

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Lina M. Khan, Chair

apply in determining whether to approve a proposed budget. Third, anonymous comment raised points relevant to the Authority's proposed 2025 budget although it did not speak to specific provisions in the budget or address how they were or were not consistent with whether they would serve the goals of the Horseracing Integrity and Safety Act. The commenter provided suggestions regarding the Commission's budget approval process,

Authority published the proposal on its website on July 11, 2024, and received only one comment in response.⁹ The comment requested a summary explanation of the budget proposed charges and posed questions regarding the basis for certain item changes from the 2024 budget. HISA responded to these questions in the Notice and stated that, in future years, it will consider including the Notice when it posts the proposed budget on its website.¹⁰

The Budget Oversight Rule requires that the Authority's proposed budget submission include detailed line item information for both revenues and expenditures that would be sufficient for HISA's Board of Directors to exercise their fiduciary duty of care, along with "a narrative component that provides a brief explanation of each line item utility in carrying out the purposes of the Horseracing Integrity and Safety Act." The proposal must also provide a comparison between approved budget line items and actual revenues and expenditures for the current year, along with a narrative explanation of any anticipated deviation of 10 percent or more.¹¹ These narratives comprise the Authority's Notice, which is submitted to the Commission and published in the Federal Register. The Commission agrees with the Authority's suggestion that it publish this Notice on its website with the proposed budget, and encourages the Authority to do so in future years.

After it receives the Authority's budget proposal, the Rule requires the Commission to facilitate a second round of public comment by publishing the submission and the

⁹ The comment was an article by Andrew Copeland published in the Paulick Report, a horseracing publication, titled "Keeping Pace: A Closer Look at HISA's Proposed Budget." The Authority reported that it posted the comment on its website the same day that it was received. 89 Fed. Reg. at 70188.

¹⁰ Id.

¹¹ 16 C.F.R. § 1.150(c)(4).

¹² Id. § 1.150(c)(5).

detailed Notice, in the Federal Register¹³As noted above, the Commission must consider any public comments received when deciding whether to approve the budget.¹⁴

The anonymous comment¹⁵ also asked the Commission to consider whether the “budget allocations are equitable and consider the needs of all stakeholders within the horseracing industry,” questioned the effectiveness of fines and penalties as mechanisms for ensuring compliance, and encouraged the Commission to clearly communicate how it will consider public comments in making a final decision¹⁵. The comment did not discuss any specific aspects of the budget or address the decisional criteria, even though the Authority’s Notice provided detailed information on projected item expenditures and anticipated revenues connected with implementation of both the racetrack safety program and the anti-doping and medication control (“ADMC”) program

In some respects, the comment is directed more precisely to

racetrack accreditation visits, racing participant registration, fine assessment, crop violation statistics, and veterinary treatment records.¹⁹ The Commission's new oversight rule provisions, which took effect in September 2024,²⁰ require additional annual and mid-year financial and performance reporting, strategic planning, enterprise risk management, and other recommended best practices to ensure that the Authority remains publicly accountable and operates in a fiscally prudent, safe, and effective manner.²⁰

Therefore, having considered the public comments and the information submitted by the Authority in support of its proposed budget, as required by the Budget Oversight Rule, the Commission concludes that, on balance, the proposed budget is consistent with and serves the goals of the Horseracing Integrity and Safety Act in a prudent and effective manner and that its anticipated revenues are sufficient to meet its anticipated expenditures. 16 C.F.R. §§ 1.151(a), 1.151(c).

III. Conclusion

For the foregoing reasons, the Authority's proposed 2025 budget is APPROVED.

¹⁹ See <https://hisaus.org/news/2024-metrics-report>

²⁰ See 89 Fed. Reg. 66546 (Aug. 16, 2024), codified at 16 C.F.R. §§ 1.151-1.156.