

Ohio Athletic Commission

Senate Finance and Financial Institutions Committee

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Legislative Service Commission*

May 2, 2007

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LSC Redbook

for the

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ATTACHMENTS:

- Catalog of Budget Line Items
- LSC Budget Spreadsheet By Line Item: Executive to House Passed
- Comparison Document: Permanent and Temporary Law

May 2, 2007

Ohio Athletic Commission

- The Athletic Commission currently oversees approximately 1,550 licensees
- Executive recommendation of \$255,850 in each fiscal year of the biennium

OVERVIEW

The Ohio Athletic Commission was created by Am. Sub. S.B. 240 of the 121st General Assembly. The purpose of the Commission, which replaced the State Boxing Commission, is to regulate boxing, wrestling, kickboxing, karate, and tough-man contests in the state in an effort to protect the safety of the participants and the interests of the public. The agency carries out its mission by setting standards for licensure of individuals, granting permits, and conducting events sanctioned by the Commission.

The Ohio Athletic Commission is part of the Occupational Licensing and Regulatory Fund (Fund 4K9). The 4K9 Fund is a General Services Fund that is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The 4K9 Fund was established by Am. Sub. H.B. 152 of the 120th General Assembly. Prior to the creation of the fund, appropriations for each licensing board were made from the GRF. This created some problems as some boards contributed more revenues than they expended and others had to be subsidized by the GRF since the revenues generated did not meet their expenditures. The 4K9 Fund eliminated these problems. The philosophy of the fund is that each board must generate enough revenues to cover their expenses. It is also quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

Highlights of the Current Biennium

Operational Improvements

The Athletic Commission cites many changes in the current biennium that have improved efficiency, accounting and record keeping, access to information, as well as the safety of participants in the events the Commission regulates. For instance, the Commission has placed all forms and license packets on its web site, which has resulted in lower mailing and telecommunication costs and faster processing times; records management tasks were streamlined; a part-time account clerk was added to the staff to provide additional accounting skills, which has strengthened the internal control structure of the organization; the Commission's headquarters was relocated into the Voinovich Government Center in Youngstown; and Administrative Code regulations, scheduled events and results, athlete agent names and their license expiration dates all have been posted on the Commission's web site.

Additionally, the Commission has implemented new physical standards for boxers that require various test results and exams before licenses are issued. Tough-person rules and regulations have also been changed to create three divisions of competition, to require a CAT scan on competitors 35 years and older to have been performed within the prior year, and to limit the number of bouts a contestant may compete in during specified time periods.

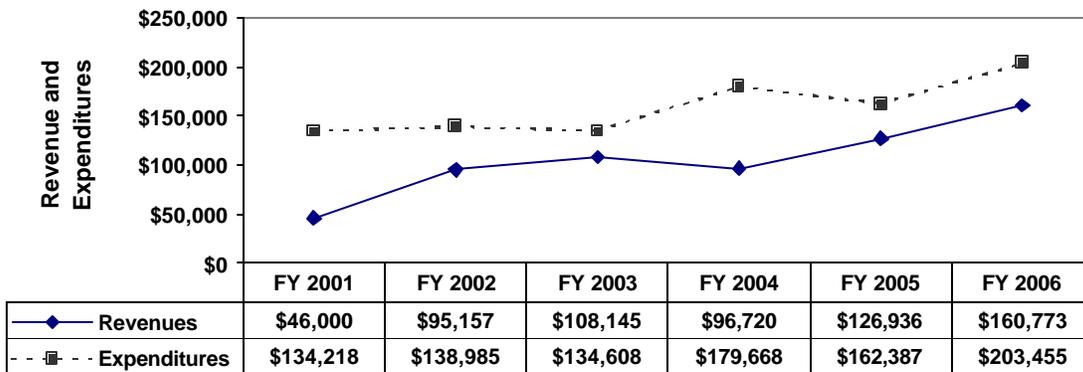
The Commission has also gained notoriety as one of the leading states in terms of rules and regulations development for amateur mixed martial arts (MMA) events. In fact, other states have

consulted with and are adopting Ohio's MMA rules. The Athletic Commission's reputation as a leader in MMA regulation was an important factor in the Ultimate Fighting Championship (UFC) deciding to come to Ohio for the first time. Prior to the UFC event in Columbus in March 2007, UFC had not ventured into the Midwest. The Columbus UFC event now boasts the largest attendance of any UFC event in North America at 19,079.

Revenues and Expenditures

The Athletic Commission's revenues increased 31.2% in FY 2005 and another 26.7% in FY 2006 due to an increasing number of events regulated. However, as the chart below demonstrates, Athletic Commission revenues have consistently run short of expenditures in the past six fiscal years. For example, the Commission's expenditures for FY 2006 were \$203,455 compared to revenue of \$160,773, yielding a deficit of \$42,682 for the most recently completed fiscal year. FY 2007 revenue will likely be approximately \$300,000, which is much higher than in prior years due to the UFC event that took place in Columbus in March 2007. That event alone, through the 5% tax on gross ticket sales, has contributed approximately \$137,000 to the Commission's FY 2007 income. The Commission is working to bring the UFC event back to Ohio annually.

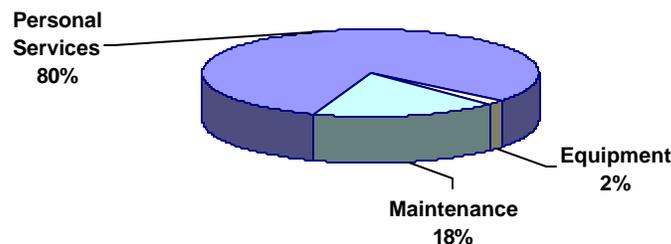
Athletic Commission Revenue and Expenditures, FYs 2001 - FY 2006



Executive Recommendation for FYs 2008-2009

The executive recommends \$255,850 for FY 2008 and the same amount for FY 2009, representing no change from the Commission's FY 2007 appropriation of \$255,850. The pie chart below illustrates the Board's planned expenses by object code for FYs 2008-2009. Like many other licensing and regulatory boards, the vast majority of the Athletic Commission's expenses are for personal services, such as payroll, health care, and fringe benefit costs. The executive recommends an increase in personal service spending of 13.3% in FY 2008 over the FY 2007 appropriation in this area.

FYs 2008-2009 Recommended Funding by Object Code



Summary of FYs 2008-2009 Budget Issues

Initiatives to Increase Revenue

The Commission is seeking several different avenues for increased revenue, which would help alleviate the operating deficits it has experienced. For the FYs 2008-2009 period, the Commission will seek an increase in certain license fees as well as a 5% tax on wrestling events. The Commission stated that expanding its 5% event taxes to include professional wrestling events could increase revenue by approximately \$90,000. Greater licensure and event permit activity should also help alleviate the deficits in the future. The Commission expects the number of licensed boxers, referees, judges, timekeepers, matchmakers, managers, trainers, and seconds to increase 2.5% in FY 2008 and 3.0% in FY 2009. Event permits are estimated to grow at 10% per year during the upcoming biennium.

Increasing Commission Workload

The Commission noted that the number of events it regulates has increased in the past several years as MMA events have become progressively more popular in the country. As a result, the workload for Commission staff has also increased. As such, the Commission is in need of more budgeted hours for its part-time account clerk, who is currently limited to 1,000 hours per year. If the Commission were able to generate more revenue through the initiatives outlined above, it would also hire additional inspectors in an effort to monitor and enforce Commission regulations at more events. The Commission would also be able to focus more on areas that advertise unregulated events and force compliance or have law enforcement halt such events for lack of a permit.

Staffing Levels

The Ohio Athletic Commission added a third staff member in January 2006, who serves as a part-time account clerk.

Ohio Athletic Commission Staffing Levels, by Fiscal Year						
	2004	2005	2006	2007	Estimated	
	2008	2009				
Commissioners	5	5	5	5	5	5
Office Staff	2	2	2.5	2.5	2.5	2.5
Totals	7	7	7.5	7.5	7.5	7.5

FACTS AND FIGURES

Licenses

The Commission renews its licenses annually. The Commission issued nearly 1,600 licenses in FY 2006. As noted above, the Commission expects the number of licensed boxers, referees, judges, timekeepers, matchmakers, managers, trainers, and seconds to increase 2.5% in FY 2008 and 3.0% in FY 2009. Event permits are expected to have even greater growth at 10% per year during the upcoming biennium.

Athletic Commission Licenses by License Type	
License Type	FY 2006
Boxing/Mixed Martial Arts/Tough-Person Licenses	710
Non-Officials (Seconds, Managers, Trainers, and Matchmakers)	518
Officials (Judges, Referees, and Timekeepers)	163
Federal Identification Cards	97
Athlete Agents	52
Boxing/Tough-Person Promoters	35
Wrestling Promoters	13
TOTAL	1,588

License Fees

The table below illustrates the Athletic Commission's license fees by license type. The Athletic Commission's fees were last raised in FY 2003 when they were doubled. As noted above, the Commission is seeking an increase in fees of \$50 for all promoters and \$5 for competitors, nonofficials, and officials in order to increase its operating revenue. The Commission noted that these increased fees would increase revenue by \$7,500 each fiscal year. This additional revenue would be used mostly to cover the added costs for issuing licenses.

Athletic Commission License Fees by License Type	
License	Fee
Athlete Agent	\$500
Wrestling Promoter	\$200
Boxing/Mixed Martial Arts/Tough-Person Promoter	\$100
Competitor (Boxer, Tough-Person, Mixed Martial Arts) License	\$20
Federal Identification card	\$20
Non-Officials (Manager, Matchmaker, Second, Trainer)	\$20
Officials (Judge, Referee, Timekeeper)	\$20

ANALYSIS OF EXECUTIVE PROPOSAL

Single Program Series

Operating Expenses

Purpose: Regulates boxing, wrestling, mixed martial arts, kickboxing, karate, and tough-person contests

The following table shows the line items that are used to fund the Athletic Commission as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
4K9	175-609	Operating Expenses	\$255,850	\$255,850
General Services Fund Group Subtotal			\$255,850	\$255,850
Total Funding: Ohio Athletic Commission			\$255,850	\$255,850

Program Description: In accordance with Chapter 3733. of the Revised Code, the Ohio Athletic Commission regulates prizefights, boxing, professional wrestling, and athlete agents within the state in an effort to protect the safety of the fight participants and the interests of the public.

Funding Source: GSF Fund 4K9

Line Items: 175-609, Operating Expenses

Implication of Executive Recommendation: The executive recommendation fully funds the Athletic Commission's budget request and allows the Commission to maintain current service levels.

Permanent Law Provisions

Public Boxing or Wrestling Match or Exhibition (R.C. 3773.35, 3773.36). A permanent law provision in the bill creates the Athletic Commission Promoter's License Fund, which must consist of only the cash bonds, certified checks, and bank drafts a person applying for a promoter's license is required to give the Ohio Athletic Commission under existing law. The provision requires the money in the fund to be used to reimburse a promoter for that promoter's bond, check, or draft upon the expiration or revocation of the promoter's license. The provision requires a promoter who is renewing the promoter's license to deposit with the Commission an additional administrative fee equal to 5% of the cash bond, certified check, bank draft, or surety bond. The provision also changes two of the items that must appear on a promoter's license from the date of issue and a serial number designated by the Commission to the date of expiration and an identification number issued by the Commission.

REQUESTS NOT FUNDED

The Governor's proposal fully funds the Athletic Commission's budget request at \$255,850 in each fiscal year of the FY 2008-2009 biennium.

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General Services Fund Group

4K9 175-609 Operating Expenses

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$179,668	\$162,386	\$203,455	\$255,850	\$255,850	\$255,850
	-9.6%	25.3%	25.8%	0.0%	0.0%

Source: GSF: License fees and other assessments collected by the state's professional and occupational licensing boards

Legal Basis: ORC 3773.33 and 4743.05; Section 225.10 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This appropriation item is used for general operating expenses, including payroll, supplies, and equipment for the Ohio Athletic Commission.

5R1 175-602 Athlete Agents Registration

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$1,740	\$0	\$0	\$0	\$0	\$0

Source: GSF: Registration and renewal fees collected from athlete agents

Legal Basis: Discontinued line item (originally established in ORC 4771.07, 4771.08 and 4771.22; subsequently repealed by Am. Sub. H.B. 95 of the 125th G.A.)

Purpose: This appropriation was used to administer and enforce the law concerning athlete agents. Am. Sub. H.B. 95 of the 125th G.A. eliminated the Athlete Agents Registration Fund and redirected money received from the licensure of athlete agents to the Occupational Licensing and Regulatory Fund (Fund 4K9).

LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>Estimated</i> 2007	<i>As</i> <i>Introduced</i> 2008	<i>House Passed</i> 2008	<i>% Change</i> <i>Est. 2007 to</i> <i>House 2008</i>	<i>As</i> <i>Introduced</i> 2009	<i>House Passed</i> 2009	<i>% Change</i> <i>House 2008 to</i> <i>House 2009</i>
<i>ATH Athletic Commission, Ohio</i>									
4K9	175-609	Operating Expenses	\$255,850	\$ 255,850	\$ 255,850	0.0%	\$ 255,850	\$ 255,850	0.0%
General Services Fund Group Total			\$ 255,850	\$ 255,850	\$ 255,850	0.0%	\$ 255,850	\$ 255,850	0.0%
Total All Budget Fund Groups			\$ 255,850	\$ 255,850	\$ 255,850	0.0%	\$ 255,850	\$ 255,850	0.0%

As Introduced (Executive)

As Passed by the House

1 (CD-478-ATH) Promoter's License Fund

R.C. 3773.35, 3773.36

(1) Creates the Athletic Commission Promoter's License Fund, which must be in the custody of the Treasurer of State but is not part of the state treasury. This fund must consist only of the cash bonds, certified checks, and bank drafts a person applying for a promoter's license is required to give the Ohio Athletic Commission under existing law. Money in the fund is required to reimburse a promoter for that promoter's bond, check or draft upon the expiration or revocation of the promoter's license.

No provision.

(2) Requires a promoter who is renewing the promoter's license to deposit an additional administrative fee of 5% of the total cash bond, certified check, bank draft or surety bond required of the promoter under existing law.

No provision.

(3) Changes two of the items that must appear on a promoter's license from the date of issue and a serial number designated by the Commission to the date of expiration and an identification number issued by the Commission.

No provision.

Fiscal effect: None from item (1) since these are now held in abeyance until after an event so as not to affect appropriations when amounts are returned to promoters. Instead, the provision requires that these amounts be held in a new custodial fund, the Promoter's License Fund. (2) Potential minimal gain in revenue to Fund 4K9 from the 5% administrative fee. (3) Costs for making changes to promoter's license likely minimal.