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**REPORT ON LEGISLATION BY THE
COMMITTEE ON ANIMAL LAW**

S.2894-B

Sen. Parker

AN ACT to amend the Tax Law in relation to establishing a tax credit for the adoption of household pets.

THIS LEGISLATION IS APPROVED WITH A RECOMMENDATION

SUMMARY OF THE PROPOSED LAW

S.2894-B would amend the Tax Law Section 606 by adding a new subsection (ccc) to provide an individual taxpayer with a credit for taxable years beginning on or after January 1, 2016 against the tax imposed by Article 22, Personal Income Tax, for the cost of adopting a maximum of three household pets per taxable year from a qualifying pound, duly incorporated professional organization or duly incorporated humane society. The amount of the credit must be for the actual cost of such adoption, but must not exceed the maximum credit of \$100 per household pet per taxable year.

The term “household pet” is defined to mean any dog, cat, or other domesticated animal kept for the primary purpose of companionship that is normally maintained in or near the household of the owner or person who cares for such domesticated animal, provided that keeping such animal is not in violation of any applicable provisions of federal, state or local law.

The Commissioner of Taxation and Finance (the “Commissioner”) may require a qualified taxpayer to furnish proof of spaying or neutering in support of his or her claim for the credit.

**THE COMMITTEE SUPPORTS THE PROPOSED LEGISLATION WITH
RECOMMENDATIONS**

Each year, almost eight million household pets, mostly dogs and cats, enter the shelter system in the United States. Unfortunately, not all of them find homes. Each year, almost three million pets are euthanized in the United States.¹

¹ ASPCA, www.aspc.org/animal-homelessness/shelter-intake-and-surrender/pet-statistics (last viewed May 22, 2016).

Though statewide numbers are hard to confirm, a look at the statistics of New York City Animal Care Center (“NYC ACC”), an animal shelter which serves as New York City’s pound and one of the country’s largest shelters,² shows that there is a significant pet homelessness problem in New York State. During the years 2010 to 2014, NYC ACC took in approximately 30,000 to 35,000 dogs and cats.³ During that time period, NYC ACC euthanized over 15,000 dogs and cats.⁴

The proposed law would provide a tax credit for adopting household pets from a pound, such as NYC ACC, a duly incorporated professional organization, or humane societies such as the American Society for the Prevention of Cruelty to Animals (“ASPCA”), which take in homeless animals.

A Tax Credit Would Provide an Economic Incentive to Adopt a Homeless Pet

The tax credit under the proposed law would provide a dollar-for-dollar offset, up to \$100 per pet for up to three pets per year, against a taxpayer’s New York State personal income tax liability. So, for example, a taxpayer who adopts two kittens and pays an adoption fee of \$200 to NYC ACC during a taxable year, and whose income tax liability is \$1000 for that same taxable year, would receive a reduction in taxes of \$200 as a result of the proposed law, and therefore would owe \$800 in New York State personal income tax for that taxable year.

The tax savings would encourage taxpayers to adopt from animal shelters because adopting a pet involves certain “upfront” costs such as adoption fees, leashes, bedding, feeding supplies, grooming tools, and other supplies. The tax credit would help offset these costs.

We do not think that the proposed law would encourage taxpayers to adopt a pet from a pound or humane society *only* for the sake of obtaining a tax credit. While the tax credit helps offset some of the upfront costs of adopting a household pet, it is not enough to offset the ongoing costs of taking care of a household pet. Therefore, it likely would not attract people who are merely interested in the tax credit. Instead, it would encourage people who are already seeking a household pet to step through the door of their local pound or humane society.

A Tax Credit Could Reduce the Homeless Pet Population

The proposed law would encourage people to adopt from pounds or humane societies. If people are encouraged to adopt their household pet from a pound or humane society, the number of homeless pets would decrease for several reasons. The most obvious reason, of course, is that if the demand for pets at pounds or humane societies increased, and their supply stayed the same,⁵ the number of pets at these organizations should decrease.

² NYC AC&C, <http://www.nycacc.org/About.htm> (last viewed May 22, 2016).

³ NYC AC&C, https://www.nycacc.org/pdfs/stats/2014/12dec/intake-outcome-2014_cats_dogs_v15.pdf (last viewed May 22, 2016).

⁴ *Id.*

⁵ Though the number of homeless animals in New York State is significant, there is no reason to believe that it would increase if more people adopted from pounds or humane societies.

Further, if more people became aware of the highly adoptable animals at pounds or humane societies, including young animals and pure-bred dogs and cats,⁶ these organizations could become a more popular source for obtaining a household pet.

Moreover, since household pets adopted from pounds or humane societies generally must be spayed or neutered before they can be adopted, if more people adopted from these organizations, it would mean that more people would own household pets that are spayed and neutered. If more household pets are spayed and neutered, the unwanted pet population would decrease and fewer household pets likely would enter the shelter system.

Tax Credit Would Save New York State Money

Many pounds and humane societies are fully or partially funded by state, county and municipal governments.⁷ If more people adopted from these organizations, they would require less government funding, since increased adoptions would save money for the following reasons:

- 1) animals would spend less time at the organizations before they are adopted;
- 2) fewer animals would need to be euthanized, which would save euthanasia costs;
- 3) more money would be earned in adoption fees, which could be used to offset operating expenses;
- 4) the community would become more aware of and involved with the organizations, which could lead to community financial support in the form of donations, free advertisement or volunteering hours.

RECOMMENDATION

We recommend that the definition of a qualifying organization from which a taxpayer can adopt a household pet to obtain the tax credit be more clearly defined. Homeless household pets may be sheltered at pounds, such as NYC ACC, or humane societies, such as ASPCA, but they also may be housed by small rescue groups founded by one or two individuals as not-for-profit organizations. On the other hand, for-profit dog or cat breeders may try to qualify under the definition of “duly incorporated professional organization” and, therefore, make the claim that adopting a household pet from such breeders would entitle an adopter to a tax credit. For

⁶ Humane Society of the United States, http://www.humanesociety.org/issues/adopt/tips/adopting_from_shelter_rescue.html?referrer=https://www.google.com/ (Reporting that 25% of animals at shelter are pure bred.) (last viewed May 22, 2016).

⁷ For example, NYC ACC has a contract with the City of New York to provide animal shelter services. See, 2014 financial statement at: <http://www.nycacc.org/pdfs/boardmeetings/Animal%20Care%20&%20Control%20NYC%20June%2030,%202014%20FSFinal.pdf> (last viewed May 22, 2016).

these reasons, the qualifying organization should be more clearly defined to include only pounds, humane societies and other similar not-for-profit organizations.

Under the proposed law, the Commissioner may require a qualified taxpayer to furnish proof of spaying or neutering in support of his or her claim for the credit. Since there are circumstances under which it is medically risky to spay or neuter a pet (for example, in the case of a cat or dog who is in poor health or is underweight, or for certain types of animals such as rabbits, reptiles, birds), we recommend that the proposed law permit an exception to this requirement in the case of a pet for which spaying or neutering is medically unadvised.

SUMMARY

For the aforementioned reasons, the Committee supports the proposed legislation and recommends that the legislation be amended to reflect the aforementioned recommendations.

Lori Barrett, Chair
Animal Law Committee

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