

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 585
 Finance

(Senator Guzzone)

Human–Relevant Research Fund – Collection of Contributions – Responsible Entity

This bill requires the Maryland Department of Agriculture (MDA), instead of the Maryland Department of Health (MDH), to collect already required contributions from specified research facilities. As a result, the Secretary of Agriculture, instead of the Secretary of Health, must distribute the monies collected to the Human-Relevant Research Fund (HRRF) administered by the Maryland Technology Development Corporation (TEDCO). The research facilities required to make the contribution and the applicable payment amounts are unchanged by the bill. Likewise, existing civil penalty provisions continue to apply to research facilities that fail to pay the contribution.

Fiscal Summary

State Effect: General fund expenditures for MDA increase by \$42,900 in FY 2027; out-years reflect annualization and ongoing costs. HRRF special fund revenues and expenditures for TEDCO continue, and may increase, as discussed below. There is no material effect on public higher education institutions subject to the contribution, MDH expenditures, or general fund revenues from existing penalty provisions.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	42,900	47,100	49,500	51,900	54,200
Net Effect	(\$42,900)	(\$47,100)	(\$49,500)	(\$51,900)	(\$54,200)

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

Local Effect: Local government operations and finances are not materially affected, as discussed below.

Small Business Effect: Potential minimal, as discussed below.

Analysis

Current Law: Chapters 447 and 448 of 2023 established HRRF as a special, nonlapsing, fund administered by TEDCO and capitalized by annual contributions from specified research facilities. HRRF’s stated purpose is to promote State-funded research intended to develop human-relevant alternatives to using nonhuman animals in medical and product testing and research through grants and loans to public and private entities in the State. The fund may only be used to (1) award grants and loans for State-funded, human-relevant animal testing alternatives research in accordance with the recommendations of the independent scientific review board (with which TEDCO must contract) and (2) pay the costs necessary to administer the fund. Interest earnings of the fund accrue to the fund.

By January 15 each year, beginning in 2024, each research facility located in Maryland that is required to submit an Animal and Plant Health Inspection Service (APHIS) Form 7023 must make a contribution to MDH based on the total number of animals used in its research. The annual amount ranges from \$5,000 to \$75,000, depending on the number of animals reported in Column F of the most recently submitted form. A research facility that fails to pay the contribution as required may be subject to a civil penalty of up to \$1,000 per day.

State Fiscal Effect:

Maryland Department of Agriculture

MDA advises that it does not have sufficient capacity to absorb the workload required by the bill, particularly since the duty for MDA to collect the contribution, and research facilities to pay it to MDA, extends back to 2024. Accordingly, for any such facilities that did not make their required contributions to MDH, MDA likely must attempt to collect delinquent payments as well as any due beginning in fiscal 2027.

Thus, general fund expenditures for MDA increase by \$42,932 in fiscal 2027, which accounts for the bill’s October 1, 2026 effective date. This estimate reflects the cost of hiring one half-time administrative officer to collect contributions from research facilities and track compliance as required by the bill.

Position	0.5
Salary and Fringe Benefits	\$34,833
Operating Expenses	<u>8,099</u>
Total FY 2027 State Expenditures	\$42,932

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Maryland Technology Development Corporation

Special fund revenues and expenditures for HRRF continue as contributions collected by MDA are used to pay for TEDCO administrative expenses and provide grants and/or loans to eligible recipients. However, HRRF revenues and expenditures *may* increase beginning in fiscal 2027. TEDCO advises that MDH has encountered challenges in collecting the required contribution under Chapters 447 and 448 – more specifically, TEDCO advises that only \$185,000 has been distributed to HRRF to date. Thus, to the extent MDA is more successful in collecting contributions given its greater nexus with animal research facilities, special fund revenues and related expenditures for HRRF increase. Any such increase cannot be reliably estimated at this time. For context, the fiscal and policy note for the implementing legislation estimated that revenues *could* increase by as much as \$915,000 annually. However, that estimate was based on 35 facilities being subject to the contribution at that time and the 15 federal facilities among them voluntarily making the payment.

Public Institutions of Higher Education

Of the 31 registrants required to make annual contributions under Chapters 447 and 448, based on the latest APHIS Form data from 2024, four are public senior institutions of higher education. While the bill changes the entity responsible for collecting their contributions, these institutions will continue to make the same payments they would have under current law. This analysis assumes that they have been compliant in making the existing required contributions. Nevertheless, to the extent that public higher education institutions receive more or greater awards through HRRF due to additional funding being available from enhanced compliance by other research facilities, higher education revenues increase.

Maryland Department of Health

General fund expenditures for MDH are unaffected as staffing does not change. Any staff who have been responsible for collecting contributions are diverted to other priorities.

Local Fiscal Effect: Local expenditures continue for local institutions required to make the contribution under Chapters 447 and 448 . Thus, the Community College of Baltimore County, based on the 2024 APHIS Form data, continues to be subject to the requirement. This analysis assumes that the community college has been compliant in making payments. However, to the extent MDA is more successful at collecting

contributions than MDH, more funding is available to award as research grants and loans through HRRF (which could be made to local institutions).

Small Business Effect: To the extent MDA is more successful at collecting contributions than MDH, more funding is available to award as research grants and loans through HRRF. Accordingly, small businesses may benefit.

Additional Information

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

Designated Cross File: HB 625 (Delegate Cullison) - Health.

Information Source(s): Maryland Department of Agriculture; Maryland Technology Development Corporation; Judiciary (Administrative Office of the Courts); Maryland Department of Health; U.S. Department of Agriculture; Department of Legislative Services

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