

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

**COMMISSIONERS:**        **Andrew N. Ferguson, Chairman  
Mark R. Meador**

**ORDER APPROVING THE BUDGET FOR 2026 PROPOSED BY  
THE HORSERACING INTEGRITY AND SAFETY AUTHORITY**

**April 13, 2026**

**I.        Background on the Commission’s Oversight of HISA’s 2026 Budget**

The Horseracing Integrity and Safety Act of 2020 (“the Act”)<sup>1</sup> recognizes a self-regulatory nonprofit organization, the Horseracing Integrity and Safety Authority (“HISA” or “the Authority”), which is charged with developing and enforcing rules on a variety of subjects relating to horseracing.<sup>2</sup> Under 15 U.S.C. § 3052(f), the Federal Trade Commission (“the Commission”) has roles in overseeing the funding of the Authority’s operations and in approving the means whereby the Authority collects fees to support its operations.

On March 22, 2023, the Commission announced the adoption of procedures whereby the Commission reviews and approves HISA’s annual budget.<sup>3</sup> Those procedures, codified at 16 C.F.R. Part 1 Subpart U (“Oversight Rule” or “Rule”) (1) require the Authority to annually submit its next year’s proposed budget to the Commission, (2) specify the criteria whereby the Commission decides whether to approve a proposed HISA budget, and (3) establish the process by which the Commission decides whether to approve certain deviations from an approved

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<sup>1</sup> 15 U.S.C. §§ 3051–3060.

<sup>2</sup> *See id.* § 3053(a).

<sup>3</sup> *See* 88 Fed. Reg. 18034 (Mar. 27, 2023) (announced by the Commission on March 22, 2023, at <https://www.ftc.gov/news-events/news/press-releases/2023/03/ftc-issues-final-rule-establishing-process-approval-horseracing-integrity-safety-authoritys-budget>). The Commission amended these provisions in early 2024 to streamline and improve the process for Commission review of the Authority’s annual budget. *See* 89 Fed. Reg. 8530 (Feb. 8, 2024).

budget (*e.g.*, total expenditures in excess of the approved amount, or a line-item expenditure of 10 percent or more above the approved amount).<sup>4</sup>

On August 1, 2025, the Authority submitted to the Commission a “Notice of Filing of HISA Budget” (“Notice”), setting forth the 2026 budget approved by the Authority’s Board of Directors, as required by the Oversight Rule. After reviewing this Notice and additional information the Authority provided to the Commission, the Commission’s Secretary determined that the Authority’s submission complied with § 1.150(c) of the Rule and, as required by § 1.150(d), published the Authority’s proposed 2026 budget in the Federal Register and invited public comment.<sup>5</sup> The public comment period expired on September 17, 2025.

The Oversight Rule provides that after the close of the comment period, the Commission must either approve or disapprove the proposed budget. “The Commission will approve the proposed budget if the Commission determines that, on balance, the proposed budget is consistent with and serves the goals of the Horseracing Integrity and Safety Act in a prudent and cost-effective manner and that its anticipated revenues are sufficient to meet its anticipated expenditures.” 16 C.F.R. § 1.151(c). Commission staff reviewed the proposed budgetary line items and accompanying narratives and found that these conditions were met. The Commission must take into consideration any public comments received. *Id.* § 1.151(a).

## II. Discussion of Public Comments

The Authority’s proposed 2026 budget garnered 13 public comments.<sup>6</sup> Six of the comments did not address the decisional criteria that the Commission must apply in

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<sup>4</sup> In late 2024, the Commission added new provisions to the Oversight Rule (16 C.F.R. §§ 1.153-1.156) to ensure effective Commission oversight over the Authority and to ensure that the Authority is promoting transparency and integrity in its operations. *See* 89 Fed. Reg. 66546 (Aug. 16, 2024). These new provisions include additional reporting requirements for HISA, which are discussed, *infra*, on page 8.

<sup>5</sup> 90 Fed. Reg. 42582 (Sept. 3, 2025).

<sup>6</sup> Public comments filed in response to the Federal Register notice are available at <https://www.regulations.gov/docket/FTC-2025-0462/comments>.

determining whether to approve a proposed budget. Three comments did not address any specific aspect of the proposed budget.<sup>7</sup> A fourth, anonymous comment addressed subjects related to the Authority’s recent Enforcement Rule modification,<sup>8</sup> and did not address the proposed budget.<sup>9</sup> A fifth comment objected to the Authority’s amended Assessment Methodology Rule, approved by the Commission in December 2024,<sup>10</sup> which will shift the apportionment of fees among states to a “starts-only” based calculation in 2026.<sup>11</sup> Another commenter objected to HISA’s statutory role in regulating thoroughbred horseracing,<sup>12</sup> but did not speak to specific provisions in the proposed budget or address how they were or were not consistent with—or whether they would serve the goals of—the Horseracing Integrity and Safety Act.

Several commenters did raise points relevant to the Authority’s proposed 2026 budget. One comment, signed by several organizations representing breeders, owners, and trainers, expressed general concerns about the size of HISA’s budget and the resulting burden on industry.<sup>13</sup> Another comment objected to the summarized budget information

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<sup>7</sup> See Cmt. of Anonymous, FTC-2025-0462-0004 (stating, “This industry is full of corruption and dishonesty. The regulations and oversight needs [sic] to continue and be more.”); Cmt. of Anonymous, FTC-2025-0462-0006 (opining that HISA’s budget “should also include the ‘perks’ to ownership” to entice a younger generation to invest in the industry); Cmt. of Anonymous, FTC-2025-0462-0012 (purporting to “authorize the Secretary of State and the Department of Treasury to determine whether the 2026 Budgeting is accurate and appropriate on my behalf.”). The Commission need not, and does not, take a position on any claims or criticisms leveled by the commenters that do not pertain to the Commission’s decisional criteria. See also 16 C.F.R. § 1.150(d) (instructing commenters to provide their “views as to the decisional criteria set forth in § 1.151(c) and whether any line items should be modified.”); 90 Fed. Reg. at 42582 (“Comments should address the decisional criteria set forth in 16 CFR 1.151(c) and whether any line items should be modified.”).

<sup>8</sup> See 90 Fed. Reg. 43431 (Sept. 9, 2025).

<sup>9</sup> See Cmt. of Anonymous, FTC-2025-0462-0009.

<sup>10</sup> Fed. Trade Comm’n, Order Approving the Assessment Methodology Rule Modification Proposed by the Horseracing Integrity and Safety Authority (Dec. 23, 2024), [https://www.ftc.gov/system/files/ftc\\_gov/pdf/P222100HISAAssessmentRuleOrder12232024.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/P222100HISAAssessmentRuleOrder12232024.pdf).

<sup>11</sup> See Cmt. of Timothy Glyshaw, FTC-2025-0462-0003.

<sup>12</sup> See Cmt. of Garald Wollesen, FTC-2025-0462-0005 (noting that the “State of Nebraska HBPA and the Racing Commission of Nebraska oppose” HISA and have not adopted its rules, and opining that each state should control its own racing community).

<sup>13</sup> Cmt. of Thoroughbred Horsemen’s Ass’n, *et al.*, FTC-2025-0462-0007.

provided in the Authority’s Notice and appendices, and called for greater transparency in HISA’s budget expenditures.<sup>14</sup> The commenter stated, “increasing financial demands threaten the viability of many racetracks and risk a systematic departure of owners and participants from the sport.”<sup>15</sup> A third commenter objected to the Authority billing regulated parties to cover the expenses associated with the Breeders’ Cup, which the commenter described as a members-only event run by a private organization.<sup>16</sup> A fourth commenter raised a concern about whether the Authority’s vendor selection process in contracting with Racing Surfaces Testing Laboratory (“RSTL”) was fair.<sup>17</sup> A fifth commenter suggested that the Authority reduce its litigation budget by choosing to adopt the legal filings of the Department of Justice in the various lawsuits that have been brought against HISA, rather than having its own counsel draft separate briefs in its defense.<sup>18</sup>

Another commenter raised several concerns regarding the Authority’s proposed budget, namely (1) that HISA does not provide sufficient details in its budget proposal to allow interested parties to provide meaningful input; (2) HISA’s assessment per start

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<sup>14</sup> Cmt. of National HBPA, FTC-2025-0462-0008. Specifically, the commenter requested that the Commission require HISA to publicly disclose board meeting documents, staffing budgets, contracts, and explanations of line-item variances.

<sup>15</sup> *Id.* Regarding the fees charged under the Authority’s Assessment Methodology Rule, the commenter suggested HISA adopt a graduated or economic hardship-based fee structure.

<sup>16</sup> Cmt. of Jim Roberts, FTC-2025-0462-0010. The Authority responded that the Breeders’ Cup is a separate, independent entity, and that the expenses of the Breeders’ Cup organization are not included in the Authority’s proposed budget. *See* HISA Comment at 8, *infra* n. 23. The Authority confirmed that expenses related to ADMC Program or Racetrack Safety Program activities carried out during the Breeders’ Cup are covered directly by the Breeders’ Cup or host racetrack.

<sup>17</sup> Cmt. of Equine Risk Management Group and Associates, FTC-2025-0462-0011. The Authority responded that its relationship with RSTL (an independent organization that coordinates and performs testing of surfaces for the thoroughbred racing industry) is compliant with the Authority’s Conflicts of Interest and Business Ethics Policy and is based exclusively on standard commercial considerations, such as quality, cost, availability, service, and reputation. *See* HISA Comment at 8, *infra* n. 23. HISA’s Conflicts of Interest and Business Ethics Policy is available on its website at <https://hisaus.org/about-us#organizational-and-budget-documents>.

<sup>18</sup> Cmt. of Iowa HBPA, FTC-2025-0462-0013. In response, the Authority asserted its right to defend itself in litigation. The Authority noted that, after the National HBPA and numerous HBPA state chapters filed a constitutional challenge to the Act in federal court in Texas, the Iowa HBPA filed a duplicative constitutional challenge in federal court in Arkansas and also attempted to intervene in a Louisiana federal court action, actions that have added significantly to HISA’s litigation expenses. *See* HISA Supplemental Comment at 2-3, *infra* n. 24.

increased significantly between 2023 and 2025, due to the budget increasing while the number of racing starts decreased; (3) HISA's administrative costs increase each year, despite a decrease in covered starts; (4) HISA has not incurred sample collection and lab fees for states outside of HISA's jurisdiction, but this has not resulted in significant savings in the HISA budget; (5) costs associated with regulating thoroughbred health and safety in Kentucky in 2025 were three times higher than prior to the existence of HISA; and (6) HISA's lowered estimate for industry credits in 2026 (for sample collection and lab testing) will result in higher costs being paid by the racetracks.<sup>19</sup>

The commenter further opined that the Authority is not meeting the objectives of the Act because the existence of HISA has not resulted in cost savings for the industry; HISA has not increased sampling and testing in Kentucky or resulted in uniformity of testing rates among the states; and, because some states are not subject to HISA's jurisdiction, veterinarians must comply with different rules depending on the state, such as by maintaining a separate list for non-HISA tracks regarding the fitness of horses for racing.<sup>20</sup>

Finally, one comment expressed support for the Authority's proposed budget, stating that the Authority's standards are succeeding in lowering fatalities, and "adequate funding is essential to continue increasing safety and reducing horse deaths."<sup>21</sup> The comment supported the allocation of the largest portion of the budget to the anti-doping and medication control ("ADMC") program, including lab testing and enforcement, in order to help ensure the safety of horses and jockeys, and also noted the importance of funding

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<sup>19</sup> Cmt. of Churchill Downs Incorporated, FTC-2025-0462-0016.

<sup>20</sup> *Id.* The commenter also opined that racing safety was already improving prior to the passage of the Act and that the existence of HISA has not meaningfully impacted the downward trend in race-related fatalities.

<sup>21</sup> Cmt. of Humane World for Animals and Humane World Action Fund, FTC-2025-0462-0014.

implementation of racetrack safety standards, veterinary oversight, and rider welfare programs, all of which it believes are “vital to reducing preventable injuries and deaths.”<sup>22</sup>

The Authority submitted two letters to the Commission responding to pertinent comments, which the Commission posted on Regulations.gov. The first letter was filed as a comment on the docket on Regulations.gov<sup>23</sup> and responded to all of the comments posted on the docket as of September 17. The second letter was filed with the Commission’s Office of the Secretary on October 15, 2025, and addressed the comments that were posted on the Regulations.gov docket after the end of the public comment period.<sup>24</sup>

The Authority offered the following responses to the comments relating to the decisional criteria set forth in 16 C.F.R. § 1.151(c): First, in response to the comment that HISA’s budget and resulting fees threaten the viability of many racetracks and risk a departure of owners and other participants from the sport,<sup>25</sup> the Authority pointed to new registration figures from its 2025 Q2 Metrics Report, showing that owners and trainers registering with the Authority for the first time in that period are on pace with registrations during the same period in 2024.<sup>26</sup> The Authority noted that its proposed 2026 budget is 4% lower (in total assessments) than the 2025 budget, and that it anticipates further decreases in expenses as “startup expenses continue to decline and additional operational efficiencies are identified.” The Authority further noted that it is actively exploring opportunities to reduce costs to the industry, including by “working with state legislatures to facilitate options such as tax incentives and direct appropriations,” as well as by exploring ways to generate

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<sup>22</sup> *Id.*

<sup>23</sup> See Cmt. of Horseracing Integrity and Safety Authority, FTC-2025-0462-0015 (“HISA Comment”).

<sup>24</sup> This letter was posted on the docket as a Supporting & Related Material. See <https://www.regulations.gov/docket/FTC-2025-0462/document> (“HISA Supplemental Comment”).

<sup>25</sup> Cmt. of National HBPA, *supra* n. 14.

<sup>26</sup> See HISA Comment at 4 (citing 2025 Q2 Metrics Report at 3, available at <https://hisaus.org/news/2025-q2-metrics-report>).

revenue outside of assessments to industry.<sup>27</sup> And the Authority pointed to significant construction and renovations projects that racing organizations have announced since 2023 (totaling more than \$1 billion) as indicators of economic growth and confidence in the industry. The Authority also noted that total gross purses in the United States have increased approximately 10% since 2021 and a leading annual yearling sale announced record-breaking sales figures in 2025, “demonstrating continued investment from owners and breeders.”<sup>28</sup>

With respect to transparency regarding its budgeting and expenditures,<sup>29</sup> the Authority explained that it took the following steps in 2025: (1) it submitted a 13-page Notice and 10 appendices containing detailed information regarding the 2026 proposed budget, as required § 1.150(c) of the Commission’s Oversight Rule; (2) it prepared, filed with the Commission, and published on the HISA website reports that provide additional information regarding the Authority’s operations and financial condition, as required by the Oversight Rule; and (3) the Authority’s Chief Executive Officer, Chief Financial Officer, Director of Public Affairs, and the Horseracing Integrity and Welfare Unit’s (“HIWU”)<sup>30</sup> Executive Director hosted a 90-minute town hall in April 2025 to “provide the public with a detailed understanding of the Authority’s assessments, budgeting, and expenditures.”<sup>31</sup>

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<sup>27</sup> *Id.* at 4-5.

<sup>28</sup> *Id.* at 5 (citing Keeneland Sales, Total Through-the Ring Sales for Keeneland September Exceed Record \$417 Million with Sunday Results (Sept. 14, 2025), available at <https://www.keeneland.com/sales/news/total-through-the-ring-sales-for-keeneland-september-exceed-record-417-million-with-sunday-results/>).

<sup>29</sup> See Cmt. of National HBPA, *supra* n. 14; Cmt. of Churchill Downs Incorporated, *supra* n. 19.

<sup>30</sup> HIWU is the independent enforcement agency that HISA contracts to run the ADMC Program.

<sup>31</sup> HISA Comment at 5-6. The Authority noted that it answered questions during a live Q&A portion of the event and also invited the public to submit questions following the presentation and answered all questions received. See <https://hisaus.org/resources/hisa-town-hall-understanding-hisas-financial-framework-from-budgeting-to-spending-to-impact>. Generally, HISA educational materials and webinar links are available on its website at <https://hisaus.org/resources>.

The Commission notes that its amended Oversight Rule took effect in September 2024,<sup>32</sup> and the Authority filed many of the Rule’s required reports for the first time in 2025. Specifically, the Authority filed an annual financial report for 2024 on May 15, 2025 (as required by 16 C.F.R. § 1.153(a)); an annual performance report for 2024 on March 31, 2025 (as required by § 1.153(b)); and a midyear report for 2025 on August 15, 2025 (as required by § 1.153(c)).<sup>33</sup> The Authority also developed a multiyear strategic plan and submitted it to the Commission on October 15, 2024 (as required by § 1.153(d)).<sup>34</sup> The Authority publishes other financial information related to its budget and expenditures, beyond those required by the Oversight Rule. For example, the Authority publishes its annual Form 990 tax document, which includes information on the compensation of its officers and directors, and it publishes details on the estimated credits provided to states and racetracks who directly cover the costs of sample collection and lab testing.<sup>35</sup>

While the Commission is satisfied that the Authority is meeting its reporting obligations under the Oversight Rule, the Commission believes that the Authority could better organize the content on its website to make all filings and publications easier for interested parties to locate.<sup>36</sup> The Commission also encourages the Authority to publish its

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<sup>32</sup> See 89 Fed. Reg. 66546, *supra* n. 4.

<sup>33</sup> As required by § 1.153, the Authority published the annual financial report on its website at <https://hisaus.org/news/2024-annual-financial-report>, and the annual performance report on its website at <https://hisaus.org/news/2024-annual-performance-report>.

<sup>34</sup> The Authority published the strategic plan on its website at <https://hisaus.org/news/hisa-2024-2029-final-strategic-plan>.

<sup>35</sup> See <https://hisaus.org/about-us#organizational-and-budget-documents>.

<sup>36</sup> For example, while the proposed budgets and some draft rule modification proposals are posted under the “Announcements” tab of the “News” section of the website, other rule modification proposals that were accompanied by a press release are posted under the “Press Releases” tab of the “News” section. In addition, other documents, such as HISA’s annual Form 990 and other documents relevant to the proposed budgets (such as public comments received in response to budget drafts) are posted under the “Organizational and Budget Documents” tab of the “About Us” website section.

true-up calculations on its website, once they are completed for the prior budget year.<sup>37</sup> In addition, the Commission notes that the Authority followed the Commission’s recommendation in the 2025 budget approval order to publish the Authority’s draft Notice along with its proposed budget appendices when soliciting public comments prior to filing its budget proposal with the Commission.<sup>38</sup> In the future, the Commission encourages the Authority to announce the publication of its draft budget proposal via a press release, to better facilitate interested parties’ ability to provide feedback before the Authority finalizes its proposal.

In response to the commenter’s suggestion that the Commission conduct a “full cost-benefit analysis comparing HISA’s spending, particularly on HIWU and lab testing overhead against actual safety outcomes, closures, and broader industry health metrics,”<sup>39</sup> the Authority pointed to a number of outcomes as delivering “real, measurable value in advancing the goals of the Act,” including:

- Reducing the racing-related fatality rate to below 1.00 per 1,000 starts for a calendar year (among racetracks subject to the Act) for the first time since data has been recorded, while those racetracks not subject to the Authority’s rules had a rate nearly double that of HISA-covered racetracks;
- Strengthening safety measures via the implementation in HISA’s Racetrack Safety and ADMC Programs of uniform rules that embody best-practice standards;
- Publishing nationwide racing and training fatality data on a quarterly basis for the first time in the history of thoroughbred racing;

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<sup>37</sup> The true-up calculation results in an end-of-year adjustment of the estimated fees per state and per racetrack, which were based on projected starts (and, formerly, purse values), by re-calculating fees using actual starts (and purses). The true-up also takes into account state credits for sample collection and lab testing costs incurred and paid directly, as well as HISA’s actual annual expenditures. See HISA Rule 8520(f), 89 Fed. Reg. 84600, 84607 (Oct. 23, 2024).

<sup>38</sup> See, Fed. Trade Comm’n, Order Approving the Budget for 2025 Proposed by the Horseracing Integrity and Safety Authority 4 (Nov. 6, 2024), [https://www.ftc.gov/system/files/ftc\\_gov/pdf/p222100commorder2025hisabudget.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/p222100commorder2025hisabudget.pdf). The Authority posted its proposed 2026 budget, including the draft Notice, on its website at <https://hisaus.org/news/hisa-2026-proposed-budget>.

<sup>39</sup> Cmt. of National HBPA, *supra* n. 14.

- Leveraging data to make new tools available to regulatory veterinarians to help determine whether horses are at increased risk of injury and to provide a holistic picture of horses' health and performance for their entire career;
- Establishing a first-of-its-kind in American sport pro bono legal services program for covered persons who are financially unable to secure legal representation;
- Hiring a first ever National Medical Director for the industry and a dedicated Jockey Safety and Welfare Manager, "both of whom work exclusively to enhance and expand safety programs for the sport's jockeys";
- Launching a program to assist racetracks with emergency action planning and collaborating with the Jockeys' Guild and Onrise telehealth system to provide an athlete-focused mental health platform to jockeys at no cost; and
- Forming an Exercise-Associated Sudden Death ("EASD") Working Group to advance research initiatives and collaborate with industry on EASD.<sup>40</sup>

One comment expressed concerns about the size of HISA's budget and the resulting burden on industry and suggested a goal of a 30% reduction in HISA's budget.<sup>41</sup> The Commission recognizes the importance of avoiding undue burden on industry by ensuring that the Authority efficiently uses the fees it assesses on industry. The Commission acknowledges that the Authority's proposed budget represents a 4% reduction from 2025 and encourages the Authority to continue its efforts to reduce costs as much as is feasible, in light of its statutory responsibilities.

The Authority responded to the comment that approximately 73% of the budget (\$57.4 million) is directly attributable to the ADMC Program.<sup>42</sup> These expenditures include operational costs of the statutorily mandated independent enforcement agency (HIWU), laboratory testing, and sample collection costs. The Authority noted that a 30% budget reduction would affect the efficacy of the ADMC Program and would also lead to the elimination of HISA staff, the Racetrack Safety Program, and veterinary and technological

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<sup>40</sup> HISA Comment at 6-7.

<sup>41</sup> Cmt. of Thoroughbred Horsemen's Ass'n, *et al.*, *supra* n. 13.

<sup>42</sup> HISA Comment at 7.

services, and would significantly impede the Authority's ability to carry out its responsibilities under the Act.<sup>43</sup>

Finally, the Authority provided a detailed response to the issues raised by Churchill Downs Incorporated ("CDI").<sup>44</sup> Regarding the concern that HISA's budget proposal does not provide sufficient details to allow interested parties to provide meaningful input, the Authority once again pointed to the information published on its website (including the IRS Form 990 filings) and its April 2025 town hall, in addition to the disclosures required by the Commission's Oversight Rule.<sup>45</sup> The Authority next challenged CDI's assertions that HISA's assessment per start increased by 62% between 2023 and 2025. The Authority noted that CDI's \$285 per-start figure from 2023 is not an accurate baseline for evaluating the current budget because the ADMC Program was only in effect for part of 2023, and so the budget "significantly understated the true costs of a full-year program."<sup>46</sup> The 2023 estimates also assumed that West Virginia and Louisiana starts would be included in the assessment calculation, but they have not been covered in any year due to pending litigation, which means that CDI's 2023 per-start calculation relies on an overestimated number of starts for the year and is therefore the per-start figure is too low. The Authority then responded to CDI's criticism that HISA's administrative costs increase each year, despite a decrease in covered starts. The Authority explained that CDI's characterization of "administrative costs" does not reflect how the Authority's budget is structured and would overlook entire budget categories that are essential to HISA fulfilling its statutory

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<sup>43</sup> *Id.*

<sup>44</sup> *See* Cmt. of Churchill Downs Incorporated, *supra* nn. 19-20.

<sup>45</sup> HISA Supplemental Comment at 3-4, *supra* n. 24. The Authority stated that it responded to several questions posed by CDI staff during the town hall and that HISA's CEO offered to meet personally with CDI's CEO and/or his designees to answer any budget-related questions, but CDI's CEO did not act upon the offer. *Id.*

<sup>46</sup> *Id.* at 4.

responsibilities, including the Racetrack Safety Program and the enforcement functions of HIWU and the Authority.<sup>47</sup> The Authority noted that its 2024 audit showed a decrease in expenses attributable to “management and general expense” from 19% of the budget in 2023 (\$7.4 million) to 10.4% of the budget in 2024 (\$5.4 million).<sup>48</sup>

The Authority also responded to the claim that it is not passing along savings resulting from certain states (Texas, Colorado, and Nebraska) ceasing to simulcast their races out of state and thereby not being subject to HISA’s authority.<sup>49</sup> The Authority noted that Texas’s and Nebraska’s decisions to opt out are not recent, and HISA’s proposed lab testing budget for 2026 is \$1 million (5%) less than in 2025, despite a 3% increase in the testing cost per sample and the addition of Texas racetracks to the 2026 budget.<sup>50</sup> In response to CDI’s statement that HISA has increased the costs associated with regulating thoroughbred health and safety in Kentucky, the Authority noted that the Kentucky Horse Racing and Gaming Commission has changed its funding model in recent years and no longer receives state funding (increasing costs in-state), and HISA’s estimated assessments for Kentucky in 2026 are significantly lower than in 2025.<sup>51</sup> Regarding the suggestion that the 4% budget decrease (in total assessments) in 2026 is offset by a decrease in credits offered to the states, the Authority explained that the amount of credits offered to the states is based on the services that states elect to provide to the Authority and is designed to

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<sup>47</sup> *Id.*

<sup>48</sup> *Id.* (citing Horseracing Integrity and Safety Authority, Inc., Financial Report at 4 (Dec. 31, 2024), available at <https://bphisaweb.wpengine.com/wp-content/uploads/2025/09/HISA-2024-audit-report-final.pdf>).

<sup>49</sup> See Cmt. of Churchill Downs Incorporated at 5-6, *supra* n. 19.

<sup>50</sup> HISA Supplemental Comment at 5, *supra* n. 24. HISA reported that Texas has refused to export its signal since 2022 and Nebraska refused HISA’s offer of assessment credits in 2023. HISA has included Texas racetracks in the proposed 2026 budget based on a belief that they might become subject to HISA regulations this year, but will reconcile the budget during the true-up calculation for any costs not actually incurred in Texas in 2026.

<sup>51</sup> The Commission notes that the Authority’s revised Assessment Methodology Rule calculation is effective as of January 1, 2026, and this may result in a shifting of assessment levels among the states and covered racetracks. See Fed. Trade Comm’n Order, *supra* n. 10.

compensate the states for those services. The estimated credits are based on the amount of services the Authority believes the states will provide in 2026; the true-up calculation at the end of the year will adjust for the actual credits owed.<sup>52</sup> Regardless of the amount of costs that states choose to pay directly, rather than through assessments, the Authority's total budget is decreasing by 4%.

The Authority responded to the suggestion that HISA has not increased sampling and testing in Kentucky by providing figures showing that testing rates have increased since 2022. The Authority also explained that requiring horses that come to HISA tracks from non-HISA tracks to appear on a separate veterinarian's list than horses from HISA-covered tracks is necessary because HISA's rules are not operative at non-HISA tracks. HISA does not mandate that veterinarians maintain a list for states outside of HISA's jurisdiction, but veterinarians choose to do so for the protection of horses that may travel to those racetracks. Finally, the Authority noted that CDI's claim that HISA has not been effective at meeting the objectives of the Act are contradicted by CDI's statements to its investors regarding the benefits of HISA oversight and by the racing fatality data, discussed above, that show significant improvements at HISA-regulated tracks, while those tracks not subject to HISA rules experienced increases in fatalities in 2024.<sup>53</sup>

The Commission notes that the Oversight Rule incorporates a multi-step process to inform the public regarding the development of the Authority's annual budget and to provide opportunities for public feedback prior to a Commission decision on approval. 16

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<sup>52</sup> HISA Supplemental Comment at 5-6, *supra* n. 24. HISA noted that while the 2025 budget estimated that credits would total \$21.6 million, the final amount given in credits at the end of the year, after voluntary agreements were agreed by the state racing commission, was \$19 million. As a result, the net amount charged via assessments in 2025 was \$61.4 million, which is higher than the \$60.6 million that HISA has estimated for 2026. *Id.*

<sup>53</sup> HISA Supplemental Comment at 6-8, *supra* n. 24

C.F.R. § 1.150. Among other things, the 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’s utility in carrying out the purposes of the Horseracing Integrity and Safety Act.”<sup>54</sup> 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.<sup>55</sup> These narratives comprise the Authority’s Notice, which is submitted to the Commission and published in the Federal Register. Based on the feedback provided in the public comments, the Commission believes that it would also be helpful for the Authority to provide a narrative explanation of any anticipated change of 10 percent or more in the proposed budget, as compared to the approved budget from the prior year. The Commission recognizes that a flat 10 percent threshold may be overly burdensome, in the case of line items that have relatively small expenditures. Therefore, the Commission believes it may be appropriate to include an additional minimum threshold of \$100,000 for those line-item changes that require a specific narrative explanation. The Commission will consider amending the Oversight Rule to codify these requirements; pending such an amendment, the Commission encourages the Authority to provide these further narrative explanations in future submissions.

Therefore, having considered the public comments and the information submitted by the Authority in support of its proposed budget, as required by the Oversight Rule, the Commission concludes “that, on balance, the proposed budget is consistent with and serves

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<sup>54</sup> *Id.* § 1.150(c)(4).

<sup>55</sup> *Id.* § 1.150(c)(5).

the goals of the Horseracing Integrity and Safety Act in a prudent and cost-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 2026 budget is APPROVED.



SEAL

By the Commission.

April J. Tabor  
Secretary