

Greenbook

LBO Analysis of Enacted Budget

Ohio State Racing Commission

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August 2019

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Attachment:

Appropriation Spreadsheet

LBO Greenbook

Ohio State Racing Commission

Quick look...

- The Ohio State Racing Commission (RAC) promotes and regulates horse racing in Ohio by licensing participants, subsidizing purses, and policing racetracks.
- Commission revenue comes from three main sources:
 - Wagering on horse races;
 - Video lottery terminal (VLT) taxes;
 - Casino revenue taxes.
- The Ohio State Racing Commission receives no funding from the GRF.
- A total of 14 people are employed by RAC in FY 2019, in addition to its five commissioners.
- Commissioners are appointed by the Governor.

Fund Group	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
Dedicated Purpose	\$21,522,911	\$22,599,481	\$23,496,415	\$23,533,043
Fiduciary Fund	\$6,278,121	\$6,107,423	\$7,000,000	\$7,000,000
Holding Account	\$90,900	\$89,800	\$100,000	\$100,000
Total	\$27,891,932	\$28,796,704	\$30,596,415	\$30,633,043
% change	--	3.2%	6.2%	0.1%

Agency overview

The Ohio State Racing Commission (RAC) promotes and regulates horse racing in Ohio. Its five members are appointed to four-year terms by the Governor. The Racing Commission prescribes rules under which horse racing with pari-mutuel wagering may be conducted, licenses participants, and oversees races at seven commercial tracks and most of Ohio's county fairs. To promote horse racing, RAC provides purse subsidies that encourage breeding and racing. The Racing Commission employs administrators at its Columbus headquarters, as well as officials and investigators at tracks. RAC also contracts with veterinarians to provide care for racing participants. RAC receives no funding from the GRF and its revenues come from three main sources. The Commission receives 3% of Ohio's casino tax revenues under R.C. 5753.03. RAC also receives a percentage of revenues from pari-mutuel wagering, as well as penalties, fees, and fines paid by industry participants. Lastly, the Commission is funded by a percentage of video lottery terminals (VLT) revenue. This percentage, which is to be between 9% and 11%, is pursuant to agreements between permit holders and horsemen's associations.

Appropriation overview

The enacted budget appropriates \$30.6 million for the Racing Commission in each fiscal year, or a total of \$61.2 million for the biennium. That total represents an increase of \$4.5 million (8.0%) over actual expenditures in FY 2018-FY 2019. Appropriations of money from the Ohio casino tax revenue and video lottery terminal revenue from racino operators make up about 54% of the budget.

Analysis of FY 2020-FY 2021 budget

This section provides an analysis of the H.B. 166 funding for each appropriation item in RAC's budget. The tables below contain details of the appropriated funds for each line item. A summary describes how each appropriation is used.

Thoroughbred Development (ALI 875601)

The thoroughbred program promotes thoroughbred racing in Ohio through purse subsidies and supplementing winnings for Ohio horses competing outside the state. It also provides funds for broodmare and stallion breeding and supports quarter horse development and race purses. For the upcoming biennium, amounts of \$1.4 million per fiscal year have been appropriated for ALI 875601, an increase of 15.9% over FY 2019 actual spending.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
Fund 5620 ALI 875601, Thoroughbred Development					
\$1,371,272	\$1,383,062	\$1,288,311	\$1,208,305	\$1,400,000	\$1,400,000
% change	0.9%	-6.9%	-6.2%	15.9%	0.0%

The Ohio Thoroughbred Race Fund (Fund 5620) is the funding source for this line item. It receives 1.125% of all wagers on pari-mutuel thoroughbred racing within the state. A percentage of pari-mutuel wagering on harness racing, not exceeding 6% of total pari-mutuel wagering collections, is deposited into Fund 5620. In addition, the fund receives 0.25% of exotic wagering on thoroughbred races. Lastly, Fund 5620 receives 0.625% of pari-mutuel wagering on quarter horse racing and 0.25% of exotic wagering in order to support quarter horse development and purses. Any interest earned on fund balances is also credited to this fund.

Standardbred Development (ALI 875602)

The Ohio Racing Commission supports the racing and breeding of standardbred horses in the state by providing purse subsidies; RAC also funds research and drug testing through this line item. The Ohio Standardbred Development Fund (Fund 5630) receives 1.125% of pari-mutuel wagering on harness racing, in addition to 0.25% of exotic wagering on harness racing. Interest earned on moneys in Fund 5630 is credited to the fund. The enacted budget provides appropriations of \$1.55 million each for FY 2020 and FY 2021 for the Standardbred Development Fund. The yearly appropriation level for the biennium is 2.2% above actual spending in FY 2019.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
Fund 5630 ALI 875602, Standardbred Development					
\$1,189,122	\$1,272,825	\$1,269,498	\$1,517,306	\$1,550,000	\$1,550,000
% change	7.0%	-0.3%	19.5%	2.2%	0.0%

Racing Commission Operating (ALI 875604)

Most funding for RAC operations is used for ongoing administration and regulation of the horse racing industry to ensure Ohio tracks and racing teams comply with racing and wagering laws. H.B. 166 provides appropriations of \$4.0 million in FY 2020 and \$4.1 million in FY 2021 for ALI 875604. The appropriated amount in FY 2020 is an increase of 10.6% above actual spending in FY 2019.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
Fund 5650 ALI 875604, Operating Expenses					
\$3,206,384	\$3,380,760	\$3,551,491	\$3,647,370	\$4,034,320	\$4,070,948
% change	5.4%	5.1%	2.7%	10.6%	0.9%

Horse Racing Development – Casino (ALI 875610)

The Horse Racing Development Fund (Fund 5JK0) was established to support horse racing throughout the state. The fund receives 3% of the 33% tax on gross casino revenue. Appropriations for ALI 875610 subsidize purses, breeding programs, and operations at commercial horse racetracks. An amount of \$8.5 million each in FY 2020 and in FY 2021 is appropriated in H.B. 166, a 3.3% increase from actual spending in FY 2019.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
Fund 5JK0 ALI 875610, Casino Revenues					
\$8,458,040	\$8,516,607	\$8,013,570	\$8,240,307	\$8,512,095	\$8,512,095
% change	0.7%	-5.9%	2.8%	3.3%	0.0%

Revenue Redistribution (ALI 875611)

The Horsemen's Development Fund (Fund 5NL0) was established to redistribute a portion of video lottery terminal (VLT) revenue taxes to RAC for the purpose of supporting purses and other racing operations around Ohio. Any agent participating in VLT sales must pay a portion of VLT revenue to be bargained on an individual case basis between the applicable horsemen's association and the sales agent, or as directed by a RAC ruling. An amount of

\$8.0 million per fiscal year is appropriated for ALI 875611 during the upcoming biennium, a slight increase over FY 2019 expenditures.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
Fund 5N10 ALI 875611, Revenue Redistribution					
\$7,098,379	\$6,422,429	\$7,400,040	\$7,986,194	\$8,000,000	\$8,000,000
% change	-9.5%	15.2%	7.9%	0.2%	0.0%

Simulcast Horse Racing Purse (ALI 875607)

Tracks and satellite facilities can earn wagering revenue by simulcasting or broadcasting live races via video feeds. Smaller tracks can thus offer more races on which fans can wager, increasing revenues for the track and horse owners. Each dollar wagered is split among the simulcast facility or track, horsemen's associations, race purses, and the state (Fiduciary Fund 5C40). Moneys received by Fund 5C40 are a portion of the wagers placed at commercial tracks or satellite facilities where there are no live races scheduled. The Ohio State Racing Commission collects these funds and distributes them each month to racing permit holders to be used for horsemen's purse accounts. H.B. 166 appropriates \$7.0 million each in FY 2020 and FY 2021. Each appropriation represents a 14.6% increase over actual spending during FY 2019.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
Fund 5C40 ALI 875607, Simulcast Horse Racing					
\$7,356,183	\$6,447,604	\$6,278,121	\$6,107,423	\$7,000,000	\$7,000,000
% change	-12.4%	-2.6%	-2.7%	14.6%	0.0%

Bond Reimbursements (ALI 875605)

Racing permit holders are required to post cash performance bonds, which are held in Fund R021. In the case of a licensee violating a Commission rule, any individual wishing to appeal a disciplinary decision must also deposit a bond with the Commission. The Bond Reimbursements Fund (Holding Account Fund R021) receives these bond deposits, which are reimbursed after completion of races or appeal rulings, minus any fines. The amount appropriated for this line item is \$100,000 per fiscal year for the upcoming biennium.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
Fund R021 ALI 875605, Bond Reimbursements					
\$83,400	\$90,300	\$90,900	\$89,800	\$100,000	\$100,000
% change	8.3%	0.7%	-1.2%	11.4%	0.0%

FY 2020 - FY 2021 Final Appropriations

All Fund Groups

Line Item Detail by Agency			Appropriations			FY 2019 to FY 2020	Appropriations	FY 2020 to FY 2021
			FY 2018	FY 2019	FY 2020	% Change	FY 2021	% Change
Report For: Main Operating Appropriations Bill			Version: As Enacted					
RAC Ohio State Racing Commission								
5620	875601	Thoroughbred Development	\$ 1,288,311	\$ 1,208,305	\$ 1,400,000	15.86%	\$ 1,400,000	0.00%
5630	875602	Standardbred Development	\$ 1,269,498	\$ 1,517,306	\$ 1,550,000	2.15%	\$ 1,550,000	0.00%
5650	875604	Racing Commission Operating	\$ 3,551,491	\$ 3,647,370	\$ 4,034,320	10.61%	\$ 4,070,948	0.91%
5JK0	875610	Horse Racing Development - Casino	\$ 8,013,570	\$ 8,240,307	\$ 8,512,095	3.30%	\$ 8,512,095	0.00%
5NLO	875611	Revenue Redistribution	\$ 7,400,040	\$ 7,986,194	\$ 8,000,000	0.17%	\$ 8,000,000	0.00%
Dedicated Purpose Fund Group Total			\$ 21,522,911	\$ 22,599,481	\$ 23,496,415	3.97%	\$ 23,533,043	0.16%
5C40	875607	Simulcast Horse Racing Purse	\$ 6,278,121	\$ 6,107,423	\$ 7,000,000	14.61%	\$ 7,000,000	0.00%
Fiduciary Fund Group Total			\$ 6,278,121	\$ 6,107,423	\$ 7,000,000	14.61%	\$ 7,000,000	0.00%
R021	875605	Bond Reimbursements	\$ 90,900	\$ 89,800	\$ 100,000	11.36%	\$ 100,000	0.00%
Holding Account Fund Group Total			\$ 90,900	\$ 89,800	\$ 100,000	11.36%	\$ 100,000	0.00%
Ohio State Racing Commission Total			\$ 27,891,932	\$ 28,796,704	\$ 30,596,415	6.25%	\$ 30,633,043	0.12%