

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 1289 (Chair, Environmental Matters Committee) (By Request –
Departmental – Agriculture)
Environmental Matters

Maryland Horse Industry Fund

This departmental bill retains any unspent or unencumbered balance in the Maryland Horse Industry Fund, rather than having it revert to the general fund at the end of the fiscal year.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: Potential minimal reduction in general fund revenues from reversions of Horse Industry Fund revenues, depending on the year-end balance. However, there have been no special fund reversions to the general fund to date. To the extent a fund balance remains at the end of a fiscal year, special fund expenditures could increase by that amount in subsequent years.

Local Effect: None.

Small Business Effect: The Maryland Department of Agriculture (MDA) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: Any unspent or unencumbered funds remaining in the Maryland Horse Industry Fund revert to the general fund at the end of each fiscal year.

The Horse Industry Fund is a continuing, revolving fund consisting of moneys made available: (1) from the assessment on equine feed; (2) by general, federal, or special fund appropriation; and (3) by gifts, grants, or transfers from any government or unit or instrumentality of a government or from any private-sector source.

Background: Horse riding stables have been licensed in Maryland for almost 40 years. In 1968 the General Assembly established (Chapter 474) the Board of Inspection of Horse Riding Stables. In 1998 the General Assembly passed legislation (Chapter 416) that changed the name of the State Board of Inspection of Horse Riding Stables to the Maryland Horse Industry Board (MHIB), expanded the membership of the board from 5 to 12, created the Maryland Horse Industry Fund, and expanded the mission and statutory duties of the board. In 2002 the General Assembly passed legislation (Chapter 223) which authorized MDA to levy an assessment on equine feed to fund the activities of MHIB. In 2004 the General Assembly passed legislation (Chapter 151) authorizing the board to impose fines of up to \$2,000 on any person who violates specified provisions of the Agriculture Article.

The addition of special fund revenue from the equine feed assessment, beginning in fiscal 2003, has changed the funding of the board's activities. Before fiscal 2003, general funds supported all board activities; revenue from licensing and inspections is still deposited in the general fund. With the creation of the special fund source, the board generally has been able to fund most of its newer responsibilities through special funds and continue to limit general fund support to licensing and inspiration activities.

In recent years, the board has participated in and provided funding for a number of horse industry-related projects including the 2002 Equine Census, the 2004 Horse Forum, and the 2006 Maryland Horse Park Feasibility Study.

State Fiscal Effect: The bill could result in a minimal reduction in general fund revenues depending on the special fund balance at the end of each fiscal year. **Exhibit 1** shows the revenues and expenditures for the Horse Industry Fund for fiscal 2003 through 2008. As shown in the exhibit, there have been no reversions to the general fund since the board began generating special fund revenue from the equine feed assessment fee. Instead, special fund revenues have been equal to expenditures. The Governor's proposed fiscal 2008 budget assumes \$106,436 in special fund revenues and expenditures.

It should be noted that the fiscal 2007 appropriation was based on the assumption that MHIB and MDA would conduct another equine census and receive additional grants to help cover the cost; however, funding is not sufficient to conduct a census this year. The

actual fiscal 2007 special fund revenues and expenditures, to date, are \$56,127 and \$56,396, respectively.

Exhibit 1
Fiscal History of the Maryland Horse Industry Fund
Fiscal 2003-2008

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
SF Revenues	\$55,673	\$82,310	\$94,225	\$108,357	\$283,982	\$106,436
SF Expenditures	55,673	82,310	94,225	108,357	283,982	106,436
Reversions to GF	\$0	\$0	\$0	\$0	\$0	\$0

Source: Maryland State Budget Document for Fiscal 2005, 2006, 2007, 2008

To the extent a fund balance remains at the end of a fiscal year, special fund expenditures could increase by that amount in subsequent fiscal years. Any such impact would not occur until fiscal 2009.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Agriculture, Department of Legislative Services

Fiscal Note History: First Reader - March 15, 2007
ncs/ljm

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