

**Department of Legislative Services**  
Maryland General Assembly  
2014 Session

**FISCAL AND POLICY NOTE**

House Bill 256

(The Speaker)(By Request - Department of Legislative Services)

Environmental Matters

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**Maryland Horse Industry Board - Sunset Extension and Program Evaluation**

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This bill extends the termination date for the Maryland Horse Industry Board by 10 years to July 1, 2026, and requires a preliminary evaluation of the board under the Maryland Program Evaluation Act to be conducted by December 15, 2023. The bill also repeals a provision that limits the board's use of funds received from an assessment on commercial equine feed. The board must report to the Senate Education, Health, and Environmental Affairs Committee and the House Environmental Matters Committee by October 1, 2015, on the board's use of its civil enforcement authority and its progress in balancing its revenues and expenditures once contractual expenses for the Maryland horse park study end.

The bill takes effect July 1, 2014.

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**Fiscal Summary**

**State Effect:** Special fund revenues and expenditures for the Maryland Horse Industry Board are maintained beyond FY 2016. The Governor's proposed FY 2015 budget includes \$346,936 in special funds for the operation of the board. The bill's reporting requirements can be handled with existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

### **Current Law/Background:**

#### *Maryland Program Evaluation Act*

The Maryland Horse Industry Board is 1 of approximately 70 regulatory entities and activities currently subject to periodic evaluation under the Maryland Program Evaluation Act. The Act establishes a process better known as “sunset review” as most agencies evaluated are subject to termination, including the Maryland Horse Industry Board, which is scheduled to terminate July 1, 2016. The sunset review process traditionally begins with a preliminary evaluation conducted by the Department of Legislative Services (DLS) on behalf of the Legislative Policy Committee (LPC), although a few entities are subject to direct full evaluation. LPC decides whether to waive an entity from further (or full) evaluation. If waived, legislation to reauthorize the entity typically is enacted. Otherwise, a full evaluation usually is undertaken the following year.

A copy of the DLS sunset report on the Maryland Horse Industry Board can be found at <http://dls.state.md.us/Content.aspx?page=104>.

This bill implements the DLS recommendations stemming from the preliminary sunset evaluation report on the Maryland Horse Industry Board as adopted by LPC at its December 17, 2013 meeting.

#### *Maryland Horse Industry Board*

The Maryland Horse Industry Board is responsible for licensing and inspecting horse stables, advising the Maryland Department of Agriculture regarding matters affecting the horse industry in the State and undertaking various efforts in support of the horse industry. As of July 31, 2013, the board regulated 619 licensed stables.

The operations of the board are supported by the Maryland Horse Industry Fund, which receives revenues from licensing and inspection fees collected by the board (\$75,875 in fiscal 2013) and an assessment on commercial equine feed sold in the State (\$200,390 in fiscal 2013). The revenues generated from the commercial equine feed assessment may only be used for education, research, and promotional materials and activities intended to benefit the Maryland equine industry. Money in the fund in general must be used to fulfill the statutory duties of the board.

In its preliminary sunset evaluation, DLS found that the board is actively carrying out both its regulatory responsibilities and its mandate to promote the State’s horse industry.

Thus, DLS recommended that LPC waive the board from full evaluation and that legislation be enacted to extend the board's termination date by 10 years to July 1, 2026.

DLS also brought attention to the restriction on the use of revenues from the commercial equine feed assessment, recommending that it be removed to allow the board more flexibility in covering its operating expenditures. It was also noted that (1) the board was finalizing regulations and procedures that will allow it to fine unlicensed stables pursuant to civil enforcement authority granted by Chapter 151 of 2004 and (2) board expenditures are expected to exceed revenues from licensing and inspection fees and the commercial equine feed assessment in fiscal 2014, but revenues and expenditures are expected to equalize in fiscal 2015 following the completion of a horse park feasibility study.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 294 (The President)(By Request - Department of Legislative Services) - Education, Health, and Environmental Affairs.

**Information Source(s):** Maryland Department of Agriculture; Governor's Budget Books, Fiscal 2015; Department of Legislative Services

**Fiscal Note History:** First Reader - January 23, 2014  
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