

- \$2.5 million revenue cap on Operating Fund removed
- Revenue increases to Operating Fund and Standardbred Development Fund

Ohio State Racing Commission

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ROLE

The Ohio State Racing Commission (RAC) regulates and promotes the horse racing industry in Ohio. The commission prescribes the rules, regulations, and conditions under which horse racing with pari-mutuel wagering may be conducted, and is responsible for governing Ohio’s seven commercial racetracks and over sixty county fairs. Among the commercial racetracks are three thoroughbred tracks (Beulah Park, River Downs, and Thistledown) and four standardbred or harness racing tracks (Lebanon, Northfield Park, Scioto Downs, and Raceway Park).

As a means of promoting the horse racing industry, the commission provides purse subsidies and supplements that encourage breeding and racing. It also provides equine research funds to the OSU testing lab, a recognized pioneer in the areas of research and testing.

Agency In Brief					
Number of Employees	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2002	2003	2002	2003	
48	\$27.2 million	\$29.4 million	\$0	\$0	Am. Sub. H.B. 94

OVERVIEW

With the exception of one line item funded through a holding account redistribution fund, the Racing Commission’s budget consists of state special revenue funds. The source of these funds is various license fees and a percentage of all moneys wagered on all races in the state (with the exception of those sponsored by fairs and agricultural societies).

Appropriations for FY 2002 total \$27,177,108. This amount is \$2,663,961 more than the total appropriated in FY 2001, a 10.9 percent increase. Actual expenditures in FY 2001, however, totaled \$29,002,630, or 6.7 percent more than FY 2002 appropriations. Appropriations for FY 2003 total \$29,396,274. This amount is \$2,219,166 greater than FY 2002, an 8.2 percent increase.

Most of the disparity between FY 2001 appropriations and expenditures is accounted for in line item 875-607, Simulcast Horse Racing Purse. The line item is used to collect and distribute revenues associated with simulcast horse racing, which over the years has increased both in popularity and in total wagers. In

FY 2001, expenditures for this line item were expected to be near \$14 million, but actually surpassed \$18.7 million. Appropriations for FY 2002 have been set at \$16.3 million.

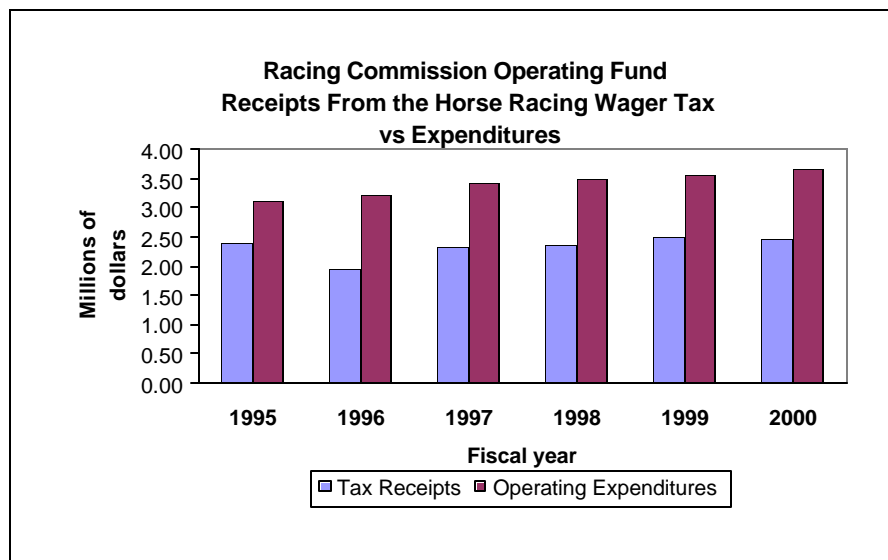
BUDGET ISSUES

FUND REVENUE INCREASES

Racing Commission Operating Fund

The primary source of funding for the administrative and regulatory responsibilities of the Racing Commission is the Racing Commission Operating Fund. Statutorily defined percentages taken from Ohio's horse racing wager tax account for approximately 70 percent of this fund's total revenue. Under Am. Sub. H.B. 561 of the 121st General Assembly, 25 percent of the taxes levied on thoroughbred, standardbred, and quarterhorse racing permit holders must be paid to the PASSPORT Fund.¹ After payment is made to the PASSPORT Fund, any remaining moneys are distributed to the Ohio Fairs Fund, Ohio Thoroughbred Fund, Ohio Standardbred Development Fund, Ohio Quarterhorse Fund, and state Racing Commission Operating Fund. Under prior law, each of these five funds got a proportionate share of the total horse racing wager tax, with the exception of the Racing Commission Operating Fund; total revenue could not exceed \$2.5 million for that fund in any calendar year. Am. Sub. H.B. 94 removes this \$2.5 million cap.


In addition to removing the revenue cap, a second provision of Am. Sub. H.B. 94 requires all racing permit holders to retain one-half of one percent of all moneys wagered on exotic wagering per day, then remit one-half of that amount for payment into the Racing Commission Operating Fund. Based on calendar year 2000 wagers, this will provide for approximately \$1 million in additional revenue for the Operating Fund.



¹ PASSPORT is a home and community-based Medicaid Waiver program that enables older persons who are in need of a nursing home level of care to stay at home by providing them with in-home services.

Taken together, these provisions will allow revenues coming into the Racing Commission Operating Fund to more closely match expenditures. The fund has been operating at a deficit for the past several years, as the chart above shows.

Standardbred Development Fund

Another provision of Am. Sub. H.B. 94 requires that any fees assessed for or on behalf of the Ohio Sires Stakes Races be paid into the Standardbred Development Fund and that all investment earnings on the cash balance in the fund be credited to it. These fees include “nominating” and “sustaining” fees, which are paid by horse owners in February and April of each year in order to qualify a horse for admittance into the Sires Stakes races. Each fee is \$250. Based on the calendar year 2000 Ohio Sires Stakes Races season, total fees generate approximately \$650,000. Previously, these fees were deposited into a private bank account, which was administered by the Racing Commission. Under Am. Sub. H.B. 94, the fees will be credited directly to the Standardbred Development Fund, and will be used to support Ohio Sires Stakes Races purse moneys. 

FY 2002 - 2003 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 1999:</i>	<i>FY 2000:</i>	<i>FY 2001:</i>	<i>FY 2002 Appropriations:</i>	<i>% Change 2001 to 2002:</i>	<i>FY 2003 Appropriations:</i>	<i>% Change 2002 to 2003:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
RAC Racing Commission, Ohio State									
562	875-601	Thoroughbred Race Fund	\$ 4,455,820	\$ 4,304,915	\$4,042,341	\$ 4,529,149	12.04%	\$ 4,642,378	2.50%
563	875-602	Standardbred Development Fund	\$ 1,711,885	\$ 2,055,663	\$2,106,207	\$ 2,022,797	-3.96%	\$ 2,200,810	8.80%
564	875-603	Quarter horse Development Fund	\$ 0	\$ 3,000		\$ 1,000	N/A	\$ 1,000	0.00%
565	875-604	Racing Commission Operating	\$ 3,563,217	\$ 3,666,266	\$3,907,925	\$ 4,109,513	5.16%	\$ 4,314,143	4.98%
5C4	875-607	Simulcast Horse Racing Purse	\$ 15,495,089	\$ 16,482,778	\$18,756,307	\$ 16,301,749	-13.09%	\$ 18,025,043	10.57%
State Special Revenue Fund Group Total			\$ 25,226,011	\$ 26,512,622	\$ 28,812,780	\$ 26,964,208	-6.42%	\$ 29,183,374	8.23%
R21	875-605	Bond Reimbursements	\$ 112,200	\$ 149,775	\$189,850	\$ 212,900	12.14%	\$ 212,900	0.00%
Holding Account Redistribution Fund Group Total			\$ 112,200	\$ 149,775	\$ 189,850	\$ 212,900	12.14%	\$ 212,900	0.00%
Racing Commission, Ohio State Total			\$ 25,338,211	\$ 26,662,397	\$ 29,002,630	\$ 27,177,108	-6.29%	\$ 29,396,274	8.17%