



## Ohio State Racing Commission

77 South High Street • 18<sup>th</sup> Floor  
Columbus, OH 43215-6108  
(614) 466-2757 FAX (614) 466-1900  
www.racing.ohio.gov

**John R. Kasich**  
Governor

**Robert Schmitz**  
Chairman

This testimony is by William Crawford, Interim Executive Director of The Ohio State Racing Commission on H.B. No. 153.

Mr. Chairman and members of the Senate Finance Committee, my name is Bill Crawford. I am the Interim Executive Director of the Ohio State Racing Commission. The commission has five members, Chairman Robert Schmitz of Bexley, William Koester of Cincinnati, Ted Brown of Troy, Todd Book of McDermott, and B.J. Roach of Grove City.

The Ohio State Racing Commission is not General Revenue Funded. The commission's revenues are mostly derived from a tax on the amount of money wagered, licensing fees, and fees that are used for the drug testing program.

The commission prescribes the rules, regulations and conditions under which pari-mutuel wagering and horse racing is conducted in Ohio. Based on prior studies, horse racing produces an annual economic impact in excess of \$460 million to Ohio's economy through wage payments, purchase of goods and services, and taxes. It employs, both directly and indirectly, over 12,300 people. Although the total amount wagered on horse racing has declined by almost 43 per cent since 2005, the horse racing industry continues to have a significant and positive economic impact upon the state.

The reasons for this decline in wagering at Ohio racetracks are many. Prominent among them is the public's ability to wager on horse racing at home through the Internet. The commission's primary goal is to protect the public by preserving the integrity of pari-mutuel wagering and horse racing. This objective is accomplished through the implementation of many carefully structured programs, including human and equine drug testing, compliance inspections, and the monitoring of wagering patterns.

The commission's request for FY12 and FY13 is for 85% of our FY 2011 allocation (or \$18,690,078.00 and \$18,429,087.00, respectively). The Commission's budget request covers two programs, promotion and regulation.

The budget amounts for the promotion of pari-mutuel horse race wagering are \$15,286,298.88 in FY 2012 and \$15,191,854.24 in FY 2013, a reduction of over 15% from FY 2011. Of this figure, \$12 million or 79% of the total will be allotted to the Ohio Combined Simulcast Horse Racing Purse Fund. Ohio Revised Code Section 3769.089, which became effective September 17, 1996, established this fund. The amounts paid to the fund by seven racetracks are returned to them based upon the total amounts wagered on live racing days creating a pass through fund.

The Ohio Thoroughbred Race Fund, established by Ohio Revised Code Section 3769.083, will contribute \$1,673,941.19 in FY 2012 (a reduction of over 22% from FY 2011) and \$1,578,330.72 in FY 2013 (a reduction of over 27% from FY 2011) to the promotion program. These contributions make up 10% of the promotional budget. The amounts credited to this fund are based upon language contained in Section 3769.08 of the Revised Code.

The Ohio Standardbred Development Fund, established by Ohio Revised Code Section 3769.085, will contribute \$1,612,523.52 in FY 2012 and \$1,611,357.69 in FY 2013 (a reduction of 11% from FY 2011) to the promotion program. These contributions make up 11% of the promotional budget.

The Ohio Quarter Horse Development Fund will contribute \$1,000.00 in FY 2012 and FY 2013, just as it did in FY 2011. This Fund was established by Ohio Revised Code Section 3769.086. This fund will contribute less than 1% for the promotion program.

The preceding four funds make up the entirety of the promotion program for the FY 2012 and FY 2013 budget request of this commission.

The regulation program is made up in part by the Thoroughbred Fund and the Standardbred Fund, along with the commission's operating fund and fund R021, which is a holding or redistribution fund. The regulation program budget request for FY 2012 is \$3,403,778.12 (a reduction of over 17% from FY 2011) and for FY 2013 is \$3,237,231.76 (a reduction of over 21% from FY 2011).

The Racing Commission's operating fund is 91% of the regulation program's budget request of \$3,095,331.00 for FY 2012 and \$2,934,178.00 for FY 2013. The wages of 16 full and part-time staff members, along with the expenses of five commission members, are paid from this fund. In 2005, the commission employed 30 staff members either full or part-time. In addition, the commission has personal services contracts with two state stewards, three presiding judges, and four state veterinarians. These expenses, along with the costs of testing equine and human samples at the Ohio Department of Agriculture, are the major expenditures of the operating fund.

The Standardbred Fund and Thoroughbred Fund request for the regulation program is \$208,447.12 in FY 2012 and \$203,053.76 in FY 2013, or 6% of the total regulation program. These funds pay for one and two full-time employees, respectively. The remaining 3% of this request is for fund R021.

The commission instituted several operational changes over the course of FY 2010 and FY 2011. The most important was beginning compliance inspections. The commission began a comprehensive review of rules designed for the safety of licensees, horses, and the public, as well as those rules which protect the integrity of racing. Permit holders were notified of deficiencies and have been given a reasonable amount of time to come into compliance with the Rules of Racing. This review is on-going and will continue every year, focusing on the Rules of Racing.

The budget for the next biennium uses funds on hand to continue offering the commission's services without interruption, maintaining the integrity in Ohio horse racing. The projections, however, anticipate that funding may not provide for the current programs to last through FY 2013 unless current revenue sources increase or alternate revenue sources are found. When the commission came before this committee two years ago, members were told that we expected to begin July 1, 2011, with about \$5,000 on hand. Since that time, the commission has operated under budget. For the current biennium, we are over \$600,000 under budget and expect to remain so throughout the rest of the biennium.

In spite of these challenges, the commission has prepared a budget that allows it to appropriately regulate and promote pari-mutuel horse racing in Ohio. Mr. Chairman, I will be happy to answer any questions you and other members of the committee may have regarding the commission's budget. Thank you for your time.