificates

By July 1, 2028, and each year thereafter, a breeder must (1) register annually with MDA and (2) at the time of registration, pay to MDA an annual registration fee of \$150. An annual registration must be submitted on the form that MDA provides and must include:

- the name and address of the breeder;
- the number of breeding females and litters maintained by the breeder for the immediately preceding calendar year;
- proof of compliance with local zoning regulations; and
- any other information required by MDA.

Beginning July 1, 2029, a breeder must (1) within 30 days after the birth of a litter, submit to MDA an application for a birth certificate for each puppy born in the litter on the form that MDA provides and (2) pay to MDA an application fee of \$50 for each puppy identified in the application. Each puppy birth certificate issued by MDA must include:

- the registration number assigned to the breeder;
- the parentage of the puppy; and
- for a puppy born on or after July 1, 2030, the microchip identification number assigned to the puppy.

Fees collected by MDA under these provisions must be deposited into the Dog Breeder Accountability Fund.

Related Prohibition

Beginning July 1, 2028, a breeder may not sell, exchange, or otherwise transfer to the public a puppy unless (1) the breeder is registered with MDA pursuant to the bill; (2) for a puppy born on or after July 1, 2029, a puppy birth certificate has been issued for the puppy; and (3) for a puppy born on or after July 1, 2030, the puppy is microchipped and the microchip number matches the microchip identification number included on the puppy's birth certificate.

Penalties for Violations

A person who violates the bill is subject to an administrative penalty of up to \$5,000 per violation. Each litter of puppies that is not reported to MDA in accordance with the bill is a separate violation. Penalties collected by MDA under the bill must be deposited into the Dog Breeder Accountability Fund.

Reporting Requirements

By October 1, 2029, and each year thereafter, MDA must report to the Governor and the General Assembly on the implementation of the bill, including (1) the number of breeders registered with MDA; (2) the amount and source of money deposited into the fund; (3) the activities and programs that have received financial assistance from the fund; and (4) the impacts on animal shelter intake and shelter outcomes.

Current Law:

Licensing of Kennels

MDA does not currently regulate dog breeders; however, under provisions established in the Local Government Article, in all counties (including Baltimore City), a person must obtain a kennel license from a local licensing agency if the person (1) owns or has custody

of six or more unspayed female dogs over the age of six months kept for the purpose of breeding the dogs and selling their offspring or (2) sells dogs from six or more litters in a year.

Each local licensing agency must collect and maintain a record of the following information for each kennel license issued in the county: (1) the name and address of the licensee; (2) the number of dogs maintained by the licensee; and (3) the number of puppies sold by the licensee in the preceding year.

By January 15 of each year, each local licensing agency must report to the Maryland Department of Labor (MD Labor) the information collected under these provisions in the preceding year. The governing body of a county may establish additional kennel license fees to cover the costs of collecting, maintaining, and submitting the required records and reports.

Task Force to Study Canine Breeding Facilities and Sourcing Standards

Chapter 448 of 2021, among other things, established the Task Force to Study Canine Breeding Facilities and Sourcing Standards, staffed by MDA. The task force was required to (1) study canine breeding facilities, including online sales of canines through breeding facilities, as specified, and (2) report its findings and recommendations to the Governor and the General Assembly by December 1, 2021. The task force's final report can be found [here](#).

State Fiscal Effect:

Special Fund Revenues from Registration Fees, Application Fees, and Penalties

MDA and the Department of Legislative Services are unable to reliably estimate the special fund revenues generated from dog breeder registration fees, puppy birth certificate application fees, and any administrative penalties that may be imposed for violations of the bill. Although local licensing agencies are required to report information on kennel licensees (including the number of puppies sold by licensees each year) to MD Labor each year, MD Labor advises that the information it has received from counties is incomplete, as only nine counties have submitted the required reports. Accordingly, the number of dog breeders and puppies born each year in the State is unknown. Even so, special fund revenues from registration fees (and any penalties imposed for violations of the bill) begin to accrue to the new special fund in fiscal 2029, and special fund revenues from puppy birth certificate application fees begin to accrue to the fund in fiscal 2030.

Program Costs and the Need for General Funds

Because special fund revenues from fees and penalties do not begin to accrue until fiscal 2029 – and because a reliable estimate of any such revenues cannot be made at this time – this analysis assumes that general funds are needed to capitalize the special fund until at least fiscal 2029. Beginning in fiscal 2029, the program is supported either entirely with special funds (if fees and penalties are sufficient to cover programs costs) or a combination of general and special funds (if fees and penalties are not sufficient to cover program costs).

Accordingly, general fund expenditures increase by an estimated \$500,000 in fiscal 2027. This estimate, which accounts for a 90-day start-up delay from the bill’s July 1, 2026 effective date, reflects the anticipated cost of implementing the regulatory program (including the cost of hiring one administrative specialist to develop and administer the program and fund and one part-time assistant Attorney General to assist with drafting regulations and handle enforcement). It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses; it also includes programming costs to establish a digital application process, a related database, and the required public registry. The information and assumptions used in calculating the estimate are stated below:

- \$500,000 in capitalization funds is needed to ensure the fund’s viability so that meaningful financial awards can be made and an education campaign can be conducted prior to the initial registration of dog breeders;
- 50% of the fund (\$250,000) must be used for financial awards to animal shelters and spay/neuter programs;
- 30% of the fund (\$150,000) must be used for administrative expenses;
- 20% of the fund (\$100,000) must be used for education and enforcement activities; and
- MDA spends all available funds each year.

Positions	1.5
Salaries and Fringe Benefits	\$106,586
Financial Awards	250,000
Education/Enforcement Activities	100,000
Programming Costs	30,000
Other Operating Expenses	<u>13,414</u>
Total FY 2027 State Expenditures	\$500,000

This analysis assumes that \$500,000 is needed (and sufficient) for the program each year, which supports ongoing financial awards of \$250,000 annually to animal shelters and spay/neuter programs, among the other required uses of the fund (including administrative expenses).

As noted above, beginning in fiscal 2029, special fund revenues from fees (and potentially penalties) may supplant a portion of the general funds needed for the program. However, because the fee and penalty revenues cannot be reliably estimated at this time, the level of general fund support needed for the fund beginning in fiscal 2029 is unclear.

This analysis does not reflect any potential increase in general fund revenues from interest earned on the fund beginning in fiscal 2029 (when special fund revenues from fees and potentially penalties begin to accrue).

Local Fiscal Effect: Many animal shelters are operated by local governments. Accordingly, local animal shelters may benefit from the financial awards made under the program. Assuming program funding totals \$500,000 annually, \$250,000 annually is available for financial awards to animal shelters and spay/neuter programs, some of which could be awarded to local governments. To the extent any local animal shelters receive financial awards from the fund, local revenues increase, and local expenditures increase correspondingly as awards are spent.

Small Business Effect: Small business dog breeders must annually register with MDA (and pay the associated registration fee), apply for puppy birth certificates for puppies born after July 1, 2029 (and pay the associated fees), and ensure that puppies born on or after July 1, 2030, are microchipped in order to continue to sell, exchange, or otherwise transfer a puppy to the public.

Additional Comments: Based on information reported to MD Labor by local licensing agencies, five counties reported a total of 16 licensed breeders that sold 611 puppies in the prior year, four counties reported no licensed breeders, and the remaining counties (and Baltimore City) have not yet reported information to MD Labor.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Department of Agriculture; Maryland Department of Labor; Anne Arundel, Baltimore, Cecil, Frederick, and Somerset counties; Department of Legislative Services

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jg/lgc

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