

**SUBJECT:** Creating a Texas horse breeders' incentive program

**COMMITTEE:** Agriculture and Livestock — committee substitute recommended

**VOTE:** 7 ayes — Gonzalez Toureilles, Anderson, B. Brown, Hardcastle, Kleinschmidt, Rios Ybarra, Swinford

0 nays

2 absent — Crabb, Heflin

**WITNESSES:** For — Diane Chilton, Texas Bred Horse Association; Howard Harper, Texas Bred Horse Association; Ken Hodges, Texas Farm Bureau; Jacqueline Wells

Against — None

On — Catherine Steele, Texas Department of Agriculture; Bill Tracy, Texas Thoroughbred Association

**DIGEST:** CSHB 1881 would create a horse breeders' incentive program that would give monetary awards, based on a points system, to Texas horse owners for the participation of foals in Texas horse events. Thoroughbreds, paint horses and quarter horses would be the only breeds eligible for awards.

The program would be funded through a fee of at least \$30 per mare paid by stallion owners who bred six or more mares in a year. Stallion owners would be able to opt out of paying the fee by notifying their breeder's association in writing within 30 days of the deadline to submit an annual report. Stallion owners who bred less than six mares could choose to enter the program by paying the fee. Only owners who paid the fee would be eligible for awards.

Stallion owners who bred more than six mares in a year would be required to submit a copy of their annual breeding report to TDA in conjunction with program fee.

The bill would take effect September 1, 2009.

SUPPORTERS  
SAY:

CSHB 1881 would promote Texas' \$5 billion horse industry by providing incentives for Texas horse owners to participate in horse shows and other industry events. The Texas horse industry has lost millions of dollars over the past several years as breeders have moved to states, like Kentucky, that offer incentive programs. Since implementing a similar program in 2006, Kentucky has increased the number of quarter horse stallions from eight to 250. CSHB 1881 would put Texas on par with other states by creating an incentive program that would encourage horse breeders to stay in Texas.

The horse breeders incentive program would not impose a financial burden on the state because it would be entirely self-funded. The horse breeder's incentive program would operate like industry check programs in other agricultural sectors, where industry members make voluntary contributions into a pool of money used to support the industry as a whole. By establishing this program as an official state program operated by TDA, CSHB 1881 would increase the program's perceived legitimacy among Texas breeders. CSHB 1881 would facilitate recovery in the Texas horse industry at no cost to taxpayers.

Other states have successfully revitalized their horse industries by introducing video lottery terminals and slot machines. However, if Texas does not obtain the legislative approval to expand gambling in the horse industry, an incentive program would be the best way to help salvage the industry. The Texas horse industry is declining at such a fast pace that any and all steps should be taken to prevent its demise.

CSHB 1881 would not penalize horse owners who do not wish to participate in the program. Only large-scale breeders who bred more than five horses per year would be automatically entered into the program, and even they would have an opportunity to opt out. Smaller breeders who only breed a few horses per year for family purposes would be automatically exempt from the program fee. There would be no penalties associated with failure to pay the program fee.

The bill does not provide all the details of the program because smaller details would be ironed out by an advisory committee after the bill was enacted. TDA would adopt rules to accommodate for the complex breeding techniques often used by quarter horse breeders. Agency rules also would be written to ensure a fair distribution of program incentives among the three horse breeds participating in the program.

OPPONENTS  
SAY:

There is no limit to the amount of the fee that CSHB 1881 would allow to be charged to stallion owners for participation in the horse breeders' program. The bill requires the fee to be a minimum of \$30 but does not state a maximum. The horse breeding industry is already struggling financially, and imposing fees on stallion owners could strain the industry even more. Furthermore, there is no guarantee that breeders would actually opt to participate in the program. The program is optional, so breeders could easily decide not to pay the fee and the program would be entirely unfunded.

OTHER  
OPPONENTS  
SAY:

The bill does not specify exactly which horse owners would be responsible for paying the program fees. The bill's language could put quarter horse owners who use complex breeding techniques, like embryo transfers, at a competitive disadvantage. Also, the bill would not prevent one breed of horses from receiving all of the program incentives at the expense of the other two breeds.

NOTES:

The committee substitute, unlike the bill as filed, would allow breeders to opt out of paying the fee. The substitute would apply to all horse events, not just horse shows, and would apply the fee to stallion owners who bred more than five mares in a year rather than to those who had sired more than five foals.