

**Department of Legislative Services**  
 Maryland General Assembly  
 2009 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 973

(Delegate V. Clagett)

Environmental Matters

Education, Health, and Environmental Affairs

**Maryland Horse Industry Fund - Assessments on Commercial Equine Feed**

This bill increases the maximum per ton assessment, from \$2 to \$6, that may be imposed by the Maryland Horse Industry Board (MHIB) on commercial equine feed sold in Maryland. The bill specifies that any unspent or unencumbered balance in the fund at the end of a fiscal year may not revert to the general fund.

**Fiscal Summary**

**State Effect:** Special fund revenues may increase by \$120,500 in FY 2010, which reflects partial year collections, and by \$160,700 annually beginning in FY 2011. Future years assume constant collections. The availability of additional special fund revenues may affect both special fund and general fund expenditures for MHIB.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
SF Revenue	\$120,500	\$160,700	\$160,700	\$160,700	\$160,700
GF Expenditure	(-)	(-)	(-)	(-)	(-)
SF Expenditure	-	-	-	-	-
Net Effect	\$120,500	\$160,700	\$160,700	\$160,700	\$160,700

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

**Local Effect:** None.

**Small Business Effect:** Minimal.

## Analysis

**Current Law:** The maximum assessment that may be imposed by MHIB on commercial equine feed sold in Maryland is \$2 per ton. Proceeds from the feed assessment fee are deposited in the Maryland Horse Industry Fund. Any unspent or unencumbered balance remaining in the fund at the end of a fiscal year reverts to the general fund.

**Background:** MHIB has licensed and inspected horse stables in the State for more than 40 years. In addition, the board has a broad mission related to serving as an information resource about, supporting research on, and promoting the equine industry in Maryland. Funds collected from the equine feed assessment may only be used by MHIB for education, research, and promotional materials and activities intended to benefit the Maryland equine industry.

MHIB assesses the fee on the mills that manufacture equine feed sold in Maryland, and the mills pass that cost on to the consumer, who may then request reimbursement for the fee from the State. The assessment must be paid quarterly by either check or money order accompanying a remittance form provided by MHIB. MHIB reports that, as of January 2008, approximately three dozen feed producers sell equine feed in Maryland.

The Maryland Department of Agriculture reports that no special funds have reverted to the general fund in prior years.

**State Fiscal Effect:** Special fund revenues may increase by \$120,500 in fiscal 2010, which reflects the bill's October 1 effective date, and by \$160,700 annually thereafter, to the extent that MHIB raises the assessment fee to \$6 per ton. The estimate is based on the average of assessment fees collected for fiscal 2003 through 2008, excluding fiscal 2006 because data for that year are unreliable. MHIB indicates that there are approximately 87,000 equines in the State and the average equine consumes 0.513 tons of assessed feed annually.

It is assumed that special fund expenditures increase by a commensurate amount to fund other board-related activities as well as to provide grants for equine-related activities. However, any such expenditure increase is not required. Moreover, to the extent that the increase in special fund revenue reduces reliance on general fund subsidies, there may be a commensurate decrease in general fund expenditures for MHIB. Nevertheless, as the revenues from the assessment can only be used for certain MHIB activities, general fund support continues to be necessary; licensing and inspection fees collected by MHIB are deposited in the general fund. The fiscal 2010 budget assumes a general fund expenditure of \$62,390 for MHIB. The provision prohibiting a reversion of any remaining funds to the general fund is not expected to affect the general fund as there have been no reversions in prior years.

## 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 3, 2009  
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