



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	H. 3266	Introduced on January 10, 2023
Author:	Moss	
Subject:	SC Equine Promotion Act	
Requestor:	House Agriculture, Natural Resources, and Environmental Affairs	
RFA Analyst(s):	Tipton	
Impact Date:	January 25, 2023	

Fiscal Impact Summary

This bill establishes the Equine Promotion Board (Board) under the Department of Agriculture (SCDA) to facilitate research, education, and promotion of the equine industry. The bill also establishes a fee of \$2 per ton on all commercial feed labeled for equine use sold in the state to be expended by the board for promoting the state's equine industry as well as administrative costs associated with this purpose.

This bill will increase expenses for SCDA by approximately \$52,000 in FY 2023-24, and \$37,000 in each year thereafter for an additional 0.33 FTE as well as office equipment, travel, equine promotion literature, and other outreach materials needed to carry out the administration of the board and promotion of the equine industry. Approximately \$26,700 will be available each year from fee proceeds to cover these expenses, leaving \$25,300 in FY 2023-24 and \$10,300 in each year thereafter remaining as an obligation of SCDA. The agency indicates that these expenses can be managed within existing General Fund appropriations.

This bill will have no expenditure impact on the State Treasurer's Office (STO) or Office of State Auditor (OSA), as the requirements of the agencies will be managed within existing resources.

This bill will increase revenue to the Equine Promotion Fund by approximately \$178,000 in FY 2023-24 as a result of the fee on all commercial equine feed sold in the state. Of this amount, up to \$26,700 would be allocated to SCDA for administrative expenses and \$151,300 would be available to the board for research, education, and promotion of the equine industry. This estimate is based on a 2020 study by the Institute for Feed Education and Research projecting equine feed consumption in the state to be 88,928 tons annually.

Explanation of Fiscal Impact

Introduced on January 10, 2023

State Expenditure

This bill establishes the Equine Promotion Board under SCDA to facilitate research, education, and promotion of the equine industry. The bill also establishes a fee of \$2 per ton on all commercial feed and custom blends labeled for equine use sold in the state. Fee proceeds must

be deposited into the Equine Promotion Fund within the State Treasury separate from the General Fund to be expended by the board for promoting the equine industry in the state as well as administrative costs associated with this purpose.

Department of Agriculture. This bill establishes the Equine Promotion Board under the purview of SCDA, to be composed of nine members who have direct association with the equine industry and reside in the state. The bill specifies each member's term, procedures for resolving board vacancies, and additional considerations for appointment to the board. The bill requires the board be comprised of the following eleven members:

- One member appointed by the SCDA Commissioner,
- One member appointed by the Chairman of the Senate Agriculture and Natural Resources Committee,
- One member appointed by the Chairman of the House Agriculture, Natural Resources, and Environmental Affairs Committee,
- One member appointed by the South Carolina Horsemen's Council,
- One member appointed by the President of the South Carolina Farm Bureau,
- One member appointed by the Director of the South Carolina Department of Parks, Recreation and Tourism,
- One member appointed by the South Carolina Veterinary Association,
- Two at-large members appointed through a process determined by initial seven appointees, and
- Two members comprised of an SCDA Equine Marketing Specialist and an Equine Specialist from Clemson University, serving ex officio with no voting privileges.

Board members will not receive compensation beyond normal mileage, per diem, and subsistence as provided by law for state boards, committees, and commissions. Pursuant to Proviso 117.19 of the FY 2022-23 Appropriations Act, each board member not a full-time employee of the state will receive per diem of \$35, resulting in a total per diem expense for nine members of \$315 per board meeting. This bill requires the board to meet at least quarterly, resulting in a minimum annual per diem expense of \$1,260. Proviso 117.20 of the FY 2022-23 Appropriations Act sets mileage reimbursement rates applicable to state boards equal to the standard business mileage rate as established by the Internal Revenue Service (IRS) of 65.5 cents per mile, and subsistence to be no more than \$35 per day when traveling in-state and \$50 per day when out-of-state. However, because the total expenses including mileage and subsistence are currently unknown, total expenses related to the board are undetermined. All board-related expenses, along with other SCDA expenses, are eligible for reimbursement of up to fifteen percent of Equine Promotion Fund proceeds in a given fiscal year.

SCDA indicates that an additional 0.33 FTE will be necessary to facilitate research, education, and promotion of the equine industry, manage administration of the board, as well as assess the required fee on equine feed. The agency reports that one third of a Marketing Specialist II would be required to carry out these duties with annual salary and fringe of \$20,000. Further, SCDA reports that a fee assessment and collection program would be required to properly manage the fee on commercial equine feed sold in the state. The agency indicates this program would result in a one-time expense of \$5,000 in FY 2023-24, and an additional \$2,000 in each year thereafter.

Equine promotion literature, education, and other outreach materials would result in a one-time cost of \$10,000, and office equipment, travel, and other overhead would result in an annual expense of \$15,000. In total, this bill will increase expenses for SCDA by \$52,000 in FY 2023-24, and \$37,000 in each year thereafter.

Expenses incurred by SCDA as a result of the bill are eligible for reimbursement from the Equine Promotion Fund, up to 15 percent of the total fund proceeds in a given year. Based on the analysis in the State Revenue section, 15 percent of annual fee proceeds is estimated to be approximately \$26,700, for which SCDA would be required to request an Other Funds authorization increase. Therefore, remaining expenses related to the administration of the board and promotion of the equine industry would be approximately \$25,300 in FY 2023-24 and \$10,300 in each year thereafter. SCDA indicates that these expenses can be managed within the agency's existing General Fund appropriations.

State Treasurer's Office. This bill requires the State Treasurer's Office to establish the Equine Promotion Fund separate from the General Fund and all Other Funds in which proceeds generated by the fee on equine feed will be deposited. This fund must be used by the board for purposes specified by the bill, including applicable SCDA administrative and operational expenses. The State Treasurer's Office indicates that this requirement will be managed within existing appropriations and will have no expenditure impact.

Office of State Auditor. This bill requires OSA to annually conduct an audit of the Equine Promotion Fund and the manner in which the fee assessments are imposed and expended to ensure compliance with the provisions of the bill. OSA indicates this will be managed within existing resources and will have no expenditure impact.

State Revenue

This bill establishes a fee of \$2 per ton on all commercial feed and custom blends labeled for equine use sold in the state. Fee proceeds must be deposited into the Equine Promotion Fund within the State Treasury separate from the General Fund to be expended by the Equine Promotion Board for promoting the equine industry in the state as well as administrative costs associated with this purpose.

According to a 2020 study by the Institute for Feed Education and Research, total equine feed consumed in the state is estimated to be 88,928 tons. Assuming all equine feed consumed in the state was also sold in the state and qualified under the provisions of this bill as commercial feed or a custom blend labeled for equine use, the fee of \$2 per ton would increase revenue to the Equine Promotion Fund by approximately \$178,000 in FY 2023-24. Of this amount, up to \$26,700 would be allocated to SCDA for administrative expenses and \$151,300 would be available to the board for research, education, and promotion of the equine industry. Actual revenues will vary based on the amount of qualifying feed sold in the state in a given fiscal year.

Local Expenditure & Revenue

N/A



Frank A. Rainwater, Executive Director