CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 18, 2006

H.R. 503

A bill to amend the Horse Protection Act to prohibit the shipping, transporting, moving, delivering, receiving, possessing, purchasing, selling, or donation of horses and other equines to be slaughtered for human consumption

As ordered reported by the House Committee on Agriculture on July 27, 2006

SUMMARY

H.R. 503 would amend provisions of the Horse Protection Act of 1970 related to the slaughter of certain equines. The bill would establish a pilot program in Kentucky and New York to prohibit certain activities associated with the slaughter of horses or other equines for human consumption. Due to exceptions included in the bill, this prohibition would not directly affect current equine slaughter activity in those or other states. The bill also would require the Secretary of Agriculture, subject to availability of appropriated funds, to compensate equine owners for any economic loss due to such prohibitions. In addition, the Secretary would be required to assume responsibility for any equine—in any state—that is unwanted by an owner.

The bill would authorize the appropriation of up to $5 million per year to implement its provisions, but CBO estimates that those amounts would be insufficient to cover costs incurred by the U.S. Department of Agriculture (USDA). Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 503 would cost USDA $21 million in 2007 and $233 million over the 2007-2011 period. H.R. 503 would not affect direct spending or revenues.

H.R. 503 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose not costs on state, local, or tribal governments.

H.R. 503 would impose a private-sector mandate as defined in UMRA. It would amend the Horse Protection Act to prohibit—within the states of New York and Kentucky—the shipping, transporting, moving, delivering, receiving, possessing, purchasing, selling, or donation of horses and other equines to be slaughtered for human consumption. Certain exceptions to the prohibition would apply. The bill also would require the Secretary to

compensate the owner of an equine who disposes of such equine due to the prohibition. The compensation would be equal to the loss in value of the equine due to the prohibition plus the disposal costs incurred. Since owners who would normally sell their horses for human consumption would be reimbursed for any loss in sale value, CBO estimates that the direct costs of the mandates in this bill would be minimal relative to the annual threshold established by UMRA for private-sector mandates ($128 million in 2006, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 503 is shown in the following table. The costs of this legislation fall within budget function 350 (agriculture).

	By Fiscal Year, in Millions of Dollars				
	2007	2008	2009	2010	2011
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	25	35	50	60	75
Estimated Outlays	21	33	48	58	73

BASIS OF ESTIMATE

H.R. 503 would require the Secretary to assume responsibility for any equine (located in any state) that is unwanted by an owner and would authorize the appropriation of $5 million annually for that purpose. CBO estimates, however, that the specified amounts would not be sufficient to cover the USDA's costs under H.R. 503. Based on information from USDA and private equine organizations, CBO estimates that fully implementing the bill would cost $233 million over the 2007-2011 period, assuming appropriation of the necessary amounts. That amount includes $153 million to care for equines placed in suitable homes, $60 million to euthanize equines which cannot be placed in homes, and $20 million to transport equines and provide administrative services. That estimate assumes that equine owners would seek to dispose of about 100,000 animals annually.

According to USDA, the American Association of Equine Practitioners, and other private equine and humane associations, around 65,000 to 75,000 horses (about 1 percent of the domestic equine population) are sent to slaughter each year. Currently, there are three domestic slaughter facilities for horses: one in Illinois and two in Texas. H.R. 503 would not likely have a significant impact on the total number of equines slaughtered because the prohibition would only apply to horses in the states of Kentucky and New York, and even equines in those states would not be affected if, as expected, those equines were shipped to an existing facility for slaughter. Hence, CBO estimates that compensation payments from USDA to equine owners for the lost economic value of horses prohibited from being slaughtered, which would be subject to appropriation, would be small.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 503 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 503 would impose a private-sector mandate as defined in UMRA. It would amend the Horse Protection Act to prohibit—within the states of New York and Kentucky—the shipping, transporting, moving, delivering, receiving, possessing, purchasing, selling, or donation of horses and other equines to be slaughtered for human consumption.

Exceptions to the prohibition would apply if:

- The equine is owned or controlled by a state or local government or owned by an individual who purchased the equine from a state or local government;

- The equine will be slaughtered at a facility operating before the date of the enactment of the prohibition; or,

- The equine will be slaughtered for human consumption for charitable or humanitarian purposes.

The bill also would require the Secretary of Agriculture to compensate the owner of an equine who disposes of such equine due to the prohibition. The compensation would be equal to the loss in value of the equine due to the prohibition plus the disposal costs incurred. Since owners who would normally sell their horses for human consumption would be reimbursed for any loss in such sale value, CBO estimates that the direct costs of the mandates in this bill would be minimal relative to the annual threshold established by UMRA for private-sector mandates ($128 million in 2006, adjusted annually for inflation).

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