



Maryland
Department of Agriculture

Maryland Horse Industry Board

Agriculture | Maryland's Leading Industry

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To: Maryland Horse Industry Constituents

From: Maryland Horse Industry Board

Date: January 22, 2009

Re: Update regarding the availability of funds for grants by the MHIB

The Maryland Horse Industry Board (MHIB) will be unable to award grants for the 2009 fiscal year (FY 2009), from July 1, 2008 to June 30, 2009. The Board had attempted to acquire funds to continue the grant program but was unable to do so for a number of reasons.

- 1) In fiscal year 2003 the first collections of the Maryland Commercial Equine Feed Assessment, which amounts to a 5 cent assessment on a 50 pound bag of feed, began to be collected by the MHIB. This assessment was approved by the Maryland General Assembly in the 2002 legislative session. Initial estimates from an agricultural economist from the University of Maryland suggested that the fund could generate \$300,000 annually for the promotion of the Maryland horse industry, or \$3.00 per horse per year. These numbers were acquired from a comparison with the State of North Carolina which had instituted a similar feed assessment in 1999. In anticipation of this new revenue program, elements were put in place to monitor the assessments and manage the activities of the Board. However, on further review it has been found that North Carolina had only been receiving approximately \$1.00 per horse per year when compared directly with the size of their equine population. Unfortunately, this meant that the original fiscal estimate for Maryland was inflated. Consistent with the findings from North Carolina, and coupled with the knowledge gained from the 2002 Maryland Equine Census that there were 87,100 equine in the State of Maryland in 2002, the revenue generated by the fund has averaged \$88,092 annually between the years 2003 and 2008. The MHIB has limited its overall budget dramatically for the past 5 years in order to maintain funding of the grant program, but as of FY 2009 funds are no longer available for the grant program.

- 2) In fiscal year 2003 the General Fund budget of the MHIB was cut by \$50,000 by the Maryland Department of Agriculture in anticipation of the new revenue from the equine feed assessment. Previously, that \$50,000 had been used for grants, and for the administration of the Maryland Licensed Stable Inspection Program which has been in place since the early 1970's. Unfortunately, because of a significantly lower than anticipated revenue from the commercial equine feed assessment, and the fact that those general funds were not restored to the budget of the MHIB, funds are no longer available.
- 3) The MHIB has made several attempts to acquire funding both from the State of Maryland, as well as from alternative sources, such as federal, state and private sources. However, none of those requests have been approved for funding to date.
- 4) Due most likely to a decrease in the overall purchase of equine feed in Maryland, most likely a result of the loss of racing and breeding horses from the State due to new competition from regional neighboring States with breeding and racing subsidized by slot machine gaming revenue, the revenue acquired from the feed assessment has decreased from a high of \$92,471 in calendar year 2004 to \$82,505 in calendar year 2007. Moreover, the economic downturn, and the increase in grain prices in 2008 most likely have impacted the amount of revenue acquired.

Under current budget conditions the MHIB will be unable to fund the grant program until additional funds are acquired. The MHIB and its staff took great pains to keep from having to suspend the grant program, however at this point the Board has no choice. The MHIB will continue to investigate ways to fund the Maryland Horse Industry Grant Program. At such time as funds become available for the grant program, accepted grant applicants from FY 2009 will be contacted to see if their proposed projects are still in need of funding. Once those projects that are still viable have received grant awards, the MHIB will begin to offer the grant program to the rest of the industry.