

**SUBJECT:** Regulation of veterinary corporations

**COMMITTEE:** Agriculture and Livestock — favorable, with amendment

**VOTE:** 7 ayes — Swinford, McReynolds, Christian, Crownover, Green, Hardcastle, C. Jones

0 nays

2 absent — B. Brown, Hupp

**WITNESSES:** For — Elbert Hutchins and Billy Martindale, Texas Veterinary Medical Association

Against — None

On — Ron Allen and Chris Kloeris, Texas State Board of Veterinary Medical Examiners

**BACKGROUND:** In a 1998 opinion (DM-498), then-Attorney General Dan Morales determined that the current Veterinary Licensing Act (art. 8890, VTCS) prohibits the practice of veterinary medicine by a private, for-profit corporation unless it is owned exclusively by licensed veterinarians. Further, a corporation may not employ a licensed veterinarian to provide services and itself take the payment for those services. A corporation also may not own the patient or business records of a veterinary medical practice.

The attorney also determined that the penalties and enforcement provisions in the Veterinary Licensing Act for practicing without a license do not apply to corporations, only to persons. Practicing without a license is a Class A misdemeanor, punishable by up to one year in jail and/or a maximum fine of \$4,000. At the request of the board, the attorney general must bring an action to recover civil penalties of \$1,000 for each day of violation of the act or board rules. The board, acting through the attorney general and local prosecutors, also may enforce the act by bringing injunction proceedings.

**DIGEST:** HB 3446 would amend the Veterinary Licensing Act to prohibit corporations, organizations, business trusts, estates, trusts, partnerships, associations, or other legal entities from practicing veterinary medicine unless owned exclusively by one or more licensed veterinarians. HB 3446 as amended would allow the premises on which a veterinary practice was located to be owned by a person or other legal entity not licensed by the Texas Board of Veterinary Medical Examiners.

HB 3446 would amend other enforcement sections of the Veterinary Licensing Act specifically to include business entities practicing veterinary medicine.

The bill would state as legislative intent that it was clarifying and restating the law already in effect before enactment of the bill. HB 3446 would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

**SUPPORTERS SAY:** HB 3446 would clarify existing law to ensure that businesses engaging in the practice of veterinary medicine must be owned exclusively by licensed veterinarians. It would codify an attorney general's opinion sought last year by the Texas State Board of Veterinary Medical Examiners seeking clarification of application of the law to several types of business arrangements made between corporate entities and vets. The attorney general declared that corporations not owned exclusively by license holders may not engage in veterinary medicine.

This legislation also would clarify that the board may respond to complaints about any kind of veterinary practice, whether by an individual or by a corporation. Currently, the enforcement provisions of the Veterinary Licensing Act do not clearly apply to corporations that practice veterinary medicine without a license. The attorney general has interpreted "person" as not including corporations or legal entities under the Veterinary Licensing Act, unlike other medical licensing acts in which corporations and other legal entities are specifically included. HB 3446 would remove any question about the scope of the board's enforcement authority.

**OPPONENTS SAY:** No apparent opposition.

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NOTES:           The committee amendment would allow the owner of the premises of a veterinary practice not to be licensed by the Board of Veterinary Medical Examiners.