

# **LSC Greenbook**

**Analysis of the Enacted Budget**

## **Ohio Athletic Commission**

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**ATTACHMENT:**

Budget Spreadsheet By Line Item

# Ohio Athletic Commission

- Funding of \$640,000 for the biennium
- The Athletic Commission issued approximately 2,200 licenses, permits, and identification cards in FY 2015

## OVERVIEW

### Agency Overview

The Ohio Athletic Commission (ATH) regulates boxing, mixed martial arts, professional wrestling, kickboxing, karate, and tough person contests – the striking sports – in an effort to protect the safety of the participants and the interests of the public. ATH carries out its mission by setting standards for licensure of individuals, granting permits, and conducting sanctioned events. Ohio has been particularly active in regulating amateur mixed martial arts (MMA) events. This is one of the reasons the Ultimate Fighting Championship (UFC) decided to come to Ohio to hold major events. Overall, ATH regulated about 2,200 competitors, promoters, officials, other event personnel, and athlete agents in FY 2015.

ATH's governing authority consists of five voting members appointed by the Governor. One member must be a doctor of medicine or osteopathy. H.B. 64 altered the membership qualifications of the Ohio Athletic Commission by removing the requirement that one member be knowledgeable in high school athletics, one member be knowledgeable in professional athletics, and one member be knowledgeable in collegiate athletics, instead leaving these three appointments to the discretion of the Governor. H.B. 64 also requires that two members be knowledgeable in boxing and mixed martial arts, instead of just being knowledgeable in boxing. Members receive a per diem in an amount fixed pursuant to state law as well as reimbursement for actual and necessary expenses incurred as part of their duties. The day-to-day operations of the Commission are managed by an executive director, a full-time administrative assistant, and a full-time account clerk. The Commission receives no GRF funding; instead, its operations are entirely supported by fee revenue.

### Appropriation Overview

The budget provides funding of \$320,000 in each fiscal year of the FY 2016-FY 2017 biennium, a 14.3% increase when compared to FY 2015 spending of \$279,912 for Commission operations. H.B. 64 provides this funding by way of a single line item, drawn from the Occupational Licensing and Regulatory Fund (Fund 4K90). As a regulatory entity, personnel costs are ATH's biggest expense.

## Fee Revenues and Fund 4K90

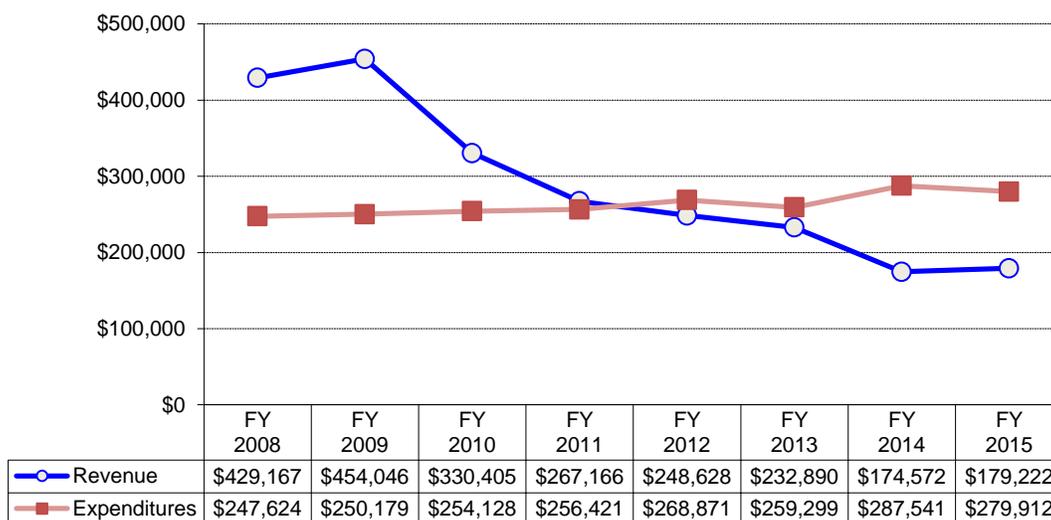
The Commission issues several different types of licenses, permits, and identification cards. The table below shows the current fee amounts charged. All of the Commission's licenses renew annually, except for the athlete agent license, which renews biennially. The Commission collects two national registrations – the Federal Boxing ID Card and the National Mixed Martial Arts ID Card. The former is valid for four years and the latter is valid for five years. These fees are deposited into Fund 4K90.

<b>Name of License or Permit</b>	<b>Fee Amount</b>
Athlete Agent Registration (Two Years)	\$500
Professional Wrestling Promoter License	\$200
Professional Wrestling Permit	\$100
Boxing, Mixed Martial Arts, Tough Person Promoter License	\$100
Boxing, Mixed Martial Arts, Tough Person Event Permit	\$50
Competitor (Boxer, Mixed Martial Arts) License	\$30
Competitor (Tough Person) Application	\$20
Nonofficials (Manager, Matchmaker, Second, Trainer) License	\$30
Officials (Judge, Referee, Timekeeper) License	\$30
Federal Identification Card for Boxers (Four Years)	\$20
National Identification Card for Mixed Martial Art Fighters (Five Years)	\$20
Replacement Card	\$10

The chart below shows revenues and expenditures between FY 2008 and FY 2014, as well as FY 2015 actual revenues and expenditures. While ATH's expenses increased only modestly over this eight-year period, there was a significant decline in revenue between FY 2009 and FY 2014. The major cause of this decline is a drop in receipts from the 5% event tax applied to gross ticket sales at events regulated by the Commission. For a three-year period between FY 2007 and FY 2009, the Commission collected a significant amount of this event tax from four major UFC-sponsored MMA events that were hosted in Ohio. Since that time, there has not been a UFC-sponsored event in the state. A second reason for the drop in event tax revenue is the increasing number of events being held at county fairs. This affects revenues collected by the Commission because the cost of entry to an event is included in the admission to the fair and is not subject to the 5% event tax.

Two other reasons explain the recent decline in revenues. As the chart shows, although revenue increased in FY 2009, this was due, in part, to a large number of participants paying for a newly originated, national MMA identity card. The card was originally never going to expire; however, the Association of Boxing Commissions changed the rule in July 2014 by requiring the card to be renewed every five years. Also contributing to the decline is the fact that Ohio faces more competition from events in other states. Ohio was one of the first states to regulate amateur MMA. This attracted promoters from other states to host events in Ohio. Over time, Ohio has lost this advantage as more states have adopted similar regulations. All of these factors have combined to reduce the revenue collected by the Commission. Looking ahead, however, the Commission anticipates an increase in boxer and mixed martial arts licenses. This could translate to more events in the upcoming two years. There is also a possibility that the UFC will host a fighting event in Ohio in CY 2016, leading to a gain in event tax receipts.

**Revenue and Expenditures, FY 2008 through FY 2015**



## Agency Receipts

Table 2 shows the number of licenses, permits, and identification cards issued by the Commission in FY 2015 as well as the receipts from its 5% charge on event tickets.

<b>Table 2. Agency Receipts, FY 2015</b>		
<b>Revenue Source</b>	<b>Number Paying the Fee</b>	<b>Total Receipts</b>
Athlete Agent Registration (Two Years)	67	\$33,500
Professional Wrestling Promoter License	27	\$5,400
Professional Wrestling Match or Exhibition Permit	157	\$15,700
Boxing, Mixed Martial Arts, Tough Person Promoter License	18	\$1,800
Boxing, Mixed Martial Arts, Tough Person Event Permit	62	\$3,100
Competitor (Boxer, Mixed Martial Arts) License	661	\$19,830
Competitor (Tough Person) Application	77	\$1,540
Nonofficials (Manager, Matchmaker, Second, Trainer) License	640	\$19,200
Officials (Judge, Referee, Timekeeper) License	74	\$2,220
Federal Identification Card for Boxers (Four Years)	96	\$1,920
National Identification Card for Mixed Martial Art Fighters (Five Years)	307	\$6,140
Replacement Cards	5	\$50
Event Assessment – 5% of ticket sales	N/A	\$61,741
Fines and miscellaneous revenue	N/A	\$7,081
<b>TOTAL</b>	<b>2,191</b>	<b>\$179,222</b>

\*FY 2015 figures represent actual revenues and expenditures.

## ANALYSIS OF ENACTED BUDGET

ATH's operations are funded by a single line item appropriation out of the Occupational Licensing and Regulatory Fund (Fund 4K90). The table below shows the funding for the Commission for the FY 2016-FY 2017 biennium.

Appropriations for the Ohio Athletic Commission				
Fund	ALI and Name		FY 2016	FY 2017
<b>Dedicated Purpose Fund Group</b>				
4K90	175609	Operating Expenses	\$320,000	\$320,000

This line item supports all of the Commission's operating expenses. The total biennial funding of \$640,000 over the FY 2016-FY 2017 biennium is about 12.8% above expenditures of \$567,453 incurred during the FY 2014-FY 2015 biennium. Under the funding provided, the Commission will be able to maintain current operations and staff of three full-time employees and five commissioners.

H.B. 64 removed the requirement that a person seeking a referee's license pass an examination administered by the Commission. This may result in a very minimal decrease in administrative expenses to Fund 4K90 for the Commission to administer the referee exam.

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# FY 2016 - FY 2017 Final Appropriation Amounts

# All Fund Groups

## Line Item Detail by Agency

			FY 2014	FY 2015	Appropriation FY 2016	FY 2015 to FY 2016 % Change	Appropriation FY 2017	FY 2016 to FY 2017 % Change
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: As Enacted</b>					
<b>ATH Ohio Athletic Commission</b>								
4K90	175609	Operating Expenses	\$ 287,541	\$ 279,912	\$ 320,000	14.32%	\$ 320,000	0.00%
<b>Dedicated Purpose Fund Group Total</b>			<b>\$ 287,541</b>	<b>\$ 279,912</b>	<b>\$ 320,000</b>	<b>14.32%</b>	<b>\$ 320,000</b>	<b>0.00%</b>
<b>Ohio Athletic Commission Total</b>			<b>\$ 287,541</b>	<b>\$ 279,912</b>	<b>\$ 320,000</b>	<b>14.32%</b>	<b>\$ 320,000</b>	<b>0.00%</b>