

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 9 (Delegate Guyton, *et al.*)
 Environment and Transportation

**Maryland Horse Industry Board - Breeding Stables and Horse Establishments -
 Definitions**

This bill adds breeding stables to the existing horse establishments that must be licensed, inspected, and regulated by the Maryland Horse Industry Board (MHIB). “Breeding stable” is defined as an establishment where horses are bred and offered for sale to the public.

Fiscal Summary

State Effect: General and special fund expenditures increase collectively by \$72,500 in FY 2021; future years reflect annualization and ongoing costs. Special fund revenues increase by \$12,500 in FY 2021; future years reflect additional licensees.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
SF Revenue	\$12,500	\$15,600	\$18,800	\$21,900	\$25,000
GF Expenditure	\$60,000	\$49,500	\$47,800	\$46,900	\$46,100
SF Expenditure	\$12,500	\$15,600	\$18,800	\$21,900	\$25,000
Net Effect	(\$60,000)	(\$49,500)	(\$47,800)	(\$46,900)	(\$46,100)

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

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: A person may not engage in the business of operating or maintaining any horse establishment unless the person has received a license issued by MHIB. “Horse establishment” is defined as an establishment that solicits or offers to the public any of the

following services: (1) a boarding stable; (2) a lesson or rental stable; or (3) a rescue or sanctuary stable. Horse racing and Standardbred stables are exempt from regulation by the board.

To apply for a license, an applicant must submit an application to MHIB and pay the board a license fee of \$125. A license expires on the June 30 after its effective date unless the license is renewed for a one-year term by submitting a renewal application and a \$125 renewal fee. The license fees are deposited in the Maryland Horse Industry Fund, which funds the board's activities.

Each licensed horse establishment must be inspected as determined by MHIB, and each licensee must display the license conspicuously on the premises where a horse establishment is operated by the licensee.

Subject to an opportunity for a hearing, the board may suspend or revoke the license issued to any licensee if the licensee:

- fails to provide suitable food, water, and shelter for a horse under the control of the licensee;
- maintains an unsanitary or unfit horse establishment;
- fails to provide suitable saddles, bridles, harnesses, and other tack or equipment;
- allows unfit horses to be used for riding or driving purposes;
- refuses to allow a member of the board to enter and inspect the licensed premises;
- obstructs any member of the board in the performance of their duties;
- commits an act of cruelty as defined under State criminal law or allows the commission of an act of cruelty by any other person with relation to any horse under the control of the licensee;
- does any other action that, in the opinion of the board, taking into consideration the welfare of the horses under the control of the licensee, shows that the licensee is unfit to operate a horse establishment; or
- fails to comply with the rules and regulations of the board after receiving a license.

Any person who violates the provisions governing the licensure and regulation of horse establishments by the board is guilty of a misdemeanor and subject to a fine of up to \$500 and/or imprisonment of up to 11 months. Instead of pursuing criminal penalties, the board may impose an administrative penalty of up to \$2,000 for each violation on any person who (1) engages in the business of operating or maintaining any horse establishment without a license or (2) engages in an action listed above for which a license can be suspended or revoked.

Background:

Maryland Horse Industry Board

MHIB consists of the Secretary of Agriculture and 11 other members from various constituencies in, or with an interest in, the horse industry. The board has the statutory responsibilities of:

- carrying out licensing, inspection, and enforcement activities;
- advising the Maryland Department of Agriculture regarding matters affecting the horse industry in the State;
- supporting research related to equine health and related issues;
- promoting the development and use of horses in the State;
- creating public awareness of the value of equine activities as they relate to the preservation of green space and agricultural land; and
- developing and disseminating information concerning the equine industry, including the history and tradition of breeding and the role of horses in recreational activities.

Stable Inspections

MHIB indicates that it shares two inspectors with the State Board of Veterinary Medical Examiners, who are responsible for inspecting more than 700 horse stables, 600 veterinary clinics, and 40 animal shelters. The board estimates that there are 100 to 200 nonracing breeding stables that breed horses for commercial sale that would need to be licensed and inspected as a result of the bill.

State Revenues: Special fund revenues increase by \$12,500 in fiscal 2021, reflecting licensing of an estimated 100 breeding stables. Special fund revenues increase by greater amounts in future years, reflecting discovery of additional stables that have not yet been licensed and are brought into compliance.

State Expenditures: General and special fund expenditures increase collectively by \$72,515 in fiscal 2021, which accounts for the bill's October 1, 2020 effective date. This estimate reflects the cost of hiring one additional inspector to handle locating and contacting breeding stables and bringing them into compliance with MHIB's licensing and regulatory requirements. Existing inspection staff cannot handle the additional workload. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. Special fund expenditures increase correspondingly with the special fund revenue increases (described above) – reflecting spending of those new revenues –

with the remaining expenditures covered with general funds. There is no existing capacity in the Maryland Horse Industry Fund to support new expenditures.

Position(s)	1
Salary and Fringe Benefits	\$47,974
Vehicle	16,000
Other Operating Expenses	<u>8,541</u>
Total FY 2021 State Expenditures	\$72,515

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing operating expenses. As more breeding stables are licensed over time, a greater portion of MHIB's costs are covered with special funds instead of general funds.

Small Business Effect: The bill may have a meaningful impact on small business breeding stables who need to pay the annual \$125 license fee and make any improvements necessary to meet MHIB standards.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

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Analysis by: Scott D. Kennedy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510