

Greenbook

LBO Analysis of Enacted Budget

Ohio State Racing Commission

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TABLE OF CONTENTS

Quick look.....	1
Agency overview	1
Appropriation overview.....	2
Analysis of FY 2026-FY 2027 budget	2
Thoroughbred Development (ALI 875601)	2
Standardbred Development (ALI 875602)	2
Racing Commission Operating (ALI 875604).....	3
Horse Racing Development – Casino (ALI 875610).....	4
Revenue Redistribution (ALI 875611)	4
Simulcast Horse Racing Purse (ALI 875607).....	4
Bond Reimbursements (ALI 875605)	5

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, policing racetracks, and auditing financial activities.
- RAC receives no funding from the GRF. Its revenue comes from three main sources:
 - Wagering on horse races;
 - Casino tax revenues;
 - Video lottery terminal (VLT) taxes.
- RAC employs 12 staff members as of August 2025. This count does not include five commission members, appointed by the Governor. Persons who officiate at the tracks and veterinarians provide these services under contracts with RAC, rather than as employees.

Fund Group	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Dedicated Purpose (DPF)	\$27,984,930	\$29,126,858	\$28,890,635	\$28,923,573
Fiduciary Fund (FID)	\$3,921,226	\$3,592,919	\$3,921,226	\$3,921,226
Holding Account (HLD)	\$108,700	\$85,900	\$108,700	\$108,700
Total	\$32,014,856	\$32,805,677	\$32,920,561	\$32,953,499
% change	--	2.5%	0.4%	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. RAC prescribes rules under which horse racing and wagering on racing events may be conducted, licenses participants, and oversees races at seven commercial tracks and most of Ohio's county fairs. To promote the equine industry, RAC provides purse subsidies that encourage breeding and racing. The Racing Commission employs administrators and investigators, and contracts for the services of officials and veterinarians at the tracks.

RAC receives no funding from the GRF. Its revenues come from three main sources. The Commission receives a percentage of revenues from wagering on racing events, both in person and at simulcast facilities, as well as various fines and permit fees paid by industry participants, and other receipts. The Commission also receives 3% of Ohio's casino tax revenues under R.C. 5753.03. RAC is funded by a percentage of video lottery terminal (VLT) revenue, between 9% and 11% as agreed between permit holders and horsemen's associations.

Subsidies have historically accounted for the majority of RAC's expenditures. These subsidies take the form of supplements to purses at live horse races, additions to purses won by Ohio horses against horses residing in other states, and awards to Ohio breeders of winning

racehorses. Expenditures other than subsidies are for RAC operations, promotional activities, oversight and enforcement of rules, licensing, investigation, and drug testing.

Appropriation overview

The Racing Commission's total appropriations for FY 2026 are \$32.9 million, \$0.1 million (0.4%) above actual spending in FY 2025. For FY 2027, the appropriations are roughly the same, \$33.0 million.

Ohio State Racing Commission employees promote and regulate pari-mutuel horse racing in Ohio. The promotion program manages subsidies and encourages industry participation and excellence. The regulatory program aims to ensure the proper functioning of wagering, as well as the safety of horses at tracks and of all those in the industry. The Ohio State Racing Commission has a staff of 12, not including the five commission members, and contracts with two state stewards, two presiding judges, and two state veterinarians for personal services at the seven racetracks.

Analysis of FY 2026-FY 2027 budget

This section provides an analysis of the enacted budget's funding for each appropriation item in RAC's budget. A summary describes how each appropriation is used.

Thoroughbred Development (ALI 875601)

The thoroughbred program promotes thoroughbred racing in Ohio by purse subsidies and by 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. The enacted budget appropriates a total of \$1.7 million in FY 2026-FY 2027 for appropriation line item (ALI) 875601, Thoroughbred Development.

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Fund 5620 ALI 875601, Thoroughbred Development					
\$973,257	\$904,599	\$862,051	\$752,630	\$870,555	\$873,434
% change	-7.1%	-4.7%	-12.7%	15.7%	0.3%

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, and 0.25% of exotic wagering on thoroughbred races. Fund 5620 also receives 0.625% of pari-mutuel wagering on quarter horse racing and 0.25% of exotic wagering on quarter horse racing to support quarter horse development and purses. In addition, a percentage of pari-mutuel wagering on harness racing, determined by the Tax Commissioner, is deposited into Fund 5620. Any interest earned on fund balances is also credited to this fund.

Standardbred Development (ALI 875602)

RAC supports the racing and breeding of standardbred horses in the state by providing purse subsidies and funding for research and testing of horses. 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. All investment earnings on the cash balance in the fund are credited to the fund. The enacted budget annually appropriates \$1.2 million, which is 42% higher than FY 2025 spending.

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Fund 5630 ALI 875602, Standardbred Development					
\$1,481,367	\$874,394	\$1,494,712	\$877,360	\$1,246,399	\$1,246,970
% change	-41.0%	70.9%	-41.3%	42.1%	0.0%

Racing Commission Operating (ALI 875604)

Most funding for RAC operations is used for ongoing administration and regulation of the horse racing industry. RAC employs investigators who police commercial tracks, examining stable areas, betting activity, and race outcomes to protect against illegal activity. Investigators seek to ensure that Ohio tracks and racing teams comply with racing and wagering laws. RAC also conducts annual audits of bank account records and payments to permit holders. If any party fails to collect, pay, disburse, or account for any moneys or fees, the Commission is responsible for enforcing payment to or by the collection and settlement agent.

In 2024, RAC licensed 12,968 industry participants. Licenses are required for accountability and to maintain records of Ohio's horse racing industry participants, both to monitor criminal activity and to ensure the accuracy of any required inspections or audits.

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Fund 5650 ALI 875604, Racing Commission Operating					
\$3,755,827	\$3,533,887	\$3,227,252	\$3,348,622	\$3,473,682	\$3,503,170
% change	-5.9%	-8.7%	3.8%	3.7%	0.8%

The enacted budget appropriates about \$3.5 million in each year of the biennium, which is roughly 4% more than spending in FY 2025. The State Racing Commission Operating Fund (Fund 5650) is primarily supported by fees collected for licenses, registration, permits, and fingerprinting. It also receives a portion of collected wagering taxes. This fund pays most of the salaries of employees and a portion of the cost of purchased personal services for state stewards and presiding judges who help regulate the racing industry, and for veterinary services.

State stewards and presiding judges represent the Racing Commission at thoroughbred and standardbred racetracks, respectively. Veterinarians are responsible for drug testing horses at all commercial tracks. Human samples are sometimes also collected. The samples are processed for the Racing Commission by the laboratory at the Ohio Department of Agriculture. In 2024, the Racing Commission tested 14,102 blood and urine samples collected from standardbred horses involved in harness races at seven commercial tracks and 52 county fairs.

As of May 2023, thoroughbred testing in Ohio was overseen by the Horseracing Integrity and Safety Authority, which is a private self-regulatory organization authorized by Congress.

Horse Racing Development – Casino (ALI 875610)

The Horse Racing Development Fund was established to support horse racing throughout the state. ALI 875610, Horse Racing Development – Casino, subsidizes purses and breeding programs at all existing commercial horse racetracks. A small amount is also used to support operations at tracks that do not hold a majority interest in an Ohio casino facility or Ohio casino license. The fund receives a 3% share of the 33% tax imposed on gross casino revenue. The enacted budget appropriates \$10.5 million in FY 2026 and in FY 2027, which is 7.9% above FY 2025 spending. The purse costs and other distributions from this fund are totally based on RAC's receipts from casino tax revenue.

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Fund 5JK0 ALI 875610, Horse Racing Development – Casino					
\$14,378,914	\$9,939,914	\$9,532,365	\$9,730,608	\$10,499,999	\$10,499,999
% change	-30.9%	-4.1%	2.1%	7.9%	0.0%

Revenue Redistribution (ALI 875611)

The Horsemen's Development Fund (Fund 5NL0) was established to redistribute a portion of video lottery terminal (VLT) tax revenues to RAC, to support purses and racing operations in Ohio. Any agent participating in VLT sales must pay a portion, between 9% and 11%, of VLT revenue; the percentage is to be bargained on an individual case basis between the applicable horsemen's association and the sales agent, or as directed through a RAC ruling. The respective horsemen associations (Ohio Horsemen's Benevolent and Protective Association for Thoroughbred and the Ohio Harness Horsemen's Association for Standardbred) decide on how much VLT money they will deposit with the Racing Commission for distribution to enhance purses for their respective programs. The enacted budget appropriates \$12.8 million in each year of the biennium for this line item, an amount 11.2% below FY 2025 spending.

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Fund 5NL0 ALI 875611, Revenue Redistribution					
\$9,268,465	\$11,312,975	\$12,868,549	\$14,417,637	\$12,800,000	\$12,800,000
% change	22.1%	13.8%	12.0%	-11.2%	0.0%

Simulcast Horse Racing Purse (ALI 875607)

Tracks and satellite facilities 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 via this line item.

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Fund 5C40 ALI 875607, Simulcast Horse Racing Purse					
\$4,962,324	\$4,395,947	\$3,921,226	\$3,592,919	\$3,921,226	\$3,921,226
% change	-11.4%	-10.8%	-8.4%	9.1%	0.0%

The enacted budget annually appropriates \$3.9 million, 9.1% more than FY 2025 expenditures. The spending for this ALI is solely based upon moneys wagered at a race track. Fund 5C40 receives a portion of the wagers placed at commercial tracks or satellite facilities at times when no live races are scheduled. RAC collects these funds and distributes them each month to racing permit holders to be used for horsemen's purse accounts.

Bond Reimbursements (ALI 875605)

Racing permit holders are required to post cash performance bonds of \$100 per each live racing day, 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 ALI 875605 is \$108,700 per fiscal year, 26.5% more than spending in FY 2025.

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Appropriation	FY 2027 Appropriation
Fund R021 ALI 875605, Bond Reimbursements					
\$94,110	\$70,692	\$108,700	\$85,900	\$108,700	\$108,700
% change	-24.9%	53.8%	-21.0%	26.5%	0.0%

**FY 2026 - FY 2027 Final Appropriations
All Fund Groups - Detail**

H.B. 96 - Main Operating Appropriations Bill

Detail by Agency			FY 2024	FY 2025	Appropriation FY 2026	Appropriation FY 2027	FY 2025 to FY 2026 % Change	FY 2026 to FY 2027 % Change
RAC State Racing Commission								
5620	875601	Thoroughbred Development	\$862,051	\$752,630	\$870,555	\$873,434	15.67%	0.33%
5630	875602	Standardbred Development	\$1,494,712	\$877,360	\$1,246,399	\$1,246,970	42.06%	0.05%
5650	875604	Racing Commission Operating	\$3,227,252	\$3,348,622	\$3,473,682	\$3,503,170	3.73%	0.85%
5JK0	875610	Horse Racing Development - Casino	\$9,532,365	\$9,730,608	\$10,499,999	\$10,499,999	7.91%	0.00%
5NL0	875611	Revenue Redistribution	\$12,868,549	\$14,417,637	\$12,800,000	\$12,800,000	-11.22%	0.00%
Dedicated Purpose Fund Group Subtotal			\$27,984,930	\$29,126,858	\$28,890,635	\$28,923,573	-0.81%	0.11%
5C40	875607	Simulcast Horse Racing Purse	\$3,921,226	\$3,592,919	\$3,921,226	\$3,921,226	9.14%	0.00%
Fiduciary Fund Group Subtotal			\$3,921,226	\$3,592,919	\$3,921,226	\$3,921,226	9.14%	0.00%
R021	875605	Bond Reimbursements	\$108,700	\$85,900	\$108,700	\$108,700	26.54%	0.00%
Holding Account Fund Group Subtotal			\$108,700	\$85,900	\$108,700	\$108,700	26.54%	0.00%
State Racing Commission Total			\$32,014,856	\$32,805,677	\$32,920,561	\$32,953,499	0.35%	0.10%