

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 384

(Delegate Lehman, *et al.*)

Health and Government Operations

Finance

Maryland Disability Service Animal Program - Established

This bill establishes the Maryland Disability Service Animal Program in the Maryland Department of Disabilities (MDOD) to select at least one “nonprofit training entity” to pair “eligible individuals” with an appropriate “service animal.” A nonprofit training entity may disqualify a program participant under specified circumstances, and a program participant may discontinue involvement in the program for any reason. The bill establishes the Maryland Disability Service Animal Program Fund to pay a nonprofit training entity and cover the costs of administering the program. For each fiscal year, the Governor must include in the annual budget bill an appropriation of \$25,000 to the fund. However, the bill is contingent on MDOD certifying, by October 1, 2026, that it has sufficient staff to administer the program. If MDOD certifies that it lacks sufficient staff to administer the program by that date, the bill is null and void.

Fiscal Summary

State Effect: Likely no effect in FY 2026, as discussed below. General fund expenditures increase by *as much as* \$170,000 in FY 2027 to reflect the mandated appropriation of \$25,000 and to further capitalize the fund to cover all anticipated program costs; special fund revenues and expenditures increase accordingly. Future years reflect ongoing costs. Special fund revenues may increase by an additional amount beginning in FY 2027 to reflect private donations, gifts, or grants (not shown). **This bill may establish a mandated appropriation beginning as early as FY 2027.**

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000
GF Expenditure	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000
SF Expenditure	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000
Net Effect	(\$170,000)	(\$170,000)	(\$170,000)	(\$170,000)	(\$170,000)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: “Eligible individual” means a resident of the State with a disability, as defined in the federal Americans with Disabilities Act of 1990, 42 U.S.C. § 12102.

“Nonprofit training entity” means a corporation, foundation, or other legal entity that (1) is tax-exempt under § 501(c)(3) of the Internal Revenue Code; (2) engages in the training of service animals for use by eligible individuals; and (3) has been selected by MDOD to provide services.

“Service animal” means an animal that is individually trained to do work or perform tasks for the benefit of an individual with a disability. “Service animal” does not include an animal that (1) as a result of the animal’s presence, is meant to deter crime or (2) provides only emotional support, well-being, comfort, or companionship to an individual.

Maryland Disability Service Animal Program

The purposes of the program are to (1) select one or more nonprofit training entities to participate in the program and (2) provide additional funding mechanisms to assist eligible individuals in the program. MDOD must:

- administer the program;
- adopt regulations to implement the program, including regulations establishing procedures for MDOD to (1) receive donations for the fund and (2) use revenue from the fund to pay selected nonprofit training entities for services provided through the program; and
- select at least one nonprofit training entity to (1) develop and implement a training protocol that will teach each program participant methodologies, strategies, and techniques for partnering with service animals; (2) select qualified program participants; (3) select an appropriate service animal for each program participant; (4) facilitate each program participant’s training using the nonprofit training entity’s protocol; and (5) partner each successful program participant with the service animal on the program participant’s successful completion of the nonprofit training entity’s training protocol.

To be eligible for selection as a nonprofit training entity, an entity must (1) serve the needs of eligible individuals in the State and (2) generate its own revenue and reinvest the proceeds of that revenue in the growth and development of its programs.

Maryland Disability Service Animal Program Fund

The Secretary of Disabilities must administer the fund. The fund is a special, nonlapsing fund. The fund consists of (1) revenue collected by MDOD in the form of donations to the program; (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 to pay a nonprofit training entity and for administrative costs of the program. Money expended from the fund is supplemental to, and not intended to take place of, money that would otherwise be appropriated for the program. MDOD may accept gifts or grants for donation to the fund.

Contingent Provisions

By October 1, 2026, MDOD must notify the Department of Legislative Services (DLS) as to whether the department has certified that it has sufficient staff to administer the program. If DLS receives notification that there are sufficient staff to administer the program by October 1, 2026, the bill takes effect on the date the notice is received. If DLS receives notice that MDOD *lacks* sufficient staff to administer the program by October 1, 2026, the bill is null and void.

Current Law: Pursuant to § 7-701 of the Human Services Article, “service animal” means a guide dog, signal dog, or other animal individually trained to do work or perform tasks for the benefit of an individual with a disability, including (1) guiding individuals with impaired vision; (2) alerting individuals with impaired hearing to an intruder or sounds; (3) providing minimal protection or rescue work; (4) pulling a wheelchair; (5) fetching dropped items; or (6) detecting the onset of a seizure.

Federal Americans with Disabilities Act of 1990

Pursuant to 42 U.S.C. § 12102, “disability” means, with respect to an individual (1) a physical or mental impairment that substantially limits one or more major life activities of such individual; (2) a record of such an impairment; or (3) being regarded as having such an actual or perceived physical or mental impairment whether or not the impairment limits or is perceived to limit a major life activity.

Maryland Children's Service Animal Program and Fund

Chapters 247 and 248 of 2020 established the Maryland Children's Service Animal Program and associated fund in the Maryland Department of Health to refer eligible children to selected nonprofit entities to be paired with service or support animals or interact with therapy horses and facilitate their training or therapy.

The purposes of the program are to (1) refer eligible children who may benefit from participation to nonprofit training entities; (2) provide additional funding mechanisms to assist children participating in the program; and (3) expand treatment of children with a history of trauma, post-traumatic stress disorder, or a developmental disability and special health care need.

Since its inception in 2020 through fiscal 2025, the Maryland Children's Service Animal Program has not been allocated funding in the State budget.

Maryland Veterans Service Animal Program and Fund

Chapter 416 of 2017 established the Maryland Veterans Service Animal Program and Fund. The program is designed to refer eligible veterans to selected nonprofit training organizations to be paired with service dogs or support dogs and facilitate their training. The Maryland Department of Veterans and Military Families (MDVMF) must select at least one nonprofit training entity that meets specified qualifications to carry out elements of the program. Chapter 465 of 2019 expanded the program to include nonprofit training entities that use trained therapy horses for interaction with veterans. MDVMF awarded approximately \$170,000 in grants in fiscal 2024 and anticipates awarding approximately \$212,000 in grants in fiscal 2025 to eligible service animal and equine therapy programs.

State Fiscal Effect: The bill is contingent on MDOD certifying, on or before October 1, 2026, that the department has sufficient staff to *administer* the program and notifying DLS of this certification. This analysis assumes that MDOD makes this certification by October 1, 2025 (in fiscal 2026), which triggers the bill to take effect and enables the mandated appropriation to be included in the fiscal 2027 budget.

The bill requires the Governor to include \$25,000 in the annual budget bill for the Maryland Disability Service Animal Program Fund. As noted above, this analysis assumes that the bill takes effect October 1, 2025, and that the mandated amount is, therefore, included in the fiscal 2027 budget (and out-year budgets). Thus, general fund expenditures increase by \$25,000 annually beginning in fiscal 2027 to reflect the mandated appropriation; special fund revenues and expenditures increase accordingly.

However, MDOD advises that \$25,000 is not sufficient to meet the bill’s requirements. Although the number of potential program participants is unknown, based on funding provided by MDVMF under the Maryland Veterans Service Animal Program, the cost to pay a nonprofit training entity is assumed to be \$170,000 on an annualized basis. Therefore, general fund expenditures likely increase by an additional \$145,000 annually beginning in fiscal 2027 to sufficiently capitalize the fund to pay a nonprofit training entity; special fund revenues and expenditures increase accordingly.

Special fund revenues to the Maryland Disability Service Animal Program Fund increase further beginning as early as fiscal 2027 to the extent that the fund receives private donations, grants, or gifts. The amount of such revenues cannot be reliably estimated. *For illustrative purposes only*, MDVMF received donations totaling \$1,955 to the Maryland Veterans Service Animal Program Fund in calendar 2018 through 2021, and two donations were received in calendar 2024.

To the extent MDOD certifies that it has sufficient staff on a later date (but before October 1, 2026), the effective date of the bill, the mandated appropriation, and implementation of the program are likewise delayed (along with related revenues and expenditures).

However, should MDOD certify that it does *not* have sufficient staff to administer the program at any time on or before October 1, 2026, the bill is null and void.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 796 of 2024.

Designated Cross File: SB 157 (Senator Simonaire, *et al.*) - Finance.

Information Source(s): Maryland Department of Disabilities; Maryland Department of Veterans and Military Families; Department of Legislative Services

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