



TO: **SENATE EDUCATION COMMITTEE**

FROM: Christopher Dragone, Executive

SUBJECT: Biennium Budget, Fiscal Years 2026 & 2027

DATE: April 29, 2025

Chairman Brenner, Vice Chair Blessing, Ranking Member Ingram, and members of the Education Committee; my name is Chris Dragone. I am the Executive Director for the Ohio State Racing Commission. There is a staff of five full-time as well as five part-time employees that work in the Columbus office and in the field as well as five Commissioners. However, the Commission has had a recent vacancy of one of our Commissioners. The Racing Commission operates four Harness tracks and three Thoroughbred tracks throughout the state. Only one track operates year-round and that is Northfield Park in Cleveland. The

Commission also oversees 54 county fairs where pari-mutuel harness racing takes place. A short Quarter horse meet takes place at Belterra Park in Cincinnati as well.

The Ohio State Racing Commission is not General Revenue Funded. The Commission's revenues are derived from a tax on the amount of money wagered, licensing fees, fees from commercial tracks that are used for the drug testing program, fines levied against participants for violations, permit fees, and a small percentage of casino revenue. Most of the Racing Commission's promotional expenses are returned to the horse racing industry in the form of additions to purses at live horse races as well as supplements to purses for Ohio bred horses that win races at Ohio tracks.

Regulation expenses include administration expenses

which also include officials and veterinarians at our seven tracks as well as drug testing expenses and expenses that relate to investigation, licensing, and the enforcement of rules.

The commission prescribes the rules, regulations, and conditions under which pari-mutuel wagering and horse racing are conducted as well as licensing participants and oversees races at our seven commercial tracks and 54 county fairs. The Ohio State Racing Commission is dedicated to the protection, preservation, and promotion of horseracing and its related industry components.

The commission has been reviewing and updating some of our rules to reflect prioritizing the safety and welfare of our horsemen and horses.

The commission oversees pari-mutuel wagering and

the licensing of all industry participants to ensure the protection of the wagering public and the integrity of the sport. These objectives are accomplished through the implementation of many carefully structured programs which include human and equine drug testing, compliance inspections, and the monitoring of wagering patterns.

The commission's request for FY26 is \$32,920,561 and FY27 is \$32,953,499. The Commission's budget request covers the two programs outlined above: promotion and regulation. The promotion program promotes horse racing by providing purse subsidies and supplements that encourage breeding and racing while the regulation program prescribes rules under which horseracing with pari-mutuel wagering may be conducted.

The budget amounts for the promotion of pari-mutuel horse race wagering are \$28,741,180 in FY26 and \$28,738,630 in FY27. Of this figure, \$3.9 million, will be allotted to the Ohio Combined Simulcast Horse Racing Purse Fund. Ohio Revised Code Section 3769.089 established this fund. The amounts paid to the fund by seven racetracks are returned to them based upon the total amounts wagered on each track's racing days, creating a pass-through fund. The allocation for this fund is approximately \$1.5 million less than the previous biennium due to the decline in simulcasting the last few years. This can be attributed to the many available options to gamble that have come about over the last several years.

The Ohio Standardbred Development Fund, established by Ohio Revised Code Section 3769.085,

will contribute \$1,229,399 in FY26 and \$1,228,970 in FY27 to the promotion program. This fund also receives contributions from the Horse Racing Development (Casino) Fund, as well as the Revenue Redistribution (VLT) Fund which are earmarked for the promotion of Standardbred horse racing, creating a very competitive program for Standardbred racing in the state. As a result, Ohio has some of the best Standardbred racing in the country.

The Ohio Thoroughbred Race Fund, established by Ohio Revised Code Section 3769.083, will contribute \$790,555 in FY26 and \$788,434 in FY27 to the promotion program. This is a decline from the previous budget due to the decline in pari-mutuel taxes impacting the cash available to spend. The Thoroughbred fund, like the Standardbred fund, also

receives contributions from the Horse Racing Development (Casino) Fund, as well as the Revenue Redistribution (VLT) Fund which are earmarked for the promotion of Thoroughbred horseracing. The amounts credited to the Thoroughbred Race Fund are based upon language contained in Section 3769.08 of the Revised Code.

The Casino Revenue Fund, established in 2013 by ORC 5753.03, holds the Racing Commission's share of revenue generated from casinos. The Ohio Constitution prescribes that 3% of the tax on gross casino revenue is distributed to the Racing Commission to support breeding programs, purses and operations at commercial horse racetracks. This amount has increased to just over \$10 million dollars since its inception in 2012. The request for FY26 and FY27 is

the same as our previous request for \$10,500,000 which should allow all purse and commercial operations payments to be paid out as well as a small portion for use on behalf of the commission's operating expenses. As mentioned in the discussion of the Standardbred Development Fund and the Thoroughbred Race Fund, each fund receives a portion of the Casino Revenue each quarter to enhance purses at our seven racetracks as well as two of our tracks that do not have a majority casino interest also receiving a percentage for commercial operations. The Commission has just recently exercised our authority to use 10% of the Casino Revenue for operating expenses that are paid to us quarterly. This will allow the Commission to better oversee the racetracks and horsemen which will ensure more safety for horses and horsemen, and protection



for the handicappers who wager on horseracing.

The Revenue Redistribution (VLT) Fund was established by the Controlling Board on May 20, 2013, pursuant to provisions of House Bill 386 of the 129th General Assembly. This fund now serves to distribute funds that the Horsemen's associations may agree to transfer to the commission on behalf of the Thoroughbred and Standardbred funds to be used to promote horse racing within the state through supplementing purses. We estimate \$12,800,000.00 will pass through this fund for redistribution to benefit horseracing annually.

The regulation program is made up of the commission's operating fund and a holding/redistribution fund for bonds which is a pass-through fund that contains bond money put up for live

race days with a \$108,700 allocation, as well as a portion of the Standardbred and Thoroughbred Funds that provide for administrators for the respective funds. Also, as determined by the Racing Commission, 10% of the casino tax revenue that is received by the Racing Commission can be used on behalf of the operating fund. The regulation program budget request for FY26 is \$3,473,682 and in FY27 is \$3,503,170 which is approximately \$1.4 million less than our appropriation for FY 24 and FY 25. This is the amount the Commission operates on as most other funds are passing money into and back out to purses in one form or another. Testing is the major tool to ensure the protection of horse racing and is the major expense of the Commission's operating fund. In 2023, The Horseracing Integrity and Safety Authority (HISA), a

federal regulation program took over drug testing of Thoroughbred horses which resulted in the commission not paying for the testing of Thoroughbred horses. This has created fewer testing expenses, which is therefore a reduction in the allocations for our Operating Fund. However, rising costs for payroll, contract employees, and other day-to-day expenses paid by our operating fund have resulted in much higher expenses in these categories. There is a country wide shortage of large animal veterinarians that are willing to work at our racetracks. This has led to us needing to do short term contracts for the veterinarians at some of our tracks and having to piece schedules together rather than have one veterinarian work an entire meet at a track.

The Racing Commission's entire operating fund, bond fund, 10% of casino revenue fund as well as a

portion of the Thoroughbred and Standardbred Funds used for administrative costs makes up the regulation program. The wages of racing commission staff members, along with the expenses of the commission members, are paid from this fund. In addition, the commission has personal services contracts with two state stewards, two state presiding judges, and eight state veterinarians. The Racing Commission's testing costs , paid to the Ohio Department of Agriculture, keeps the commission vigilant and up-to-date in testing for illegal substances. This, along with the payroll costs and the expenses of our Presiding officials and State veterinarians, are the major expenditures of the operating fund.

As the Racing Commission continues to distribute revenues that are paid into our Horse Racing

Development (Casino) Fund, as well as the Revenue Redistribution (VLT) Fund, this will result in expanded opportunities for the Ohio Thoroughbred Race Fund as well as the Ohio Standardbred Development Fund. Payments from both funds go to purses and to support the breeding of Thoroughbred and Standardbred racehorses in Ohio. Since the creation of the Casinos and VLT funds, purses have more than tripled since 2013 resulting in improved racing programs for both Standardbred and Thoroughbred horses in the State of Ohio. As breeding and purses increase, the number and quality of horses also increases. This leads to many direct agricultural benefits including many employment opportunities associated with increased needs for agricultural commodities. There are also indirect benefits because horseracing is an extremely labor-

intensive industry, and people involved in the industry live and contribute to their local economies.

The budget for the next biennium uses funds on hand to continue offering the commission's services without interruption, allowing the OSRC to maintain the integrity of Ohio horse racing. The commission has prepared a budget that allows it to regulate and promote pari-mutuel horse racing in Ohio.

In the Governor's as introduced version of the budget there was language that changed our fine structure to align with ARCI standards. After conversations with the horseman's groups we agreed to remove that language and work towards language that was acceptable to all parties. We believe that we have an agreement in principle and are drafting language that accomplishes that goal.

Fiscal Officer Sherry White, Deputy Director Tanya Boulmetis, and I will be happy to answer any questions the members of the committee may have for us. Thank you for your time.