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FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 38

SHORT TITLE: Fees on Registered Pet Food

SPONSOR: Wirth/Parajón

LAST UPDATE: _____ **ORIGINAL DATE:** 1/23/2026 **ANALYST:** Montano

REVENUE* (dollars in thousands)

Type	FY26	FY27	FY28	FY29	FY30	Recurring or Nonrecurring	Fund Affected
Fee	No fiscal impact	\$63.2	\$63.2	\$63.2	\$63.2	Recurring	BVM
Fee	No fiscal impact	\$54.0	\$54.0	\$54.0	\$54.0	Recurring	NMDA
Fee	No fiscal impact	\$1,369.0	\$1,369.0	\$1,369.0	\$1,369.0	Recurring	Animal Care and Facility Fund

Parentheses indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

Duplicates House Bill 51

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Board of Veterinary Medicine

New Mexico Department of Agriculture

SUMMARY

Synopsis of Senate Bill 38

Senate Bill 38 (SB38) repeals section six of chapter 69 from laws 2020. This section of Chapter 69 establishes a delayed repeal of the Spay and Neuter program fee that is created in section five of chapter 69. This fee is currently set to be repealed on July 1, 2026.

The revenue collected from the spay and neuter program fee is distributed in the following ways:

- 96 percent is deposited with the state treasurer and credited to the statewide spay and neuter subaccount of the animal care and facility fund.
- 4 percent is distributed to the Department of Agriculture to administer the New Mexico Commercial Feed Act.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

SB38 removes the delayed repeal for the spay and neuter program fee on July 1st, 2026, or the start of FY27. The enactment of SB38 will have no effect on revenue generated in FY26, but SB38 will continue the collection of this fee past FY26. The revenue projections are from the New Mexico Department of Agriculture (NMDA), who have provided the following explanation:

In 2025, there were 15,677 pet food products registered with the New Mexico Department of Agriculture (NMDA). Approximately 9% of the registered pet food products are exempt from the spay and neuter program fee. The estimated annual revenue is approximately \$1,426,700. Ninety-six percent (96%) of the spay and neuter program fee revenue is deposited into the statewide spay and neuter subaccount. The subaccount is estimated to receive approximately \$1,369,632 annually. The remaining four percent (4%) of fee revenue is retained by NMDA to administer the Commercial Feed Act. Of the amount retained by NMDA, New Mexico State University (NMSU) receives five percent (5%) for institutional support. After the NMSU allocation, NMDA is estimated to receive approximately \$54,214 annually.

SB38 is not creating a new responsibility for the affiliated agencies but instead continues existing operations. For this reason, there is no additional operating budget impact with the enactment of SB38 because the agencies affected have already built in the costs of collecting the fee into the operating budget.

SIGNIFICANT ISSUES

The Board of Veterinary Medicine (BVM) provided the following analysis for significant issues:

The Board of Veterinary Medicine and the State of NM has an overpopulation of cats and dogs, and this program is very important to all residents of NM. Affordable spay/neuter programs are crucial to control the stray populations. Without this funding, the shelters would be overfull, and this would mean that more animals would have to be euthanized daily.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB38 is a duplicate of House Bill 51.