further reduce the information collection burden on small business concerns with fewer than 25 employees.

The FCC may not conduct or sponsor a collection of information unless it displays a currently valid control number. No person shall be subject to any penalty for failing to comply with a collection of information subject to the PRA that does not display a valid Office of Management and Budget (OMB) control number.

DATES: Written PRA comments should be submitted on or before November 9, 2026. If you anticipate that you will be submitting comments, but find it difficult to do so within the period of time allowed by this notice, you should advise the contact listed below as soon as possible.

ADDRESSES: Direct all PRA comments to Nicole Ongele, FCC, via email *PRA@fcc.gov* and to *nicole.ongele@fcc.gov.*

FOR FURTHER INFORMATION CONTACT: For additional information about the information collection, contact Nicole Ongele, (202) 418–2991.

SUPPLEMENTARY INFORMATION:

OMB Control Number: 3060–0952.

Title: Demographic Information and Notifications, Order on Reconsideration and Second FNPRM, CC Docket No. 98–147, and Fifth NPRM, CC Docket No. 96–98.

Form Number: N/A.

Type of Review: Extension of a currently approved collection.

Respondents: Business or other for-profit entities.

Number of Respondents and Responses: 584 respondents; 1,168 responses.

Frequency of Response: On occasion reporting requirements and third party disclosure requirement.

Estimated Time per Response: 2 hours.

Total Annual Burden: 2,336 hours.

Total Annual Cost: No cost.

Obligation to Respond: Required to obtain or retain benefits. Statutory authority for this information collection is contained in 47 U.S.C. 151–154, 201, 202, 251–254, 256 and 271 of the Communications Act of 1934, as amended.

Needs and Uses: The Commission adopted an Order on Reconsideration (FCC 00–297) revising its collocation rules to further strengthen them in response to a petition for partial reconsideration or clarification of the *Advanced Services First Report and Order* (FCC 99–48). This information collection is used by the Commission, state commissions, and competitive carriers to facilitate the deployment of advanced services and other telecommunications services in implementation of section 251(c)(6) of the Communications Act of 1934, as amended. The number of respondents, annual responses, and annual burden hours have decreased due to a decrease in the current total number of active incumbent local exchange carriers who may have to respond to this information collection. This decrease in the number of respondents accounts for a concomitant reduction in both total annual responses and total annual burden hours. There are no program changes to this information collection.

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2026–18412 Filed 9–9–26; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of a Bank or Bank Holding Company

The notificants listed below have applied under the Change in Bank Control Act (Act) (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire shares of a bank or bank holding company. The factors that are considered in acting on the applications are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at *https://www.federalreserve.gov/foia/request.htm.* Interested persons may express their views in writing on the standards enumerated in paragraph 7 of the Act.

Comments received are subject to public disclosure. In general, comments received will be made available without change and will not be modified to remove personal or business information including confidential, contact, or other identifying information. Comments should not include any information such as confidential information that would not be appropriate for public disclosure.

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Benjamin W. McDonough, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551–0001, not later than September 25, 2026.

A. Federal Reserve Bank of Kansas City (Jeffrey Imgarten, Assistant Vice President) 1 Memorial Drive, Kansas City, Missouri 64198–0001. Comments can also be sent electronically to *KCApplicationComments@kc.frb.org:*

1. *Thomas Ruggels, Steilacoom, Washington; Deena Ruggels and Brady Ruggels, both of Russell, Kansas;* to join the Ruggels Family Group, a group acting in concert, to retain voting shares of Republic Bancshares, Inc., Russell, Kansas, and thereby indirectly retain voting shares of Southwind Bank, Natoma, Kansas.

Board of Governors of the Federal Reserve System.

Michele Taylor Fennell,

Associate Secretary of the Board.

[FR Doc. 2026–18462 Filed 9–9–26; 8:45 am]

BILLING CODE 6210–01–P

FEDERAL TRADE COMMISSION

[File No. P222100]

Horseracing Integrity And Safety Authority Proposed 2027 Budget

AGENCY: Federal Trade Commission.

ACTION: Notice of publication of Horseracing Integrity and Safety Authority 2027 proposed budget; request for public comment.

SUMMARY: The Federal Trade Commission publishes the 2027 proposed budget of the Horseracing Integrity and Safety Authority and seeks public comment on whether the Commission should approve, disapprove, or modify the proposed budget.

DATES: Comments must be filed on or before September 24, 2026.

ADDRESSES: Interested parties may file a comment online or on paper by following the instructions in the Comment Submissions part of the **SUPPLEMENTARY INFORMATION** section. Write ''HISA 2027 Budget, Matter No. P222100'' on your comment and file it online at *https://www.regulations.gov* by following the instructions on the web-based form. If you prefer to file your comment on paper, mail your comment to the following address: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania Avenue NW, Mail Stop H–144 (Annex H), Washington, DC 20580.

FOR FURTHER INFORMATION CONTACT: Sarah Botha (202–326–2036), Special

Counsel for HISA, Office of the General Counsel, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580.

SUPPLEMENTARY INFORMATION: The Horseracing Integrity and Safety Act of 2020 [1] (the ''Act''), enacted on December 27, 2020,[2] and amended on December 29, 2022,[3] directs the Federal Trade Commission (the ''Commission'') to oversee the activities of a private, self-regulatory organization called the Horseracing Integrity and Safety Authority (''HISA'' or the ''Authority''). In March 2023, the Commission issued rules setting forth the procedure whereby the Commission approves, disapproves, or modifies the Authority's proposed annual budget.[4] Under these rules, the Authority must first publish a proposed budget on its own website and invite public comments. *See* 16 CFR 1.150(b). Thereafter, the Authority must forward the budget to the Commission, along with all public comments received and an assessment of those comments, and must identify any changes made to the proposed budget in response to the comments received. 16 CFR 1.150(c). The Authority's submission must also include (a) a statement of the vote by the Authority's Board of Directors approving the proposed budget; (b) information about revenues, including how fees are calculated and apportioned; (c) information about expenditures, broken down by program area, *e.g.,* the racetrack safety program, the anti-doping and medication control program, etc.; (d) sufficient information about individual line items for the Authority's Board of Directors to exercise their fiduciary duty of care; and (e) information comparing actual revenues and expenses against the approved budget and explaining variances of greater than 10 percent. *Id.*

After the Authority submits its proposed budget and supporting materials to the Commission, and if the Secretary determines the submission comports with the requirements of the 16 CFR 1.150(c), the Secretary publishes the Authority's proposed budget in the **Federal Register** and invites public comment for a period of 14 days. 16 CFR 1.150(d). After taking into consideration the comments submitted, the Commission either approves or disapproves the budget. 16 CFR 1.151(a). 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 CFR 1.151(c). The Commission may also modify the amount of any line item. 16 CFR 1.151(d).

Request for Comments

On August 3, 2026, the Authority forwarded to the Commission a Notice of Filing of HISA Budget, together with appendices furnishing detailed information pertinent to its 2027 budget proposal (as required by 16 CFR 1.150(c)). The Notice of Filing of HISA Budget is reproduced below. The appendices to which it refers have been collected and reproduced as a supporting document on the docket for this publication at *https://www.regulations.gov.*

The Secretary concluded that the Authority's proposed 2027 budget submission complies with the requirements of 16 CFR 1.150(c) and therefore issues this document and invites comments from the public on the Authority's 2027 budget. Comments should address the decisional criteria set forth in 16 CFR 1.151(c) and whether any line items should be modified. *See* 16 CFR 1.150(d).

Comment Submissions

You can file a comment online or on paper. For the Commission to consider your comment, we must receive it on or before September 24, 2026. Write ''HISA 2027 Budget, Matter No. P222100'' on your comment. Your comment—including your name and your State—will be placed on the public record of this proceeding, including the *https://www.regulations.gov* website.

Postal mail addressed to the Commission is subject to delay due to heightened security screening. As a result, we strongly encourage you to submit your comments online. To make sure the Commission considers your online comment, you must file it at *https://www.regulations.gov,* by following the instructions on the web-based form. If you file your comment on paper, write ''HISA 2027 Budget, Matter No. P222100'' on your comment and on the envelope, and mail your comment to the following address: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania Avenue NW, Mail Stop H–144 (Annex H), Washington, DC 20580. If possible, please submit your paper comment to the Commission by overnight service.

Because your comment will be placed on the publicly accessible website at *https://www.regulations.gov,* you are solely responsible for making sure your comment does not include any sensitive or confidential information. In particular, your comment should not include any sensitive personal information, such as your or anyone else's Social Security number; date of birth; driver's license number or other State identification number, or foreign country equivalent; passport number; financial account number; or credit or debit card number. You are also solely responsible for making sure your comment does not include any sensitive health information, such as medical records or other individually identifiable health information. In addition, your comment should not include any ''any trade secret or any commercial or financial information . . . which is privileged or confidential.'' 15 U.S.C. 46(f); *see* 16 CFR 4.10(a)(2). In particular, your comment should not include competitively sensitive information such as costs, sales statistics, inventories, formulas, patterns, devices, manufacturing processes, or customer names.

Comments containing material for which confidential treatment is requested must be filed in paper form, must be clearly labeled ''Confidential,'' and must comply with 16 CFR 4.9(c). In particular, the written request for confidential treatment that accompanies the comment must include the factual and legal basis for the request and must identify the specific portions of the comment to be withheld from the public record. *See* 16 CFR 4.9(c). Your comment will be kept confidential only if the General Counsel grants your request in accordance with the law and the public interest. Once your comment has been posted publicly at *https://www.regulations.gov,* as legally required by 16 CFR 4.9(b), we cannot redact or remove your comment, unless you submit a confidentiality request that meets the requirements for such treatment under 16 CFR 4.9(c), and the General Counsel grants that request.

Visit *https://www.regulations.gov* to read this document. The FTC Act and other laws that the Commission administers permit the collection of public comments to consider and use in this proceeding as appropriate. The Commission will consider all timely and responsive public comments it receives on or before September 24, 2026. For information on the Commission's privacy policy, including routine uses permitted by the Privacy Act, *see https://www.ftc.gov/site-information/privacy-policy.*

The text that follows is the Notice of Filing of HISA Budget that the Authority submitted to the Commission. The appendices to which it refers have been collected and reproduced as a supporting document on the docket for this publication at *https://www.regulations.gov.*

Notice of Filing of HISA Budget

Pursuant to the Act and the Commission's rule on Oversight of the Horseracing Integrity and Safety Authority,[5] notice is hereby given that on August 3, 2026, the Authority filed with the Commission the Authority's proposed 2027 Budget (the ''Proposed Budget''). This Notice of Filing of the Proposed Budget (the ''Notice'') provides the contents of the submission as set forth in 16 CFR part 1 subpart U.

I. Information Concerning Rule 1.150(b)

The Authority's Proposed Budget, along with a draft version of the Authority's Notice of Filing of HISA's 2027 Budget, were posted on the HISA website *https://hisaus.org* on July 17, 2026. A press release was issued simultaneously inviting the public to submit comments to the Authority on any aspect of the Proposed Budget no later than 12:00 p.m. ET on July 27, 2026.[6] The Authority received thirteen (13) comments regarding the Proposed Budget. All comments received by the Authority were posted to the HISA website and reviewed in accordance with Rule 1.150(b).[7]

II. Information Concerning Rule 1.150(c)(1)

The initial draft of the Proposed Budget was approved unanimously by the Authority's Board of Directors before it was posted on the HISA website for public comment. After the initial draft of the Proposed Budget was posted on the HISA website, the Authority identified the following changes: reduction of the salary and payroll tax expense line items in the Veterinary Services budget; reduction of the travel line item in the Administration budget; and an increase in the professional services line item in the Administration budget. The net effect of these changes is a $14,000 increase of the Proposed Budget (gross).[8] These changes were incorporated into the final Proposed Budget circulated to the Board of Directors for approval. No other changes were made to the Proposed Budget. The final budget was approved unanimously by the Board of Directors after the public comment period expired on July 27, 2026. Therefore, the requirements of 15 U.S.C. 3052(f)(1)(C)(iii) and Rule 1.150(c)(1) have been satisfied.

III. Information Concerning Rule 1.150(c)(2)

In accordance with 15 U.S.C. 3052(f) and using the Methodology for Determining Assessments (Rule Series 8500) approved by the Commission, the Authority calculated the following:

- 2027 Assessments by State (attached as Appendix 1).
- 2027 Assessments by Track (attached as Appendix 2).

Appendix 1 displays the estimated gross amount required from each State Racing Commission as calculated under the Methodology for Determining Assessments. Appendix 2 displays the estimated gross amount required from each racetrack as calculated under the Methodology for Determining Assessments.[9] Of note, the States and racetracks located in West Virginia and Louisiana are not included in Appendix 1 and Appendix 2 due to the preliminary injunction issued by the United States District Court for the Western District of Louisiana preventing implementation of the Authority's rules in Louisiana and West Virginia. If the injunction is dissolved, and the Authority begins operations in Louisiana and West Virginia in 2027, the Authority requests approval to assess the racetracks conducting Covered Horseraces on a pro rata basis in accordance with the total budgeted amount approved by the Commission. This would result in a lower assessment for other States/racetracks conducting Covered Horseraces.

Similarly, it is possible that one or more racetracks operating in the State of Texas may conduct Covered Horseraces in 2027. Accordingly, the Authority requests approval to assess any racetrack conducting Covered Horseraces in Texas on a pro rata basis in accordance with the total budgeted amount approved by the Commission. Like the addition of West Virginia and Louisiana, this would result in a lower assessment for other States/racetracks conducting Covered Horseraces.

The Proposed Budget includes line items for the following other sources of revenue: [10]

Racetrack Safety Fines Income. This line item consists of fines levied for violations of the Racetrack Safety Program. As set forth in the Act, ''fines imposed by the Authority shall be allocated toward funding of the Authority and its activities.'' 15 U.S.C. 3052(f)(4). Between January 1 and June 30, 2026, the Authority levied $200,637 in fines assessed in connection with the Racetrack Safety Program. Based on historical data, the Authority anticipates approximately $400,000 in fines will be levied in 2027 and that approximately $330,000 will be collected in 2027 (which includes fines assessed in previous years but projected to be collected in 2027). Accordingly, the Authority has budgeted $330,000 for Racetrack Safety fines income in 2027.

Anti-Doping and Medication Control Fines Income. This line item consists of fines paid for violations of the Anti-Doping and Medication Control (''ADMC'') Program. As set forth in the Act, ''fines imposed by the Authority shall be allocated toward funding of the Authority and its activities.'' 15 U.S.C. 3052(f)(4). Between January 1 and June 30, 2026, the Authority levied $543,500 in fines assessed in connection with the ADMC Program. Based on historical data, the Authority anticipates approximately $1,087,000 in fines will be levied in 2027 and that $180,000 will be collected in 2027 (which includes fined assessed in previous years but projected to be collected in 2027).[11] Accordingly, the Authority has budgeted $180,000 for ADMC fines income in 2027.

Laboratory Test Income. This line item consists of money paid to HISA to cover the cost of testing that is conducted at the election of the Covered Person, including B Sample testing, claimed horse testing, and clearance testing. In 2025, the Authority collected $309,465 in Laboratory testing income. Between January 1 and June 30, 2026, the Authority collected $197,275 in Laboratory testing fees. Based on historical data, the Authority has budgeted $395,503 for Laboratory testing income in 2027.

Other Revenue. This line item consists of payments made by certain Covered Racetracks to reimburse the Authority for paying for services in connection with Racetrack Safety Program compliance. One example involves States without a voluntary implementation agreement with the Authority. In some cases, the Authority will pay veterinarians and stewards directly to enforce relevant rules established in the Racetrack Safety Program. These costs will be charged back to the racetracks where the veterinarians and stewards are performing the services. Because the revenue generated offsets the costs to the Authority, the net effect of this line item is zero. That said, the Authority has budgeted $398,000 for this line item, which is based on historical data.

IV. Information Concerning Rule 1.150(c)(3)

The Authority is committed to being a good steward of industry funds. Over the last few years, the Authority has reduced its gross budget by prioritizing efficiencies, identifying cost-saving measures, and leveraging economies of scale and diminishing start-up costs—all while maintaining a high level of service and a decreasing equine fatality rate. In developing the Proposed Budget, the Authority worked collaboratively with the Commission to conduct a comprehensive review of expenditures and identify further opportunities for cost savings. Through this effort, several line-item reductions were identified and incorporated into the Proposed Budget, contributing to a gross budget reduction of more than $4.4 million compared to the 2026 Budget (a decrease of approximately 5.75%). Since 2025, the Authority's gross budget has decreased by approximately 9.50%. These reductions underscore the Authority's commitment to cost discipline and operational efficiency, demonstrating that the Authority is actively working to lower the financial demands on the industry while sustaining robust and impactful safety and integrity programs.

In accordance with Rule 1.150(c)(3), the Proposed Budget includes the following expenditures:

• *The Racetrack Safety Program.* These expenditures are outlined in Appendix 4 and further line-item descriptions in accordance with Rule 1.150(c)(4) are included in Section V of this Notice.

• *The Anti-Doping and Medication Control Program.* These expenditures are outlined in Appendices 5 and 6 and further line-item descriptions in accordance with Rule 1.150(c)(4) are included in Section V of this Notice.

• *All Other Programmatic Expenses.* These expenditures are outlined in Appendices 7, 8, and 9, and further line-item descriptions in accordance with Rule 1.150(c)(4) are included in Section V of this Notice.

• *Repayment of any loans.* This expenditure consists of $0 in repayment of loans.

• *Any funding shortfall incurred.* The Authority does not anticipate a funding shortfall.

V. Information Concerning Rule 1.150(c)(4)

In accordance with Rule 1.150(c)(4), Section V of this Notice provides sufficient information regarding the Authority's expenditures included in the Proposed Budget, by line item, as would be required for members of the Authority's Board of Directors to exercise their fiduciary duty of care. The line-item expenditure information begins with the Racetrack Safety Program, followed by the ADMC Program (with separate line items shown for the budget for the Horseracing Integrity & Welfare Unit (''HIWU'')), and other programmatic expenses for Veterinary Services, Technology Operations, and Administration.

A. Racetrack Safety Program

The Act directs the Authority to develop and implement a racetrack safety program applicable to all Covered Horses, Covered Persons, and Covered Horseraces (the ''Racetrack Safety Program''). 15 U.S.C. 3056(a)(1). The Act specifies that the Racetrack Safety Program include, among other things, a set of training and racing safety standards and protocols, a racing surface quality maintenance system, programs for injury and fatality data analysis, the undertaking of investigations related to safety violations, procedures for charging and adjudicating violations, programs related to safety and performance research and education, an evaluation and accreditation program that ensures that racetracks in the United States meet the Racetrack Safety Program standards, and development of a nationwide database of racehorse safety, performance, health, and injury information.

Since July 1, 2022, the Authority has operated—on a 365-day basis—a Racetrack Safety Program that provides racetrack safety standards, racetrack accreditation, record reporting and data management, compliance and equine health monitoring, and more—all on a national scale. In 2025, the Authority's rules and safety protocols applied to approximately tens of thousands of Covered Horses; 39,000 Covered Persons; 41 Thoroughbred racetracks located across 19 States; 168,116 covered race starts; and 346,577 recorded workouts. Despite the broad scope of the Authority's functions, the Authority operates with a lean organizational structure consisting of only 27 full-time employees.

The Racetrack Safety Program portion of the Proposed Budget (Appendix 4) funds the implementation of the Racetrack Safety Program as set forth in the Rule Series 2000 and as originally approved by order of the Federal Trade Commission dated March 3, 2022. The Racetrack Safety Program expenditures include the following line items:

Salaries (5200). The Proposed Budget contemplates $870,768 for this line item. This line item covers salaries for the six full-time employees whose work directly supports the implementation and enforcement of the Authority's Racetrack Safety Program at 41 racetracks across 19 States. These employees are necessary to carry out the Act's requirement of developing and implementing a racetrack safety program for Covered Horses, Covered Persons, and Covered Horseraces, including the elements and activities required under 15 U.S.C. 3056. Specifically, these staff members oversee compliance with the Racetrack Safety Program in the areas of administration, track accreditation services, stewarding, jockey health and welfare, and more.

The Authority has included in the Proposed Budget a cost of living adjustment to base salary for all staff hired prior to June 1, 2026. In establishing compensation ranges, HISA considers relevant market benchmarks, the specialized nature of the positions, geographic considerations, and the need to compete with opportunities available in the private sector, regulatory organizations, and other professional fields.

Payroll Tax Expense (5210). The Proposed Budget contemplates $67,904 for this line item. This line item is based on historical data and covers funding for Federal, State, and local payroll tax obligations associated with Racetrack Safety Program personnel. As noted above, the staff are necessary to carry out the Act's requirement of developing and implementing a racetrack safety program for Covered Horses, Covered Persons, and Covered Horseraces, including the elements and activities required under 15 U.S.C. 3056.

Health Insurance (5220). The Proposed Budget contemplates $50,964 for this line item. This line item covers funding for the Authority's paid-portion of the multi-employer health insurance plan offered to Racetrack Safety employees (2027 will be the first full year that the Authority has offered a multi-employer health insurance plan). For employees covered under a different health insurance plan, the Authority provides a stipend to those employees to cover a portion of the cost of their own plans. These costs support the recruitment, retention, and well-being of staff responsible for carrying out the Act's requirement of developing and implementing a racetrack safety program for Covered Horses, Covered Persons, and Covered Horseraces, including the elements and activities required under 15 U.S.C. 3056.

Retirement (5230). The Proposed Budget contemplates $29,817 for this line item. This line item covers funding for the Authority's match paid to the accounts of Racetrack Safety employees that participate in the Authority's 401(k) Plan. These costs support the recruitment, retention, and well-being of staff responsible for carrying out the Act's requirement of developing and implementing a racetrack safety program for Covered Horses, Covered

Persons, and Covered Horseraces, including the elements and activities required under 15 U.S.C. 3056.

Other Employee Benefits (5290). The Proposed Budget contemplates $6,300 for this line item. This line item is based on historical data and covers funding for employer-provided benefits associated with Racetrack Safety Program personnel and includes workers' compensation insurance, and mobile phone stipends. These costs support the recruitment, retention, and well-being of staff responsible for carrying out the Act's requirement of developing and implementing a racetrack safety program for Covered Horses, Covered Persons, and Covered Horseraces, including the elements and activities required under 15 U.S.C. 3056. While this line item is reduced compared to the 2026 budget, much of the difference has been reallocated to the Health Insurance (5220) and Retirement (5230) accounts (both of which are new for 2027).

Meetings (5430). The Proposed Budget contemplates $24,000 for this line item. This line item is based on historical data and covers funding for costs associated with meetings and stakeholder engagement activities that support the Racetrack Safety Program. Specifically, this includes funding for an in-person meeting for Track Superintendents to discuss best practices, emerging trends, and compliance with the Racetrack Safety Program. Additionally, this includes funding for an in-person meeting of the Racetrack Safety Standing Committee. This first ever in-person meeting will enable committee members and subject matter experts to engage in detailed deliberations and develop recommendations to enhance the Racetrack Safety Program. Budgeted costs include meeting facilities, materials, refreshments, and other reasonable expenses necessary to facilitate collaboration, communication, training, and the effective administration of the Racetrack Safety Program.

Travel (5440). The Proposed Budget contemplates $61,000 for this line item. This line item is based on historical data and covers funding for travel expenses incurred by Racetrack Safety Program personnel while conducting company business (excluding Track Accreditation Services travel set forth below). All business travel-related expenses are incurred in accordance with the Authority's Travel Policy. This line item includes transportation, lodging, meals, mileage reimbursement, parking, and other allowable travel-related costs associated with inspections, audits, investigations, training, stakeholder meetings, conferences, and other activities necessary to support the implementation, oversight, and enforcement of the Racetrack Safety Program. These expenses enable staff to effectively carry out Racetrack Safety Program responsibilities at 40 racetracks located across 19 States. Meeting with and hearing the concerns of industry stakeholders are critical to the Authority's quality of services provided and stakeholder satisfaction. Compared to the 2026 budget, this line item has decreased by 35% based on the number of years of operation of the Racetrack Safety Program and the need for fewer in-person meetings.

Staff Development (5460). The Proposed Budget contemplates $2,700 for this line item. This line item covers the expense for an employee to be accredited by the Racing Officials Accreditation Program (ROAP). A ROAP-accredited HISA employee brings specialized regulatory expertise and up-to-date training that helps HISA effectively administer and enforce the Racetrack Safety Program, particularly stewarding-related rules and issues.

Supplies (5500). The Proposed Budget contemplates $5,390 for this line item. This line item includes items such as office supplies, printing and copying materials, racetrack safety materials, and training supplies, used in carrying out Racetrack Safety Program activities. These expenses support the day-to-day functions of Racetrack Safety Program staff and contribute to the effective implementation, monitoring, and enforcement of the Program.

Postage (5510). The Proposed Budget contemplates $600 for this line item. This line item includes postage for mailing racetrack safety materials and training supplies used in carrying out Racetrack Safety Program activities. These expenses support the day-to-day functions of Racetrack Safety Program staff and contribute to the effective implementation, monitoring, and enforcement of the Program.

Payroll (5840). The Proposed Budget contemplates $4,800 for this line item. This line item covers a portion of the costs associated with the Authority's Professional Employer Organization, CoAdvantage, which includes the cost of running payroll for the Racetrack Safety employees. Payroll expenses directly further the purposes of the Act by supporting employees responsible for carrying out the Act's requirement of developing and implementing a racetrack safety program for Covered Horses, Covered Persons, and Covered Horseraces, including the elements and activities required under 15 U.S.C. 3056. Without qualified personnel, the Authority would be unable to effectively administer and enforce the Act's requirement to develop and implement a Racetrack Safety Program.

Professional Services (5890). The Proposed Budget contemplates $1,294,138 for this line item. This line item covers funding for specialized professional and technical services obtained from external consultants, contractors, vendors and subject-matter experts to provide and/or augment services in the following areas of the Racetrack Safety Program:

(i) Epidemiology;
(ii) Research/Testing;
(iii) Jockey Concussion Tracking;
(iv) Jockey Mental Health; and
(v) National Medical Director.

These specialized services support the Authority's efforts to carry out the mandate given to it by Congress: "exercise independent and exclusive national authority over—(A) the safety, welfare, and integrity of covered horses, covered persons, and covered horseraces; and (B) all horseracing safety, performance, and anti-doping and medication control matters for covered horses, covered persons, and covered horseraces . . ." 15 U.S.C. 3054(a)(2). For example, as part of the Authority's mandate to provide for the safety and welfare of Covered Persons, the Authority contracted with the New Lexington Clinic through its employed physician Dr. Peter Hester, an Orthopedic Surgeon specializing in Sports Medicine, to serve as the first ever National Medical Director for the Thoroughbred racing industry. Dr. Hester, as the Authority's National Medical Director, leads initiatives to support jockey health and welfare, including mitigating risk of injury, securing elite medical care, improving and optimizing health care services, and developing and sourcing affordable medical insurance for the more than 1,700 Authority-registered Jockeys and their families. This line item was budgeted at $180,000 in 2026 and remains the same in the Proposed Budget.

Similarly, the Authority partnered with the digital concussion management platform HEADCHECK Health to enforce a uniform, national concussion protocol for Jockeys. Under the protocol, racetrack medical staff will use HEADCHECK to document medical evaluations, possible concussion symptoms and written releases permitting a Jockey to return to riding after being cleared by a qualified medical provider knowledgeable in concussion management and the skills needed to perform as a Jockey.

HEADCHECK's implementation will also ensure that concussion-related medical records follow a rider from track to track and advance continuity of concussion care across the country. The Authority has budgeted $196,388 for this line item in the Proposed Budget (this line item was $186,000 in 2026; the increase is due to contractual increase).

This line item also contemplates the Authority contracting with an epidemiologist to strengthen the Authority's efforts to protect the health and safety of Covered Horses by using data and scientific analysis to identify, understand, and prevent injuries and fatalities. Through the veterinary, training, injury, fatality, and other health and performance data available in the HISA Portal, an epidemiologist would expand the Authority's and, in turn, the industry's, ability to identify risk factors for equine injuries and death, detect trends and emerging safety concerns, evaluate the effectiveness of safety rules and protocols, and more. The Authority has budgeted $85,000 for this line item (this position was not included in the 2026 budget).

Additionally, this line item covers the ongoing costs associated with the Equine Associated Sudden Death (EASD) Study, a research initiative aimed at better understanding the underlying causes and risk factors associated with EASD. During the first six months of 2025, EASD accounted for approximately 8% of racing fatalities and 18% of training fatalities at racetracks subject to the Authority's rules. The findings from the EASD study have led to the issuance of an Equine Health Advisory (available at *https://hisaus.org/resources/hisa-equine-health-advisory-exercise-associated-sudden-death*) and are intended to help the Authority, Veterinarians, racetracks, and industry stakeholders develop evidence-based strategies to reduce preventable fatalities and improve overall equine welfare. By investing in scientific research and data analysis, the Authority can identify emerging health trends, evaluate risk factors, and implement targeted safety measures that enhance the health and safety of Covered Horses, as required under the Act. The Authority has budgeted $199,800 for this line item in the Proposed Budget (this research was not included in the 2026 budget).

Other expenses covered in this line item include contracting with a jockey wellness consultant and a partnership with OnRise, a third-party that provides a confidential platform that provides jockeys with access to mental health support through the insights and experiences of trained retired athletes, licensed therapists and psychiatrists. These expenses are associated with the health and safety of Covered Persons. The Authority has budgeted $106,000 for this line item (this expense was not included in the 2026 budget).

Finally, this line item includes expenses that the Authority advances on behalf of racetracks to support compliance with the Racetrack Safety Program, such as costs associated with stewards and veterinarians. Although the Authority initially bears these costs, racetracks reimburse the Authority for their share of these compliance-related expenses, which are subsequently recorded as ''Other Revenues'' in the Proposed Budget (*see* Section III above).

In sum, this line item contemplates a proposed increase compared to the 2026 Budget due in part to the addition of the EASD Study, epidemiologist, jockey wellness consultant, and OnRise.

Accreditation Services (5915). The Proposed Budget contemplates $153,000 for this line item. Pursuant to 15 U.S.C. 3056 and the Racetrack Safety Program, the Authority is responsible for implementing an evaluation and accreditation program that ensures that Covered Racetracks meet certain safety and performance standards. Both the Act and the Racetrack Safety Program require that tracks be accredited, and the rules mandate site visits to determine the extent of compliance with the rules. The accreditation visits afford HISA staff the ability to conduct an in-depth and in-person review of a racetrack's operations to determine its level of compliance with the Racetrack Safety Program and to provide training on how best to meet ongoing reporting requirements.

This line item includes the costs of compensating teams of employees and independent contractors to perform site accreditation visits, and the costs of covering the travel and meal expenses for this team. In 2027, it is anticipated that the Authority will conduct 17 accreditation visits. The accreditation site visits are conducted by teams of three to four individuals. The costs included in this category are based on the actual cost of accreditation site visits in 2023, 2024, 2025, and the anticipated total costs for 2026.

Racetrack Surface Testing (5920). The Proposed Budget contemplates $690,000 for this line item. The Act requires that the Racetrack Safety Program include ''[a] racing surface quality maintenance system that . . . may include requirements for track surface design and consistency and established standard operating procedures related to track surface, monitoring, and maintenance (such as standardized seasonal assessment, daily tracking, and measurement)'' as well as ''a uniform set of track safety standards and protocols.'' 15 U.S.C. 3056(b)(3)–(4). Consistent with the Act's mandate, the Racetrack Safety Program requires comprehensive pre-meet inspections performed on all surfaces prior to the start of each Race Meet as well as seasonal inspections.

This line item covers funding for services and activities related to the evaluation, monitoring, and testing of racetrack surfaces to support compliance with track surface standards established in the Racetrack Safety Program and required under the Act. The Authority contracts with the Racing Surfaces Testing Laboratory (RSTL), an expert in testing and evaluating racetrack surfaces, to test, evaluate, and monitor track surfaces at the racetracks operating under the Racetrack Safety Program. These services help identify surface conditions that may affect the safety and welfare of Covered Horses and Covered Persons.

B. Anti-Doping and Medication Control

In addition to the Racetrack Safety Program, the Act directed the Authority to establish a ''horseracing anti-doping and medication control program applicable to all covered horses, covered persons, and covered horseraces'' (the ''ADMC Program''). 15 U.S.C. 3055(a)(1). Nearly 75% of the Proposed Budget is dedicated to the ADMC Program. Pursuant to the Act, the Authority contracted with HIWU, a division of Drug Free Sport (''DFS''), to serve as the independent enforcement agency of the ADMC Program. HIWU oversees testing, educating stakeholders on the ADMC Program, accrediting laboratories, investigating potential violations, and prosecuting any such violations.

The ADMC Program portion of the Proposed Budget (Appendix 5) funds the implementation of the ADMC Program as set forth in the Rule Series 3000, 4000, 5000, 6000, and 7000 and as originally approved by order of the Federal Trade Commission dated March 27, 2023. The ADMC portion of the Proposed Budget consists of three line items: Professional Services, HIWU, and Laboratory Testing.

Professional Services (5890). The Proposed Budget contemplates $420,844 for this line item. The Act required the Authority to establish a disciplinary process for safety, performance, and anti-doping and medication control rule violations. 15 U.S.C. 3057(c). This line item consists of costs related to the established disciplinary process for alleged ADMC violations, including estimated fees to cover the cost of proceedings before the Internal

Adjudication Panel (primarily equine controlled medication violations) and the Arbitral Body (primarily equine anti-doping rule violations). These proceedings are in accordance with the Act and the ADMC Program rules approved by the Commission.

Compared to the 2026 Budget, the proposed amount for this line item represents an approximate 42% reduction. The primary driver of this cost savings is a potential shift to a different service provider to administer the Arbitral Body. To reduce the costs to the industry, HISA and HIWU are exploring alternative independent service providers that will provide a high-level quality of service for a rate lower than the amount being charged by the current provider.

Laboratory Testing (5925). The Proposed Budget contemplates $17,860,583 for this line item. This line item includes funding for laboratory analysis of Covered Horse samples (Post-Race, Out of Competition, B Samples, Claimed Horse Testing, and Clearance Testing) by one or more of the laboratories with HISA Equine Analytical Laboratory (''HEAL'') accreditation status. Currently, this includes the Equine Integrity and Anti-Doping Sciences (''EQIAS'') Laboratory, Industrial Laboratories, and the Kenneth L. Maddy Equine Analytical Chemical Laboratory at the University of California-Davis.

HEAL accredited laboratories have many years of experience in the testing of blood, urine, and hair samples taken from Thoroughbred racehorses. HISA and HIWU have conducted negotiations with each of these laboratories to ensure that competent testing is performed at the lowest price possible. The HEAL accreditation process and extensive contract negotiations has led to fewer laboratories being utilized for Sample analysis under the ADMC Program, allowing the approved laboratories to spread their fixed costs (salaried employees, testing equipment, etc.) over a larger number of samples, resulting in minimal price increases year-over-year.

In 2025, HIWU oversaw 111,287 sample collections (blood, urine, and hair) from 73,815 horses in 2025. Laboratory testing is a core component of the ADMC Program and the Act as it provides the scientific validation necessary to detect Prohibited Substances and verify compliance with the ADMC Program. The expenditure amount contemplated in this line item represents a reduction of approximately 8.3% compared to the 2026 budget. One reason for this anticipated reduction is a result of efficiencies learned from the first 3+ years of the ADMC Program.

HIWU (5910). The Proposed Budget contemplates $35,292,590 for this line item. This line items covers the cost to comply with the Act's requirement of contracting with an ''independent anti-doping and medication control enforcement organization for covered horses, covered persons, and covered horseraces, implementing the anti-doping and medication control program on behalf of the Authority.'' 15 U.S.C. 3054(e)(1)(E)(i). Further details about this line item are set forth below. Compared to the 2026 Budget, the proposed amount for this line item represents an approximate 5.2% reduction.

C. Horseracing Integrity and Welfare Unit

As noted above, HIWU serves as the independent enforcement agency for the Authority's ADMC Program. HIWU is remarkably efficient given its size and available resources. With only 41 full-time employees (budgeting for 43 full-time employees) and seven additional shared employees (budgeting for 10 shared employees),[12] HIWU oversaw 111,287 sample collections (blood, urine, and hair) from 73,815 horses in 2025.[13]

On the legal front, in 2025, HIWU served 377 Equine Anti-Doping/Equine Controlled Medication Notices and 361 Equine Anti-Doping/Equine Controlled Medication Charges in 2025.[14] The average resolution time for cases originating in 2025 was 82.6 days.[15] HIWU's investigations teams conducted or oversaw 463 searches at 50 racetracks/training centers in 19 States. Finally, HIWU administers the HEAL Accreditation Program, which includes empowering HIWU to closely monitor compliance and act accordingly when laboratories cannot meet the Laboratory Standards. The Laboratory Expert Group, whose members bring a broad range of relevant expertise in human and equine anti-doping, laboratory operations, and quality assurance management, is essential to this component of the ADMC Program.

The HIWU portion of the Proposed Budget (Appendix 6) totals $35,292,590, approximately a 5.2% decrease compared to 2026. Further details of the HIWU portion of the Proposed Budget are set forth below.

Salaries. The Proposed Budget contemplates $7,238,100 for this line item. This line item covers salaries for 43 full-time HIWU employees and 10 additional employees shared with DFS whose work directly supports the implementation and enforcement of the Authority's ADMC Program (currently, HIWU has 41 full-time employees and seven employees shared with DFS). As required under the Act, this consists of conducting and overseeing anti-doping and medication control results management, including independent investigations, charging and adjudication of potential medication control rule violations, and the enforcement of any civil sanctions for such violations. 15 U.S.C. 3055(c)(4). This also includes the performance and management of test distribution planning, the sample collection process, and in-competition and out-of-competition testing as well as the accreditation of testing laboratories. *Id.* HIWU's 41 full-time employees are spread across the following departments:

1. Testing Operations
2. Testing Strategy
3. Compliance & Policy
4. Collection Personnel Recruitment, Training, & Certification
5. Support Line Management
6. Science
7. Laboratory Accreditation
8. Equine Medical Resources
9. Intelligence and Strategy
10. Investigative Operations
11. Education
12. Communications & Outreach
13. Legal
14. Litigation
15. Results Management
16. Information Technology
17. Human Resources
18. Finance

HIWU currently shares seven staff with DFS in the areas of Information Technology, Finance and Human Resources. This arrangement produces cost savings, obviating the need for HIWU to retain full-time employees to provide these services. This proposed line item contemplates three additional shared employees for 2027 (an additional human resource specialist, an instructional design specialist to assist with educational content management and creation, and a controller). Salary levels for each position are based on market rates, and the line-item amount contemplates cost of living adjustments for current employees plus the addition of at least one staff member in the legal department and one staff member in the investigations department.

Payroll Tax Expense. The Proposed Budget contemplates $515,000 for this line item. This line item is based on historical data and covers funding for Federal, State, and local payroll tax obligations associated with HIWU personnel. As noted above, HIWU staff are necessary to carry out the Act's requirement of an ''independent anti-doping and medication control enforcement organization for covered horses, covered persons, and covered horseraces, implementing the anti-doping and medication control program on behalf of the Authority.'' 15 U.S.C. 3054(e)(1)(E)(i).

Other Employee Benefits. The Proposed Budget contemplates $706,180 for this line item. This line item is based on historical data and covers funding for employer-provided benefits associated with HIWU personnel and includes HIWU's paid-portion of the health and dental insurance plan offered to employees. This line item also includes the cost of HIWU's match paid to the accounts of employees that participate in the company provided 401(k) Plan. These costs support the recruitment, retention, and well-being of staff responsible for carrying out the Act's requirement of an ''independent anti-doping and medication control enforcement organization for covered horses, covered persons, and covered horseraces, implementing the anti-doping and medication control program on behalf of the Authority.'' 15 U.S.C. 3054(e)(1)(E)(i).

Rent. The Proposed Budget contemplates $114,810 for this line item. This line item covers the rent associated with HIWU's 3,000 sq. ft. office space located in Kansas City, Missouri for its employees. HIWU is paying $32/sq.ft., which is consistent with market rates in the Kansas City area. The cost of basic office equipment is also included in this line item.

Office Expenses. The Proposed Budget contemplates $28,700 for this line item. This line item consists of common office expenses such as utilities and maintenance costs, which are necessary for HIWU employees to carry out their duties as the independent enforcement agency from a physical location in Kansas City, Missouri. Compared to the 2026 budget, this line has been reduced by approximately 68% due to the elimination of sponsorship/accounting-related office expenses.

Telecommunications. The Proposed Budget contemplates $79,800 for this line item. This line item consists of the cost of office phones, mobile phone service at a commercially reasonable rate, and portable hot-spot Wi-Fi services to be used in test barns, all of which are necessary to carry out the requirements of the ADMC Program. Compared to the 2026 budget, this line item has been reduced by approximately 17% due to lower rates obtained from a new service provider.

Travel. The Proposed Budget contemplates $816,709 for this line item. This line item consists of travel expense necessary for full-time employees to perform functions essential to the administration of the ADMC Program and required under the Act, such as meetings with State Racing Commissions and track associations, training and continuing education sessions with sample collection personnel, conducting investigations, arbitration hearings, laboratory visits, meetings with HISA personnel, and participation in industry meetings and conventions. Travel expenses include airfare, hotel rooms, rental cars, fuel costs, mileage for personal vehicles used for business purposes, parking, and meals.

The amounts for each expense component were based on estimated market average cost. This line item is based on historical data over the last three years and represents a 12% reduction compared to the 2026 budget.

Supplies. The Proposed Budget contemplates $1,270,000 for this line item. The Act directs the independent anti-doping enforcement agency (HIWU) to, among other things, perform and manage the sample collection process. 15 U.S.C. 3055(c)(4). This line item furthers that directive as it includes the costs of drug testing supplies needed for sample collections and sample collection personnel training, such as secure urine collection kits, vacutainer blood vials, and other chain-of-custody supplies. The costs of these supplies are budgeted at the lowest feasible rate based on current market conditions, historical procurement data, and vendor pricing.

Professional Services. The Proposed Budget contemplates $2,938,300 for this line item. This line item covers funding for specialized professional and technical services obtained from external consultants, contractors, and subject-matter experts to provide and/or augment services in the following areas of the ADMC Program:

(i) Results Management;

(ii) Investigative and State Racing Commission Relations; and

(iii) Laboratory Accreditation.

Specifically, this expense covers external legal counsel for assistance with complex case prosecution, contract investigators who provide seasonal ''boots on the ground'' investigative services at Covered Racetracks and Training Facilities, consultation with the independent Laboratory Expert Group members for laboratory accreditation expertise, the HIWU Advisory Council, and outside venders for services such as the management and distribution of laboratory quality control samples, educational video production, and communications support.

With more than three years' experience administering the Authority's ADMC Program, HIWU's reliance on external consultants is decreasing as reflected by the 18% decrease compared to the 2026 budget.

Technology. The Proposed Budget contemplates $1,696,642 for this line item. This line item covers funding for all software, hardware, licenses and continued technological development needed to administer the ADMC Program. As noted above, HIWU is responsible under the Act for conducting and overseeing the results management process. In 2025 alone, HIWU oversaw 111,287 sample collections (blood, urine, and hair) from 73,815 horses.

Given the scale and complexity of the ADMC Program, robust technology infrastructure is essential to ensure the efficient, accurate, secure, and timely management of testing and results data. Technology supports the end-to-end administration of the program, including sample collection and tracking, chain-of-custody documentation, laboratory data integration, results reporting, case management, regulatory compliance, and communication with laboratories, Veterinarians, racetracks, and other stakeholders. It also facilitates real-time monitoring and analysis of testing activities, reduces the risk of manual errors, enhances data integrity, and provides the transparency and auditability required for a national anti-doping and medication control program.

Continued investment in technology is necessary to maintain system reliability, accommodate growing testing volumes, address evolving regulatory requirements, strengthen cybersecurity protections, and implement enhancements that improve operational efficiency and stakeholder service. Without these systems and ongoing technological development, HIWU would be unable to effectively manage the substantial volume of testing data and associated regulatory activities required to fulfill its statutory responsibilities.

Insurance. The Proposed Budget contemplates $516,023 for this line item. This line item covers the cost of HIWU's insurance policies, including liability insurance with an Umbrella policy, cyber-risk insurance, property insurance, and workers' compensation insurance. This line amount is based on historical costs with estimated year-over-year increases.

Resources and Education. The Proposed Budget contemplates $136,752 for this line item. This line item includes training and continuing education, registration fees for industry conferences, accounting fees for State tax filings, and dues and subscriptions to industry publications. All of these are necessary for HIWU to adequately carry out its duties as the independent enforcement agency of the Authority's ADMC Program.

Taxes-Other. The Proposed Budget contemplates $3,600 for this line item. This line item covers anticipated sales and use taxes on ADMC Program-related purchases, including technology, testing supplies, office equipment, and other operational expenditures. This line-item amount is based on historical spending patterns.

ADMC Collection Costs. The Proposed Budget contemplates $16,559,342 for this line item. This line item covers wages paid to sample collection personnel in the 19 States that conduct Covered Horseraces. The amounts are based on wages paid to sample collection personnel over the last three years of the ADMC Program. The sample collection personnel are responsible for more than 100,000 sample collections per year.

Additionally, to cover travel expenses specifically related to sample collection, this includes airfare, hotel rooms, rental cars, fuel costs, mileage for personal vehicles used for business purposes, parking, and meals. The amounts for each expense component were based on estimated market average costs.

The expenditure amount contemplated in this line item represents a reduction of approximately 6.5% compared to the 2026 budget. This anticipated reduction is a result of efficiencies learned from the first 3+ years of the ADMC Program.

Management Fees. The Proposed Budget contemplates $2,672,633 for this line item. This line item covers the management fee owed to HIWU for administering the Authority's ADMC Program. The Act specifies that the ''Authority shall enter into an agreement with an entity that is nationally recognized as being a medication regulation agency equal in qualification to the United States Anti-Doping Agency to act as the anti-doping and medication control enforcement agency under this chapter for services consistent with the horseracing anti-doping and medication control program.'' 15 U.S.C. 3054(e)(1)(B). Consistent with the Act, the Authority entered into an agreement with DFS for HIWU to administer the ADMC Program. HISA's agreement with DFS is structured so that ADMC Program expenses are budgeted and billed directly to HISA on an at-cost basis. The 8% management fee effectively represents a fee paid to DFS for developing and maintaining the administrative and organizational functions required to establish HIWU and administer the ADMC Program. The Authority notes further that its agreement with DFS contains an incentive structure that encourages DFS to minimize the costs it incurs in carrying out its responsibilities under the agreement.

D. Veterinary Services

The Authority incurs other programmatic expenditures that support its statutory mission beyond the direct administration of the Racetrack Safety Program and the ADMC Program. These expenditures include veterinary services, technology operations, and administrative services, all of which play a critical role in advancing HISA's statutory mandate to protect and enhance the safety and welfare of Covered Horses and Covered Persons and the integrity of Covered Horseraces.

The Authority's Veterinary Services department plays a crucial role in promoting the health, welfare, and safety of Covered Horses. The three Veterinarians that comprise this department have a combined 60 years of veterinary experience and are responsible for developing and overseeing the Authority's veterinary-related rules and protocols, supporting regulatory veterinarians and attending practitioners, managing veterinary reporting and compliance requirements, evaluating injury and health data, and helping implement data-based safety initiatives designed to reduce equine injuries and improve racing outcomes. Veterinary Services also collaborates with industry stakeholders, researchers, and HISA advisory committees to advance best practices in equine care, medication management, racetrack safety, and horse welfare, ensuring consistent standards are applied across all covered racing jurisdictions. Their work supports the health, safety, and welfare of the tens of thousands Covered Horses and 1,400 veterinarians participating in Thoroughbred racing across the United States.

The Veterinary Services expenditures (Appendix 7) include the following:

Salaries (5200). The Proposed Budget contemplates $647,891 for this line item. This line item covers salaries for the three full-time veterinarians that comprise the Veterinary Services Department. As set forth above, these veterinarians have a combined 60 years of veterinary experience and are responsible for developing and overseeing the Authority's veterinary-related rules and protocols, supporting regulatory veterinarians and attending practitioners, managing veterinary reporting and compliance requirements, evaluating injury and health data, and helping implement data-based safety initiatives designed to reduce equine injuries and improve racing outcomes. Given the national scope of the Authority's responsibilities and the continuous nature of racing operations, these veterinarians routinely provide oversight, consultation, and regulatory support that extends well beyond traditional business hours. Their work supports the health, safety, and welfare of the tens of thousands of Covered Horses and 1,400 veterinarians participating in Thoroughbred racing across the United States.

The Act requires the Authority to ''exercise independent and exclusive national authority over—(A) the safety, welfare, and integrity of covered horses, covered persons, and covered horseraces; and (B) all horseracing safety, performance, and anti-doping and medication control matters for covered horses, covered persons, and covered horseraces.'' 15 U.S.C. 3054(a)(2). These three Veterinarians are indispensable to fulfilling this statutory mandate. Through their ongoing oversight of veterinary policy, injury prevention initiatives, horse health monitoring, regulatory compliance, and stakeholder engagement, they help ensure the consistent implementation of the Act's safety and welfare objectives throughout the industry.

The Authority has included in the Proposed Budget a cost of living adjustment to base salary for all staff hired prior to June 1, 2026. In establishing compensation ranges, HISA considers relevant market benchmarks, the specialized nature of the positions, geographic considerations, and the need to compete with opportunities available in the private sector, regulatory organizations, and other professional fields.

Payroll Tax Expense (5210). The Proposed Budget contemplates $58,310 for this line item. This line item is based on historical data and covers funding for Federal, State, and local payroll tax obligations associated with Veterinary Services personnel. As noted above, the staff are necessary to carry out the Act's requirement of protecting and enhancing the safety and welfare of Covered Horses.

Health Insurance (5220). The Proposed Budget contemplates $44,232 for this line item. This line item covers funding for the Authority's paid-portion of the multi-employer health insurance plan offered to Veterinary Services employees (2027 will be the first full year that the Authority has offered a multi-employer health insurance plan). For employees covered under a different health insurance plan, the Authority provides a stipend to those employees to cover a portion of the cost of their own plans. These costs support the recruitment, retention, and well-being of staff responsible for carrying out the Act's requirement of protecting and enhancing the safety and welfare of Covered Horses.

Retirement (5230). The Proposed Budget contemplates $24,387 for this line item. This line item also includes the cost of the Authority's match paid to the accounts of Veterinary Services employees that participate in the Authority's 401(k) Plan. These costs support the recruitment, retention, and well-being of staff responsible for carrying out the Act's requirement of protecting and enhancing the safety and welfare of Covered Horses.

Other Employee Benefits (5290). The Proposed Budget contemplates $3,360 for this line item. This line item is based on historical data and covers funding for employer-provided benefits associated with Veterinary Services employees and includes workers' compensation insurance, and mobile phone stipends. These costs support the recruitment, retention, and well-being of Veterinary staff. While this line item is reduced compared to the 2026 budget, a majority of the difference has been reallocated to the Health Insurance (5220) and Retirement (5230) accounts (both of which are new for 2027).

Meetings (5430). The Proposed Budget contemplates $15,000 for this line item. This line item covers funding for costs associated with meetings and stakeholder engagement activities that support the Veterinary Services department. These meetings provide face-to-face opportunities to discuss rule implementation, assist with challenges, listen to concerns regarding uniformity and practical effects, and bring back ideas for improvements to the internal team for consideration. These meetings are typically held in conjunction with other established industry meetings to maximize participation while minimizing travel costs. These meetings improve the service of veterinary operations and the Racetrack Safety Program.

Travel (5440). The Proposed Budget contemplates $40,000 for this line item. This line item covers funding for travel expenses incurred by Veterinary Services personnel, including transportation, lodging, meals, mileage reimbursement, parking, and other allowable travel-related costs associated with inspections, audits, investigations, training, stakeholder meetings, conferences, and other activities necessary to support the implementation, oversight, and enforcement of veterinary standards established in the Racetrack Safety Program.

Memberships & Subscriptions (5450). The Proposed Budget contemplates $49,000 for this line item. This line item covers the costs of subscriptions for services to be provided to the industry relating to the mental health of regulatory veterinarians and the assessment of lameness in Covered Horses. As noted above, the Act directs the Authority to exercise independent and exclusive national authority over ''the safety, welfare, and integrity of covered horses, covered persons, and covered horseraces.'' 15 U.S.C. 3054(a)(2). This line item furthers this directive of the Act.

Payroll (5840). The Proposed Budget contemplates $2,700 for this line item. This line item covers a portion of the costs associated with the Authority's Professional Employer Organization, CoAdvantage, which includes the cost of running payroll for Veterinary Services employees. Payroll expenses directly further the purposes of the Act by supporting employees responsible for monitoring and enhancing the safety and welfare of Covered Horses. Without qualified veterinary personnel, the Authority would be unable to effectively administer and enforce the veterinary standards established in the Racetrack Safety Program.

Professional Services (5890). The Proposed Budget contemplates $81,000 for this line item. This line item covers funding for specialized professional and technical services obtained from external consultants, contractors, and subject-matter experts to support the Veterinary Services department. This line item includes costs associated with compliance audits, training in specialized administrative procedures, and review and drafting of opinion letters regarding enforcement cases.

E. Technology Department

The Authority's Technology department supports the building and development of all IT systems needed to properly and efficiently manage the Racetrack Safety Program, the ADMC Program, and administration of the Authority's operations. Among other things, the department is responsible for the development and maintenance of the HISA Portal, a proprietary platform utilized by over 39,000 Owners, Trainers, veterinarians, racetracks, stewards, and other industry participants for registration, reporting, compliance, and data management activities.

On average, the Authority receives approximately 7,000 veterinary treatment records per day and, as of the end of 2025, approximately seven million veterinary treatment records had been uploaded to the HISA Portal since the inception of the Racetrack Safety Program. Under HISA rules, horses' treatment records are available to regulatory veterinarians at any racetrack. Before the enactment of HISA's Racetrack Safety Program, information shared between tracks and States was limited to regulatory history (*e.g.,* veterinarians' list history, pre-race and other veterinary inspections). In addition, treatment histories are now available to new owners, trainers and veterinarians when a horse is transferred, sold or claimed. This information enables all parties to have a more complete picture of a horse's medical and regulatory history to promote continuity of care. Using this robust dataset, the IT team developed HISA CHECK√, which analyzes the comprehensive treatment information available in the HISA Portal, along with historical performance data and other risk factors (*e.g.,* the length of a horse's previous layoff (if any), term with current Trainer, history on the Veterinarians' List), to assess whether horses are at increased risk for injury.

The Technology Department expenditures (Appendix 8) include the following:

Salaries (5200). The Proposed Budget contemplates $1,284,129 for this line item. This line item covers salaries for 14 Technology Department staff whose work is essential to ensure the reliable operation, security, and continuous improvement of the Authority's technology infrastructure and services, including the HISA Portal, which is utilized daily by over 39,000 Covered Persons and contains health and performance information for over 90,000 Covered Horses. As noted above, the Technology Department staff are necessary to provide the technological support for the Racetrack Safety Program, the ADMC Program, and the administration of the Authority's operations. This line item contemplates a proposed increase compared to the 2026 Budget due to the expectation that 4 contractors currently providing services for the Authority will become full-time employees (part of this increase is offset by the decrease in Professional Services (5890)) and the addition of two new full-time employees (to replace outgoing contractors).

The Technology Department also assists with fulfilling specific responsibilities under the Act, including the development of a registration platform for all covered persons as ''a condition of participating in covered races and in the care, ownership, treatment, and training of covered horses''; the ''develop[ment] and maint[enance] [of] a nationwide database of racehorse safety, performance, health, and injury information''; and the development of a rulings page to comply with the Act's public disclosure requirements. 15 U.S.C. 3054(d)(1), 3056(c)(3)(A), 3057(c)(2).

The Authority has included in the Proposed Budget a cost of living adjustment to base salary for all staff hired prior to June 1, 2026. In establishing compensation ranges, HISA considers relevant market benchmarks, the specialized nature of the positions, geographic considerations, and the need to compete with opportunities available in the private sector, regulatory organizations, and other professional fields.

Payroll Tax Expense (5210). The Proposed Budget contemplates $105,299 for this line item. This line item is based on historical data and covers funding for Federal, State, and local payroll tax obligations associated with Technology Department personnel. As noted above, the Technology Department staff are necessary to provide the technological support for the Racetrack Safety Program, the ADMC Program, and the administration of the Authority's operations. The IT Team also operates and maintains the HISA Portal and other technology tools offered by the Authority.

Health Insurance (5220). The Proposed Budget contemplates $64,000 for this line item. This line item covers funding for the Authority's paid-portion of the multi-employer health insurance plan offered to employees (2027 will be the first full year that the Authority has offered a multi-employer health insurance plan). For employees covered under a different health insurance plan, the Authority provides a stipend to those employees to cover a portion of the cost of their own plans. These costs support the recruitment, retention, and well-being of IT staff responsible for providing the technological support for the Racetrack Safety Program, the ADMC Program, and the administration of the Authority's operations.

Retirement (5230). The Proposed Budget contemplates $46,745 for this line item. This line item includes the cost of the Authority's match paid to the accounts of Technology Department employees that participate in the Authority's 401(k) Plan. These costs support the recruitment, retention, and well-being of IT staff responsible for providing the technological support for the Racetrack Safety Program, the ADMC Program, and the administration of the Authority's operations.

Other Employee Benefits (5290). The Proposed Budget contemplates $7,476 for this line item. This line item is based on historical data and covers funding for employer-provided benefits associated with Technology Department employees and includes workers' compensation insurance, and mobile phone stipends. These costs support the recruitment, retention, and well-being of IT staff responsible for providing the technological support for the Racetrack Safety Program, the ADMC Program, and the administration of the Authority's operations. While this line item is reduced compared to the 2026 budget, a majority of the difference has been reallocated to the Health Insurance (5220) and Retirement (5230) accounts (both of which are new for 2027).

Travel (5440). The Proposed Budget contemplates $97,000 for this line item. This line item covers funding for travel expenses incurred by the Technology Department employees to support the Authority's responsibility to administer and oversee nationwide technology systems that enable the implementation of the Act. This travel includes vendor implementation activities, onsite support for various initiatives, training and industry conferences, and collaboration with industry stakeholders such as racetrack operations and regulatory officials.

Supplies (5500). The Proposed Budget contemplates $12,000 for this line item. This line item covers funding for supplies necessary to support the Authority's technology operations and includes the routine purchase and replacement of technology-related consumables, miscellaneous office technology equipment, and operational tools required to maintain a secure, reliable, and efficient technology environment that supports the Racetrack Safety Program, the ADMC Program, and the administration of the Authority's operations.

Technology (5825). The Proposed Budget contemplates $2,324,040 for this line item. This line item covers funding for cloud computing and other specialized applications that together form the foundation of the Authority's technology system. This primarily consists of the cost of Palantir (budgeted for $1,590,000) (which support HISA CHECK√ and HISA Horse In-Sight) and Amazon Web Services (budgeted for $600,000) (necessary for the HISA Portal and control panel and the mobile app). Additionally, Azure (budgeted for $24,000) (for processing the ruling forms from Stewards), Office 365 (budgeted for $54,000) (for email, login, storage, etc.), end user security tools (budgeted for $24,000), and Odoo (budgeted for $5,400) (for billing software and accreditation management) are included in this account.[16] To be as cost-effective as possible, HISA has chosen not to invest in centralized computing assets. This keeps total cost of ownership low, infrastructure stability high and enables solution flexibility as HISA is engaged in meeting its mandate.

Payroll (5840). The Proposed Budget contemplates $6,900 for this line item. This line item covers a portion of the costs associated with the Authority's Professional Employer Organization, CoAdvantage, which includes the cost of running payroll for the Technology Department employees. Payroll expenses directly further the purposes of the Act by supporting employees responsible for providing technological support for the Racetrack Safety Program, the ADMC Program, and the administration of the Authority's operations. Without qualified IT personnel, the Authority would be unable to effectively administer and enforce the Act's requirements.

Professional Services (5890). The Proposed Budget contemplates $5,034,100 for this line item (a reduction of approximately 11.5% compared to the 2026 budget). This line item covers the projected cost of outsourced technology delivery provided by third-party system integrators and software factories, including T-Soft ($3,150,000), Reflective Matrix ($589,000), and XORGate Solutions ($193,200) Given the need for cost-effective, round-the-clock services, the necessary software and technology systems were procured internationally from development resources in the United States, Europe, and Asia; this allowed for the implementation of a 24-hour code and test development cycle. This is the most cost-effective method of building and maintaining technology systems/portals to facilitate program reporting to and monitoring by HISA. This line item also includes the projected cost of Ansafone ($486,000), a third-party vendor offering 24/7 assistance with HISA's Help Desk, a service of critical importance to the Authority's stakeholders. Finally, this line item covers the projected cost of Dean Dorton ($78,400), an entity to assist with computer system security, and the projected cost of an annual audit of HISA's IT system ($100,000), as required by the Commission's Oversight Rule.

F. Administration

The Administration portion of the Proposed Budget consists of the general and administrative staff and expenditures that are needed to conduct HISA operations and carry out the Authority's responsibilities under the Act. This includes the Chief Executive Officer and the Chief Financial Officer, along with employees in Legal, Communications, Operations/Compliance, Public Affairs, and Administrative Services.

The Administration Department expenditures (Appendix 9) include the following:

Salaries (5200). The Proposed Budget contemplates $2,389,274 for this line item. This line item contemplates funding for salaries of 11 full-time employees in the Administrative Department, including the Chief Executive Officer and the Chief Financial Officer, along with employees in Legal, Communications, Operations/Compliance, Public Affairs, and Administrative Services. As of July 31, 2026, there are 10 employees in the Administrative Department. These employees are necessary to ensure the efficient operation of the Authority and the effective delivery of its services. In addition, these employees provide financial, legal, public affairs, and other corporate functions necessary for HISA to operate efficiently and maintain compliance with the Commission's Oversight Rule. Notably, the Authority eliminated a full-time position in the Administrative Department. As noted above, the Authority has budgeted for 11 full-time employees—the Authority anticipates hiring an employee to work in the legal department, which will reduce the costs currently paid to outside counsel.

The Authority has included in the Proposed Budget a cost of living adjustment to base salary for all staff hired prior to June 1, 2026.

In establishing compensation ranges, HISA considers relevant market benchmarks, the specialized nature of the positions, geographic considerations, and the need to compete with opportunities available in the private sector, regulatory organizations, and other professional fields.

Payroll Tax Expense (5210). The Proposed Budget contemplates $191,142 for this line item. This line item is based on historical data and covers funding for Federal, State, and local payroll tax obligations associated with Administrative personnel. As noted above, the employees provide financial, legal, public affairs, and other corporate functions necessary for HISA to operate efficiently, carry out its duties and responsibilities under the Act, and maintain compliance with the Commission's Oversight Rule.

Health Insurance (5220). The Proposed Budget contemplates $168,266 for this line item. This line item covers funding for the Authority's paid-portion of the multi-employer health insurance plan offered to Administrative employees (2027 will be the first full year that the Authority has offered a multi-employer health insurance plan). For employees covered under a different health insurance plan, the Authority provides a stipend to those employees to cover a portion of the cost of their own plans. These costs support the recruitment, retention, and well-being of Administrative staff responsible for carrying out the Act's requirements.

Retirement (5230). The Proposed Budget contemplates $86,014 for this line item. This line item also includes the cost of the Authority's match paid to the accounts of Administrative employees that participate in the Authority's 401(k) Plan. These costs support the recruitment, retention, and well-being of staff responsible for carrying out the Authority's operations.

Other Employee Benefits (5290). The Proposed Budget contemplates $12,000 for this line item. This line item is based on historical data and covers funding for employer-provided benefits associated with Administrative personnel and includes workers' compensation insurance, and mobile phone stipends. These costs support the recruitment, retention, and well-being of staff responsible for carrying out the Authority's operations. While this line item is reduced compared to the 2026 budget, a majority of the difference has been reallocated to the Health Insurance (5220) and Retirement (5230) accounts (both of which are new for 2027).

Board and Committee Travel (5310). The Proposed Budget contemplates $20,000 for this line item. This line item is based on historical data and covers funding for travel, hotel, and meal expenses for the one annual board meeting that is held with in-person attendance by the nine board members. The Act requires the Authority to be governed by a board of directors comprised of five independent members selected from outside the industry and four industry members selected from among the various equine constituencies. 15 U.S.C. 3052(b). The Board is responsible for overseeing and advising on all aspects of the Authority's operations, including the review and approval of proposed rules, budgets, strategic initiatives and other matters necessary to fulfill the Authority's statutory responsibilities. Board members dedicate significant time and expertise to supporting the Authority's operations and its two Programs (for example, Dr. Susan Stover, an industry director, chairs the Racetrack Safety Committee, which meets multiple times per month); however, they serve on a volunteer basis and receive no compensation for their service to the Authority.

Rent (5410). The Proposed Budget contemplates $58,282 for this line item. This line item is based on historical data and covers the lease costs associated with the Authority's Lexington, Kentucky office, which serves as the Authority's headquarters and provides office space for approximately ten employees who support the administration of HISA's operations. The office space is approximately 1,800 square feet and the monthly base rent is roughly $2,800, which is consistent with market rates.

This line item also covers the lease costs associated with a small office for the Authority's Director of Public Affairs and one other employee strategically located in Washington, DC. The monthly base rent is approximately $1,300 per month, which is consistent with market rates.

Compared to the 2026 budget, this amount contemplates a reduction of approximately 18%, which is primarily due to the elimination of a small office in Pennsylvania.

Phone (5420). The Proposed Budget contemplates $1,830 for this line item. This line item is based on historical data and covers the costs associated with office access cards and Wi-Fi in HISA's offices. These expenses are necessary for HISA to conduct its operations and implement the requirements of the Act.

Meetings (5430). The Proposed Budget contemplates $78,855 for this line item. This line item is based on historical data and covers funding for miscellaneous expenses associated with administrative and operational meetings necessary to support HISA's operations and execution of its responsibilities under the Act. This includes meetings with industry stakeholders, strategic planning activities and collaborative working meetings to ensure efficient and consistent application of the Authority's services. These expenses include meeting expenses, meeting materials, working meals, and other reasonable costs associated with conducting business meetings involving HISA staff, board members, committee members, consultants, and/or stakeholders.

Travel (5440). The Proposed Budget contemplates $139,750 for this line item. This line item is based on historical data and covers funding for travel expenses associated with administrative and operational meetings necessary to support HISA's operations and execution of its responsibilities under the Act. This includes meetings with industry stakeholders, strategic planning activities and collaborative working meetings to ensure efficient and consistent application of the Authority's services. These expenses include airfare, car rental, mileage, and meals associated with these meetings.

Memberships and Subscriptions (5450). The Proposed Budget contemplates $9,607 for this line item. This line item is based on historical data and covers funding for professional membership dues and subscription fees necessary for functions performed by HISA staff, including veterinary, personnel, and financial personnel. These expenditures include memberships in professional organizations, subscriptions to industry publications and databases and cybersecurity information. Access to current information and professional resources enables the Authority to understand and respond to industry issues, and maintain programs consistent with evolving industry standards.

Interest Expense (5480). The Proposed Budget contemplates $312,601 for this line item. This line item relates to the accrual of interest expense on the outstanding loans and the line of credit. Interest expense is a reasonable and necessary cost of the Authority's operations and responsibilities under the Act. In the 2026 Budget, HISA contemplated that a portion of the interest on the outstanding loans and the line of credit would be forgiven and therefore less than the full amount of interest was included. After discussion with HISA's external auditors in 2026, it was determined that the entire amount of interest should be accrued each month and therefore that amount has been included in the 2027 Budget. Should that interest ultimately be forgiven, if HISA collects more revenues than its amount of cash expenses then this excess will be returned to the industry as part of the annual True-Up process.[17]

Bank and Credit Card Fees (5490). The Proposed Budget contemplates $21,300 for this line item. This line item is based on historical data and covers bank service charges, merchant processing fees, credit card transaction fees, electronic payment fees, wire transfer fees, and other financial institution charges incurred in the ordinary course of the Authority's operations.

Supplies (5500). The Proposed Budget contemplates $6,000 for this line item. This line item is based on historical data and covers the cost of office supplies, including printer/copier paper, printer/copier ink and toner, postage, shipping, and other miscellaneous office supplies used in connection with the Authority's operations.

Postage (5510). The Proposed Budget contemplates $1,800 for this line item. This line item is based on historical data and covers the cost of postage and shipping for communications to Covered Persons. While the Authority primarily conducts business via electronic communications, U.S. Mail is required where the recipient does not utilize an electronic means of communication.

License Fees (5710). The Proposed Budget contemplates $1,415 for this line item. This line item is based on historical data and covers the cost of a service contract for the copier/printer in the Lexington, Kentucky office.

Accounting Services (5810). The Proposed Budget contemplates $112,350 for this line item. This line item is based on historical data and consists of the cost of a contract bookkeeping service that books accounting entries, produces financial statements, manages and processes Accounts Receivable, manages and processes Accounts Payable, and drafts/files HISA's annual IRS Form 990. Contracting this work out to a company with expertise in these areas is much more cost-effective than if the Authority were to hire staff to perform these functions in-house. Additionally, this includes the cost of an annual independent audit of the Authority, as required by the Commission's Oversight Rule.

P/R Svcs. (5815). The Proposed Budget contemplates $192,000 for this line item. This line item is based on historical data and includes the cost of a contract public relations service to assist with the production and distribution of information to industry stakeholders, and provide continuing education information for industry stakeholders. The public relations firm that the Authority is working with has many years of expertise in public relations for Thoroughbred racing enterprises. However, to reduce costs, the Authority is reducing its usage of the consulting service as reflected by the approximately 28% reduction compared to 2026.

Legal—General (5820). The Proposed Budget contemplates $690,000 for this line item. This line item is based on historical data and covers the cost of the General Legal Budget, which is largely made up of two activities: (i) drafting and reviewing of proposed rules; and (ii) the costs of legal counsel for enforcement proceedings of all rule violations except for ADMC enforcement. The amount contemplated in this expense is an approximate 16% reduction compared to last year, which is based on (i) the assumption that the Authority will need fewer legal resources for drafting rules since the proposed modifications to the ADMC Program will have occurred in 2025 and 2026; and (ii) reduction in the reliance on outside counsel for racetrack safety and other enforcement actions and utilizing a full-time in-house lawyer for most of the routine enforcement actions.

Legal—Lawsuits (5821). The Proposed Budget contemplates $2,310,000 for this line item. This line item is based on historical data and covers the cost of the Legal Lawsuits Budget, which consists of fees for outside counsel to represent the Authority in litigation. The amount contemplated in this expense is an approximate 23% reduction compared to last year, which is based on an assumption that the Authority will face less litigation costs in the second half of 2027.

Insurance (5830). The Proposed Budget contemplates $49,318 for this line item. This line item covers the cost of the following policies of insurance:

1. Director and Officers Policy with Employment Practices Liability Coverage;
2. General Liability Insurance with Terrorism Coverage; and
3. Cyber Insurance Coverage.

Descriptions of these policies (in 2025) are included in the Authority's Annual Financial Report, available at *https://hisaus.org/financial-documents/2025-annual-financial-report.* The amount contemplated for 2027 is based on historical costs with estimated year-over-year increases.

Payroll Services (5840). The Proposed Budget contemplates $5,225 for this line item. This line item covers a portion of the cost of the Authority's relationship with CoAdvantage, a Professional Employer Organization (PEO). CoAdvantage provides Human Resources administration (handbook and policy management resources, new employee onboarding, labor law assistance, etc.), benefits management, compliance services (workers' compensation claims management and annual reporting, unemployment claims management, etc.) and payroll administration (payroll processing, W2 management, vacation tracking, etc.). The relationship with CoAdvantage allows these functions to be performed in a more cost-effective manner than if HISA hired employees to perform those functions.

Printing and Publication (5850). The Proposed Budget contemplates $1,200 for this line item. This line item covers costs associated with the printing, production, and distribution of materials necessary to support the Authority's operations and fulfill its responsibilities under the Act. These expenses may include the printing of educational materials, training resources, stakeholder communications, and other publications used in the administration of HISA's programs.

Professional Services (5890). The Proposed Budget contemplates $407,210 for this line item. This line item covers funding for specialized professional and technical services obtained from external consultants, contractors, and subject-matter experts to provide and/or augment services in various components of the Racetrack Safety Program, including racetrack emergency response planning, training and exercises; health services for Jockeys and other Covered Persons and data analysis and management used to enhance racetrack safety and support data-driven decision making within the Racetrack Safety Program. These services further the required elements of the Racetrack Safety Program set forth in the Act at 15 U.S.C. 3056(b).

VI. Information Concerning Rule 1.150(c)(5)

Attached as Appendix 10 is a comparison of the approved HISA 2026 Budget through June 30, 2026 to actual revenues and expenditures during that same period. A variance has been calculated for each line item, and a narrative explanation has been provided for all variances greater than 10% and at least $100,000.

VII. Information Concerning Rule 1.150(c)(6)

The Authority received thirteen (13) public comments after posting the Proposed Budget on its website.[18] Pursuant to 16 CFR 1.150(d), ''[p]ublic comments [regarding the 2027 Budget] should provide commenters' views as to the decisional criteria set forth in 1.151(c) and whether any line items should be modified.'' 16 CFR 1.151(c) states that ''[t]he 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 CFR 1.151(c).

In light of the above framework, the Authority provides the following responses to each of the comments received after posting the Proposed Budget on its website.

1. Larry Kaufman. Mr. Kaufman's submission stated, ''[a]bolish hisa.'' This comment does not address the decisional criteria set forth in 16 CFR 1.151(c) or whether any line items should be modified.

2. *grarnold2racing@gmail.com.* This commenter's submission stated, ''[a]dd tramadol to your Jo key [sic] club list.'' This comment does not address the decisional criteria set forth in 16 CFR 1.151(c) or whether any line items should be modified.

3. Jonathan Stettin. The Authority received a list of thirty-one (31) questions and comments from Jonathan Stettin who maintains the Past the Wire website. ''Past the Wire is the Horse Racing column where Professional Handicapper Jonathan Stettin shares his knowledge, experience and passion for The Sport of Kings.'' [19] Many of the submitted questions and comments are similar to media inquiries and are not relevant to the Commission's evaluation of the Proposed Budget.[20] The Authority's assessment of the questions and comments that are relevant to the Commission's evaluation of the proposed budget are as follows:

—HISA reports total expenses of $24.77 million through June 30, 2026, compared with a six month budget of $38.45 million. What is HISA's current projection for actual full year 2026 expenses, and how was that projection used in developing the proposed 2027 budget?

Response: The 2026 forecasted expenses total $54.87 million. This was used as a starting point for the 2027 budgeted expenses, but as set forth below, HISA prepares its budget on a gross basis which largely explains why the 2027 expense budget is higher than the 2026 forecast (actual expenses will always come in lower than budgeted expenses due to the credits which are given for amounts paid directly by States and industry participants).

—How much of the $13.68 million favorable first half variance represents permanent savings, how much represents assessment credits, and how much represents expenses delayed until the second half of 2026?

Response: $9.05 million of the favorable variance is a result of credits (sample collection and laboratory) given to States/racetracks for performing and paying for those functions). $675,000 stems from racetracks located in Texas and Nebraska not participating in HISA. The remaining favorable variance of roughly $4 million is approximately ⅔ savings and ⅓ related to the timing of expenses.

—How much of the stated 5.75 percent reduction represents genuine operational savings, and how much results from Texas and Nebraska not entering HISA jurisdiction or Louisiana and West Virginia remaining outside the program?

Response: $1.29 million was included in the 2026 Budget for Texas and Nebraska, and that amount has been eliminated in 2027. Louisiana and West Virginia were not in the 2026 Budget and are not included the 2027 Proposed Budget.

—Why are expenses paid directly by States and industry participants included in HISA's gross budget before approximately $16.24 million in expected credits are shown separately?

Response: HISA uses the gross budget (amount without credits) in the calculation of gross assessments, then HISA nets each State's credit amount off its gross assessment. If HISA used the net budget in the assessments calculation, then the credits would not be properly allocated to the States that are performing and paying for the sample collections and lab testing.

—HISA states that it operates with 27 full time employees, while the departmental descriptions contemplate six Racetrack Safety employees, three Veterinary Services employees, fourteen Technology employees and eleven Administration employees. Please reconcile these figures and identify the number of filled, vacant and budgeted positions in each department.

Response: HISA currently operates with 27 full-time employees and has budgeted for 34 full-time employees for 2027. Racetrack Safety: 6 Current FTE and 6 Budgeted FTE; Veterinary Services: 3 Current FTE and 3 Budgeted FTE; Technology: 8 Current FTE and 14 Budgeted FTE; and Administration: 10 Current FTE and 11 Budgeted FTE.

—HIWU currently has 41 full time employees and seven shared Drug Free Sport employees but is budgeting for 43 full time employees and ten shared employees. What additional positions are contemplated, what will they cost and why are they necessary?

Response: HIWU has budgeted for (i) one additional full-time employee: a paralegal to work in the legal department to assist the HIWU attorneys with ADMC enforcement cases, which is offset by an approximate 25% reduction in external counsel costs; and (ii) one previously budgeted full-time employee: an investigative analyst to support the HIWU Investigations team with ADMC and Racetrack Safety investigative activities including reviewing reports, managing evidence, and conducting research and analysis. HIWU has budgeted for (i) two new shared employees: an additional Human Resource Specialist and an Instructional Design specialist to assist with educational content management and creation; and (ii) one previously budgeted shared employee: a Controller. This shared arrangement with HIWU's parent company, Drug Free Sport, produces cost savings, obviating the need for HIWU to retain full-time employees to provide these services.

—What specific services does Drug Free Sport provide in exchange for its $2.67 million management fee that are not already covered by HIWU salaries, shared employees, professional services, technology, insurance, collection expenses and other individual budget lines?

Response: HISA's agreement with DFS is structured so that ADMC Program expenses are budgeted and billed directly to HISA on an at-cost basis. The management fee effectively represents a fee paid to DFS for developing and maintaining the administrative and organizational functions required to establish HIWU and administer the ADMC Program.[21] The Authority notes further that its agreement with DFS contains an incentive structure that encourages DFS to minimize the costs it incurs in carrying out its responsibilities under the agreement.

—Has HISA attempted to renegotiate Drug Free Sport's eight percent management fee now that the ADMC Program has moved beyond its startup period? If not, why not?
See previous response.

—HIWU, laboratory testing and adjudication account for approximately $53.57 million, or more than 72 percent of the proposed gross budget. What measurable outcomes does HISA use to determine whether this level of spending is cost effective?

Response: The Act requires the Authority to enter into an agreement with an anti-doping and medication control enforcement agency to ''serve as the independent anti-doping and medication control enforcement organization for covered horses, covered persons, and covered horseraces, implementing the anti-doping and medication control program on behalf of the Authority.'' 15 U.S.C. 3054(e)(1)(E)(i).

In May 2022, the Authority entered into an agreement with Drug Free Sport International (''DFSI''), to ''serve as the independent anti-doping and medication control enforcement organization'' for the Authority's ADMC Program. 15 U.S.C. 3054(e)(1)(E)(i). DFSI is a worldwide leader in the sport drug testing industry and maintains enforcement partnerships with leading sports organizations, including the National Football League, NCAA, National Basketball Association, Ladies Professional Golf Association, PGA Tour, NASCAR and Major League Baseball. In 2022, DFSI established HIWU, led by a five-member Advisory Council, to serve as the ADMC enforcement agency for the Authority. *Id.*

As the independent enforcement agency of the Authority's ADMC Program, HIWU is responsible for: (a) test distribution planning (including target or intelligence-based testing) and specific testing decisions; (b) laboratory accreditation and the monitoring, testing and auditing of accredited laboratories; (c) selecting the appropriate laboratory for sample analysis as permitted by the Act; (d) organizing analysis of samples and allocating special analysis to samples; (e) providing drug reference resources; (f) conducting education and anti-doping and medication control research; (g) statistical reporting to the Authority; (h) gathering of intelligence and conducting of investigations; (i) results management; (j) coordination with anti-doping organizations, international equine regulatory bodies, law enforcement, SRCs and the Authority; (k) administration of, and decision-making on, day-to-day operations; and (l) such other services as may be agreed by the Authority and HIWU in accordance with the Act.

The Authority evaluates the effectiveness of their spending on the ADMC Program and HIWU through a range of performance measures reported by HIWU and reviewed by HISA. As detailed in HIWU's Annual Reports, these measures include the number and scope of tests conducted, out-of-competition testing activity, laboratory turnaround times, the identification and adjudication of ADMC violations, investigations, educational outreach efforts, and oversight of laboratory accreditation. HIWU's annual reporting also provides data on sample collection, results management, case resolution, disciplinary actions, and trends in medication-control violations, allowing the Authority to assess both the operational efficiency and deterrent effect of the program. In 2025 alone, HIWU oversaw 73,815 total Sample Collection Sessions involving 25,515 unique Covered Horses tested under HISA's ADMC Program. As for adjudications, in 2025, HIWU served 377 EAD/ECM Notices and 361 EAD/ECM Charges. The average resolution time for cases originating in 2025 was 82.6 days. HIWU's investigations team conducted or oversaw 463 searches at 50 racetracks/training centers in 19 States.

In addition to enforcement metrics, the Authority considers broader program outcomes, including the establishment and oversight of the HISA Equine Analytical Laboratory Accreditation Program. The ADMC Program Rules require that HIWU administer the HEAL Accreditation Program, which includes empowering HIWU to closely monitor compliance and act accordingly when laboratories cannot meet the Laboratory Standards. The Laboratory Expert Group, whose members bring a broad range of relevant expertise in human and equine anti-doping, laboratory operations, and quality assurance management, is essential to this component of the ADMC Program.

Accordingly, while laboratory testing and adjudication represent a substantial portion of the ADMC Program budget, those functions constitute the core enforcement mechanisms required by Congress and are assessed by a variety of measures, including the metrics published by HIWU each year.

—What is the projected cost per sample in 2027, and how does it compare with the actual cost per sample in 2024, 2025 and 2026?

Response: See HIWU quarterly and annual reports for historical Sample Collection Sessions.[22] As a reminder, HIWU's annual report is published based on Sample Collection Sessions. One Sample Collection Session is counted each time a Covered Horse is selected for testing, for any type. One Sample Collection Session may include the collection of a urine, blood, and/or hair sample. HISA is unsure what expenses should be included in the commenter's computation. Although the Proposed Budget sets forth various expense categories related to sample collection, the actual test distribution plan for 2027 will not be established until the fourth quarter of 2026.

It should be also noted that the standardization and harmonization of an anti-doping and medication control program, and HIWU's mandate, expands beyond testing alone, and therefore the cost per sample is not a valid way to measure the uniformity, efficacy, or ''cost'' of a program. HIWU is confident that its combined strategy for Post-Race Testing, TCO2 Testing, Out- of-Competition Testing, and other Test Types creates an effective ADMC program that detects and deters prohibited activities. However, HIWU's impact must be considered holistically and include its investigative, educational, and scientific efforts, plus uniform enforcement, in accordance with the ADMC Rules.

—How much of the $8.98 million Technology Department budget represents development of new systems, and how much represents recurring operation and maintenance?

Response: This comment does not address the decisional criteria set forth in 1.151(c) or whether any line items should be modified. Nevertheless, HISA states that approximately 30%–40% is for ''new'' development systems.

—How much is budgeted individually for Palantir, Amazon Web Services and every other technology vendor expected to receive more than $100,000 during 2027?

Response: See discussion of Technology (5825) in Section V.E.

—Of the $3 million budgeted for legal expenses, how much relates to defending HISA's constitutionality or jurisdiction, how much relates to enforcement, and how much relates to other legal work?

Response: See discussion of Legal—General (5820) and Legal—Lawsuits (5821) in Section V.F. This information was also included in the draft Notice of Filing (at page 27) posted on the HISA website.

—Why does interest expense increase from $123,456 to $312,601 when HISA anticipates obtaining no new loans and budgets nothing for repayment of existing principal?

Response: HISA has not been informed whether interest will be forgiven or not, and as such the independent auditors that performed the audit of HISA's 2025 financial statements directed HISA to accrue interest. As noted in HISA's 2025 audited financial statements,[23] the actual 2025 interest expense was $329,000. HISA is forecasting interest expense of $335,000 in 2026 and has budgeted $312,000 in 2027.

—Why does Racetrack Safety professional services spending increase from $878,000 to $1.25 million, and which vendors or contractors will receive the additional money?

Response: See discussion of Professional Services (5890) in Section V.A. This information was also included in the draft Notice of Filing posted on the HISA website.

—What memberships and subscriptions are included in the new $49,000 Veterinary Services line, and what direct program benefit does each provide?

Response: See discussion of Memberships & Subscriptions (5450) in Section V.D. This information was also included in the draft Notice of Filing posted on the HISA website.

—What services are included in the $192,000 outside public relations budget, who provides those services and why can they not be performed by HISA's internal Communications personnel?

Response: This line item covers public relations services provided by Finsbury Glover Hering (FGS Global) and other public relations consultants. FGS Global has many years of experience and specialized expertise in public relations for Thoroughbred racing enterprises, and they are utilized to supplement the services of HISA's two communications employees. To reduce costs, however, HISA is reducing its usage of the consulting service as reflected by the approximately 28% reduction compared to 2026.

4. Bill Thomas. Mr. Thomas submitted the following comment: ''I don't know much about budgets, but oversight is needed for horse racing to stay respectable in the public's eye. Too often they only see breakdowns and think it is all crooked. They don't see the care and compassion I see as an owner with a fabulous trainer . . . I believe things like HISA help with non race people's perspectives.'' This comment does not address the decisional criteria set forth in 16 CFR 1.151(c) or whether any line items should be modified.

5. Rachel Sampson. Ms. Sampson's comment does not address the Proposed Budget, the decisional criteria set forth in 16 CFR 1.151(c), or whether any line items should be modified.

6. Tom McKenna. Mr. McKenna's submission expressed a view that ''[q]uarter horses should be required to race under HISA especially when racing in a mixed meet such as New Mexico.'' This comment does not address the Proposed Budget, the decisional criteria set forth in 16 CFR 1.151(c), or whether any line items should be modified.

7. Peter Berube. This commenter's submission largely focuses on the number of credits allocated by the Authority to the Florida racetracks, including a request for a per-track or per-State disclosure of estimated credits for 2027. That information is attached as Appendix 12 (Credits by State) and Appendix 13 (Credits by racetrack).

First, this commenter contends that the racetracks operating in Florida account for 12.48% of total Covered Starts in 2027 and, therefore, the Florida racetracks should receive 12.48% of the total credits allocated by the Authority. That, however, is not how credits are calculated. As set forth in Appendices 12 and 13, credits are grouped into the following categories: Post Race Sample Collection, TCO2 Sample Collection, Out of Competition Sample Collection and Laboratory Credit. Each credit is calculated based on the amount of reimbursements for expenses covered by the applicable racetrack or State that HIWU/HISA would otherwise have had to pay for. The only item in the Proposed Budget that is being paid for by the Florida racetracks is the cost of sample collection (Post Race, TCO2, and OOC) in Florida.[24] In 2027, the State of Florida is allocated an estimated $1,804,599 in Sample Collection Credits out of the total nationwide Sample Collection Credits of $11,183,228.[25] This means that approximately 16.13% of all Sample Collection Credits are being allocated to the Florida racetracks.[26] Therefore, contrary to the assertion made in this comment, the Florida racetracks actually receive a higher percentage of credits than their percentage of Covered Starts.

Additionally, this commenter states ''. . . the split of Florida credits between Tampa (29.4%) and Gulfstream (70.6%) does not track their respective starts weights (34.1%/65.9%): Tampa receives disproportionately less than even the FL-internal starts share would suggest.'' The credits associated with the cost of the Post-Race Sample Collection (that is being paid for by the Florida Gaming Commission) were allocated between Gulfstream Park and Tampa Bay Downs pro-rata based on starts. The credits associated with the costs of TCO2 Sample Collection and Out-of-Competition Sample Collection (that are paid for by the Florida racetracks) were allocated based on the amounts both tracks were expected to pay (those credits act as reimbursements of expected costs). On a proportional basis Gulfstream Park is expected to pay more than Tampa Bay Downs because Gulfstream: (1) is directed by HIWU to do Out-of-Competition Sample Collection at both their track and at their training center (Palm Meadows), and (2) is required to do Veterinarians'

List testing at both Gulfstream Park and Palm Meadows. It would be inaccurate and inequitable for HISA to allocate credits to Tampa Bay Downs for amounts that were paid for by Gulfstream Park.

8. New York Thoroughbred Horsemen's Association. The Authority received a comment from The New York Thoroughbred Horsemen's Association (''NYTHA''). None of the questions/comments are relevant to the Commission's evaluation of the proposed budget.[27]

9. Churchill Downs Incorporated. For the second straight year, this commenter submitted a comment advancing the misleading proposition that the Authority's per-start fee increased from $285 in 2023 to $450 in 2027. The obvious flaw in this argument was described in detail in HISA's response to CDI's comments on the 2026 Budget.[28] In that response, HISA stated ''[m]uch of CDI's letter is built around comparing 2023 costs to 2026 costs. The $285 per-start figure from 2023 is not an accurate baseline for evaluating the current budget. The 2023 expenses reflected only a partial year of the Anti-Doping and Medication Control Program, which significantly understated the true costs of a full-year program, since the ADMC program represents approximately seventy percent of the total budget. The 2023 projected assessment income also included more than 37,000 starts from West Virginia and Louisiana, States that are not part of the 2026 budget. These facts demonstrate that the use of the 2023 budget as a baseline is not appropriate. It is also important to note that in all of CDI's calculations, it utilizes gross budget figures without accounting for credits that reduce the net budget. It must be noted that West Virginia and Louisiana are again not in the 2027 Proposed Budget. Also, the racetracks located in Texas and Hawthorne have been removed from the 2027 Proposed Budget, which increases the per-start fee given that those racetracks do not cover any of the fixed costs in HISA's 2027 Proposed Budget.

This submission also states that despite a 15% reduction in national starters, HISA's costs have declined by a lower amount, which the commenter claims is evidence that HISA has not achieved operational efficiencies. In actuality, the nationwide starts that were obtained from Equibase and used to calculate the 2027 Proposed Budget only declined by 8.56% from the starts that were used to calculate the 2026 Budget (of which nearly 60% was due to the removal of the Texas racetracks and Hawthorne from the 2027 Budget). Given that the inflation rate for the 12-month period ended May 31, 2026 was 4.2% and HISA added some new services to its 2027 Proposed Budget that are expected to benefit the industry and further the directives established in the Act, the 5.75% decrease in the 2027 Budget illustrates that HISA's 2027 Proposed Budget does in fact reflect operational efficiencies.

Finally, this commenter raises several questions about the accrual of interest on the outstanding loans and line of credit. HISA has not been informed whether interest will be forgiven or not, and as such the independent auditors that performed the audit of HISA's 2025 financial statements directed HISA to accrue interest. Should that interest ultimately be forgiven or if HISA collects more revenues than its amount of cash expenses then this excess will be returned to the industry as part of the annual True-Up process.

10. New York Thoroughbred Breeders, Inc. This commenter ''encourages HISA to continue pursuing every reasonable opportunity to reduce operating costs, diversify revenue sources, improve efficiency, and accelerate its transition toward financial self-sufficiency.'' While this comment does not address the decisional criteria set forth in 16 CFR 1.151(c) or whether any line items should be modified, the Authority states that it continues to be committed to pursuing reasonable opportunities to reduce costs and improving efficiencies while continuing to fulfill its mandate under the Horseracing Integrity and Safety Act, as demonstrated through the Authority's 2027 budgeting process. The Proposed Budget marks the second consecutive year in which the Authority has proposed a reduction in its gross budget, and the proposed gross budget has decreased by approximately 9.50% since 2025. These reductions reflect ongoing efforts to identify efficiencies and manage expenditures in various areas of the budget, including laboratory testing, public relations, and third-party professional services. The Authority also continues to pursue and evaluate revenue-generating initiatives that could help reduce the overall cost of the Authority's operations for the industry.

This commenter also encourages ''HISA to continue improving the efficiency of its compliance and enforcement programs.'' The Authority continues to pursue measures designed to improve efficiency and costs of its enforcement programs while ensuring that enforcement is administered in a manner that is fair and consistent with the Act and the health and safety of Covered Horses and Covered Persons. For example, the Authority has proposed a rule modification that would introduce a voluntary mediation process in Anti-Doping and Medication Control cases, which is intended to facilitate the prompt and efficient resolution of appropriate ADMC matters and conserve resources for all parties. In addition, the Authority plans to hire an in-house enforcement attorney dedicated to Racetrack Safety matters to reduce reliance on outside counsel, generating cost savings that ultimately benefit the industry.

In sum, the Authority recognizes the importance of reducing the costs of its operations for the industry and, where appropriate, will continue to pursue opportunities to cut costs and increase revenue. At the same time, the Authority must ensure that any efforts to reduce costs remain consistent with its obligations under the Act to maintain robust safety and integrity programs for thoroughbred racing.

11. Virginia Racing Commission. This commenter expressed ''support[ ] of the Proposed Budget, particularly where it reflects HISA's efforts to reduce the budget through operational efficiencies, cost-saving strategies, and economies of scale.'' In so doing, the commenter advanced a few recommendations for the Authority to consider moving forward, including reporting of performance metrics and increased sharing of programmatic outcomes. The Authority and HIWU both publish quarterly and annual metric reports containing a wealth of information regarding equine fatalities, laboratory testing, enforcement metrics, and more. These reports continue to evolve, and more information is being made available each year. As for programmatic outcomes, the commenter specifically references racetrack surface quality testing results. This information is made available to the individual racetrack and the Authority encourages the commenter to coordinate with the applicable racetrack for access to this information.

This commenter does raise a question about a few of the line items in the Proposed Budget. Regarding the fine collection, since inception through July 15, 2026, HISA has issued $5,093,138 in fines and $2,097,850 has been collected to date. For unpaid fines, the Authority considers the practicality of collection by comparing the resources needed to pursue recovery via an enforcement action with the likelihood and expected value of collection. Additionally, per HISA rule 8200(e), any Covered Person that fails to pay a fine is subject to an automatic suspension. As for the Authority's Interest Expense line item, the Authority states that it has not been informed whether interest will be forgiven or not, and as such the independent auditors that performed the audit of HISA's 2025 financial statements directed the Authority to accrue interest. Should that interest ultimately be forgiven or if HISA collects more revenues than its amount of cash expenses then this excess will be returned to the industry as part of the annual True-Up process.

12. Terry J. Westemeir. This commenter raises various criticisms in their comment, many of which are outside the scope of the Commission's decisional criteria and do not address specific line items in the Proposed Budget.[29] With respect to those comments addressing particular line items, the Authority responds as follows:

—HIWU Salaries: This commenter states, ''one of [sic] more egregious of these self-serving and misleading assertions is that HIWU is an independent enforcement agency'' which appears to be based on a mistaken premise that HISA and HIWU ''share'' employees. That is not correct. The draft Notice clearly stated that HIWU ''shares'' employees with Drug Free Sport, not the Authority and that the sharing of employees is designed to produces cost savings, obviating the need for HIWU to retain full-time employees to provide these services.

—Management Fee: This commenter describes this as a ''material questionable expense.'' The Authority's agreement with DFS is structured so that ADMC Program expenses are budgeted and billed directly to HISA on an at-cost basis. The management fee effectively represents a fee paid to DFS for developing and maintaining the administrative and organizational functions required to establish HIWU and administer the ADMC Program. This is a necessary and reasonable expense related to the Act's requirement of an independent third-party administer of the Authority's ADMC Program. The Authority notes further that its agreement with DFS contains an incentive structure that encourages DFS to minimize the costs it incurs in carrying out its responsibilities under the agreement.

—Racetrack Safety, Veterinary Services, Technology, and Administration Salaries. This commenter criticizes these line items on the basis that they are above market average. The amounts included in these line items are used to compensate full-time professionals with significant subject matter expertise and extensive industry experience. The Authority operates a national regulatory framework that spans 40 racetracks, 19 States, and multiple time zones. Given the national scope of the Authority's responsibilities and the continuous nature of racing operations, these employees routinely provide oversight, consultation, and regulatory support that extends well beyond traditional working days and hours. Their work supports the health, safety, and welfare of the tens of thousands of Covered Horses and Covered Persons participating in Thoroughbred racing across the United States. Maintaining a skilled and motivated workforce is essential to fulfilling HISA's mandate to enhance the safety and integrity of Thoroughbred racing nationwide. In establishing compensation ranges, HISA considers relevant market benchmarks, the specialized nature of the positions, geographic considerations, and the need to compete with opportunities available in the private sector, regulatory organizations, and other professional fields. Comparisons to generalized industry averages do not adequately account for the unique qualifications, experience, and responsibilities required of HISA personnel.

13. The National Horsemen's Benevolent and Protective Association. The Authority received a comment from the Chief Executive Officer of the National HBPA (the ''HBPA''). The letter ''must be read against the backdrop of the HBPA's unrelenting mission (1) to prevent the passage of the Horseracing Integrity and Safety Act by repeatedly testifying against the proposed legislation during congressional hearings and (2) to dismantle HISA via various lawsuits—a campaign that has spanned five years and three Federal appellate courts and has resulted in millions of dollars of expenditures that the industry has had to shoulder.'' [30] The HBPA continues to ignore the statutory text as it questions mental health programs, medical and wellness initiatives and other programs that are consistent with the text of the Act. The Act provides that the Authority, subject to Commission oversight, shall ''exercise independent and exclusive national authority over (A) the safety, welfare, and integrity of covered horses, covered persons, and covered horseraces; and (B) all horseracing safety, performance, and anti-doping and medication control matters for covered horses, covered persons, and covered horseraces.'' 15 U.S.C. 3054(a)(2). *See also,* FTC, Order Denying the National Horsemen's Benevolent and Protective Association's Petition for Rulemaking Regarding No-Effect Thresholds (December 19, 2025), *https://www.ftc.gov/system/files/ftc_gov/pdf/R407002-Commission-Order-re-NHBPA-petition.pdf,* at 13 (explaining that the ''Authority's remit under the statute includes maintaining the integrity of the sport, as well as the safety and welfare of covered persons and covered horses'').

Much of the criticisms leveled at the Authority by the HBPA ignore the many publicly available reports that are available on HIWU and HISA's website. For example, the HIWU annual and quarterly reports provide detailed information concerning the number of Sample Collection Sessions. These details allow any observer to place whatever expense inputs they wish from the budget to arrive at a cost per Sample Collection Session. In addition, among other things, the detailed HIWU reports set forth the (i) total number of Adverse Analytical Findings nationally by State; (ii) the number and type of test by State and racetrack; (iii) Adverse Analytical Findings by substance; (iv) the number of investigative searches at racetracks and training centers. The HBPA has also ignored the information and data that the Authority makes regularly publicly available in its Metrics Reports.[31]

HISA's Conclusion

The Proposed Budget is consistent with and serves the goals of the Act in a prudent and cost-effective manner. The Proposed Budget allocates the funding necessary for the successful implementation by HISA of the requirements of the Act. The Proposed Budget has been carefully analyzed and is narrowly tailored to the various regulatory activities of HISA as contemplated by the Act. As demonstrated herein, the anticipated revenues are sufficient to meet its anticipated expenditures.

Endnotes

[1] 15 U.S.C. Ch. 57A.

[2] Public Law 116–260, 134 Stat. 1182, 3252 (Dec. 27, 2020).

[3] Public Law 117–328, 136 Stat. 4459, 5231 (Dec. 29, 2022).

[4] 88 FR 18034 (Mar. 27, 2023). These rules were amended in February 2024. 89 FR 8530 (Feb. 8, 2024); *see* 16 CFR 1.150–1.152.

[5] 16 CFR part 1 subpart U.

[6] HISA, Proposed 2027 Budget Opens for Public Comment (July 17, 2026), *https://hisaus.org/news/hisas-proposed-2027-budget-opens-for-public-comment.*

[7] HISA, Comments Received Regarding HISA 2027 Proposed Budget, *https://bphisaweb.wpengine.com/wp-content/*

uploads/2026/07/2027-Budget-Comments_Redacted.pdf.

[8] The Proposed Budget (net) increased by nearly $459,000 due to a decrease in the total amount of credits (HIWU has taken over sample collection at Delaware Park, and, therefore, they no longer receive sample collection credits as originally contemplated in the draft budget).

[9] The amounts identified in Appendix 2 are applicable to racetracks located in States where the State Racing Commission did not elect to remit fees to cover the full amount of the HISA Assessment.

[10] The Proposed Budget (Appendix 3) is a compilation of the following departmental budgets: Racetrack Safety (Appendix 4); Anti-Doping and Medication Control (Appendix 5); HIWU (Appendix 6); Veterinary Services (Appendix 7); Technology (Appendix 8); and Administration (Appendix 9). The Authority is not contemplating the procurement of any loans for 2027.

[11] The relatively low fine collection rate reflects both the timing of payment obligations, as fines are not due until suspensions are served, and the assessment of significant fines and suspensions against individuals who are not expected to return to racing, reducing the likelihood of payment. That said, approximately 86% of all cases involving fines are either paid in full or are actively being paid per a payment plan.

[12] This number does not include personnel engaged in the sample collection network.

[13] HIWU, Annual Report 2025, *https://downloads.ctfassets.net/6mwruzwftvzd/2m6awOaZGOMekfONAJroAr/6234c6592d6b980210d945243d791970/HIWU_Annual_Report_2025_040626.pdf.*

[14] *Id.*

[15] *Id.*

[16] The remaining $27,000 is for various software development tools and video and graphics packages.

[17] The 2025 True-Up summary is posted on the HISA website by racetrack: *https://hisaus.org/financial-documents/2025-true-up-summary-by-track* and by State: *https://hisaus.org/financial-documents/2025-true-up-summary-by-state.*

[18] All thirteen (13) comments are combined in Appendix 11. Together with the other appendices, this is reproduced as a supporting document on the docket for this publication at *https://www.regulations.gov.*

[19] Past the Wire, About Us at Past the Wire, *https://pastthewire.com/about-us/.*

[20] *See* Questions/Comments No.3; No. 9; No. 11; No. 18 (*But see,* April 21, 2026 HISA Town Hall *https://www.hisaus.org/resources/2026-annual-hisa-town-hall*); No. 19 (*But see,* discussion of Interest Expense (5480) in Section V.F); No. 20 (*But see,* April 21, 2026 HISA Town Hall); No. 21 *(But see,* April 21, 2026 HISA Town Hall); No. 22; No. 23; No. 24 (*But see,* Horseracing Integrity and Safety Authority, Inc. Conflicts of Interest and Business Ethics Policy, *https://bphisaweb.wpengine.com/wp-content/uploads/2023/10/HISA-Conflict-of-Interest-Policy-1.pdf*); No. 25; No. 26 (*But,* HISA states that since inception through July 15, 2026, HISA has issued $5,093,138 in fines and $2,097,850 has been collected to date); No. 30 (*But,* HISA states that when the amount of assessments collected exceeds actual expenses, this excess is returned to the industry as part of the annual True-Up process. This portion of the True-Up would be credited against each State and/or track's assessment in the following year); and No. 31 (*But,* HISA states that HISA's website includes a page dedicated to comprehensive financial reports, including copies of HISA's Form 990s, annual financial reports, annual performance reports, independent audits, and more. HISA is also compliant with the extensive financial reporting requirements set forth in the Federal Trade Commission's Oversight Rule. In addition to HISA's comprehensive written reports, HISA has hosted two virtual town halls to detail HISA's budgeting process and financial framework. The most recent town hall occurred in April 2026 and lasted more than two hours, with HISA's Chief Executive Officer and Chief Financial Officer discussing topics such as building and managing the budget, where funds are allocated and spent, and how HISA's expenditures further the Act's safety and integrity requirements. The presentation included a live question-and-answer session in which HISA responded to every question submitted, including numerous questions submitted by this commenter. Later, HISA publicly provided a comprehensive list of all vendor payments of more than $5,000 made between 2023 and 2025. Through HISA's existing financial disclosures combined with the various engagement opportunities, stakeholders have meaningful and regular access to detailed financial information, such that the incremental value of additional quarterly reporting would be outweighed by the associated additional personnel and costs, which would ultimately need to be funded through the industry's resources.).

[21] Since the expenses are billed at-cost, the management fee essentially represents the DFS profit.

[22] These reports are available on HIWU's website at *https://www.hiwu.org/about/reports-and-statistics.*

[23] This report is available on HISA's website at *https://bphisaweb.wpengine.com/wp-content/uploads/2026/05/2025-HISA-Audit.pdf.*

[24] The commenter also states ''. . . the entirety of Florida's 2026 HISA credit—every dollar of the $1,722,414—comes from sample-collection reimbursements. Florida's two Thoroughbred tracks receive no meaningful credit from the Racetrack Safety, Veterinary Services, Technology, or Administration program areas that together account for the majority of the $72.7 million Florida is being asked to help fund.'' As noted above, credits are only provided as reimbursements for expenses that HIWU/HISA would otherwise have had to pay for. The only item in the Proposed Budget that is being paid for by the Florida tracks is the cost of sample collection in that State.

[25] The discrepancy is due to this commenter including all credits (sample collection plus laboratory/research) in the calculation of total ''2026 HISA Credits.'' In 2026, only California and Pennsylvania were eligible for the Laboratory Credits since they both absorb the cost of laboratory testing performed at their laboratories in exchange for more than $5,000,000 in Laboratory Credits.

[26] The same was true in 2026 when the Florida racetracks accounted for 12.56% of nationwide starts, yet received 15.15% of nationwide Sample Collection Credits.

[27] Many of the comments/inquiries that are irrelevant to the Commission's evaluation of the proposed budget were addressed in the April 21, 2026 HISA Town Hall (*https://www.hisaus.org/resources/2026-annual-hisa-town-hall*). It is also important to note the following: (i) since 2025, the Authority's gross budget has decreased by approximately 9.50%; (ii) New York has been a beneficiary of the 100% starts assessment formula—its assessment dropped over 3 million dollars from 2025 to 2026; (iii) if the expected U.S. Supreme Court decision regarding the constitutionality of HISA is rendered in the 2027 term, it is likely that the injunction covering Louisiana and West Virginia will be dissolved, resulting in a decrease in the per start fee across the country; and (iv) the Authority would be happy to work with New York stakeholders on State efforts that decrease the financial burden on New York stakeholders.

[28] *See* HISA Supplemental Response to 2026 Budget Comments (November 13, 2025), *https://www.regulations.gov/document/FTC-2025-0462-0017.*

[29] For instance, this commenter claims that the Authority has provided ''incremental benefit to the horseracing industry'' and claims that the Authority has failed to conduct a review of its organizational performance. The Authority's Annual Performance Reports, Annual Metrics Report, and Quarterly Metrics Reports—all of which are available on the Authority's website—detail the Authority's efforts to deliver real, measurable value in advancing the goals of the Act, including in areas involving equine safety and welfare, regulatory consistency, public trust and transparency, and the long-term sustainability of Thoroughbred racing. The commenter also wrongly claims that the Authority failed to provide the ''results of [the] audit of its financial information'' or historical financial information. This information, too, is publicly available on the Authority's website. The Authority further refers this commenter to Endnote 17.

[30] Bloodhorse, HISA CEO Lazarus Addresses Criticisms (April 30, 2026), *https://www.bloodhorse.com/horse-racing/articles/291533/hisa-ceo-lazarus-addresses-criticisms.*

[31] Many of the final 12 questions are not relevant to the Commission's evaluation of the Proposed Budget. *See* Questions No. 1 (*But see,* Audits of the Authority available on its website); No. 2; No. 3 (*But see,* the Act, the HIWU and HISA Metrics Reports, and *supra* at Endnote 29); No. 7 (*See, e.g.,* discussions of Laboratory Testing (5925) in Section V.B and ADMC Collection Costs in Section V.C); No. 8; No. 9 (*But see,* the Act); No. 10; and No. 12 (*But see, supra* at Endnote 20). As for the questions that are arguably relevant to the Commission's evaluation of the proposed 2027 Budget. *See* Questions No. 4 (*See* discussion of Management Fees in Section V.C); No. 5 (*See, e.g.,* discussions of

Professional Services (5890) in Sections V.A through V.F); No. 6 (*See, e.g.,* discussions of Laboratory Testing (5925) in Section V.B and ADMC Collection Costs in Section V.C, responses to comments of Churchill Downs Incorporated and New York Thoroughbred Breeders, Inc. in Section VII); No. 11 (*See* 15 U.S.C. 3054(a)(2)).

Joel Christie,

Acting Secretary.

[FR Doc. 2026–18505 Filed 9–9–26; 8:45 am]

BILLING CODE 6750–01–P

GENERAL SERVICES ADMINISTRATION

[Notice–MA–2026–03; Docket No. 2026–0002; Sequence No. 2]

Maximum Per Diem Reimbursement Rates for the Continental United States (CONUS)

AGENCY: Office of Government-wide Policy (OGP), General Services Administration (GSA).

ACTION: Notice of GSA Per Diem Bulletin FTR 27–01, Fiscal Year (FY) 2027 Continental United States (CONUS) per diem reimbursement rates.

SUMMARY: GSA has released the FY 2027 per diem rates to provide for reimbursement of Federal employees' subsistence expenses while on official travel within CONUS.

DATES: *Applicability Date:* This notice applies to travel performed on or after October 1, 2026, through September 30, 2027.

FOR FURTHER INFORMATION CONTACT: For clarification of content, contact Mr. Henry Sean Lambert, Director Travel and Transportation Management Division, Office of Government-wide Policy, at 771–233–2475 or by email at *travelpolicy@gsa.gov.* Please cite Notice of GSA Per Diem Bulletin FTR 27–01.

SUPPLEMENTARY INFORMATION: The CONUS per diem reimbursement rates prescribed in Federal Travel Regulation (FTR) Bulletin 27–01 may be found at *https://www.gsa.gov/perdiem.* If a maximum lodging allowance rate and/or a meals and incidental expenses (M&IE) per diem reimbursement rate is insufficient to meet necessary expenses in any given CONUS location, agencies can request that GSA review that location per 41 CFR 301–70.202. Additional information on the special review process is available at *https://www.gsa.gov/perdiem* under the ''FAQs'' tab.

After a rate freeze in FY 2026, for FY 2027 GSA will increase the standard lodging per diem rate by $3 to $113, and 295 non-standard areas will continue to receive a maximum lodging allowance higher than the standard rate. The M&IE reimbursement rate tiers for FY 2027 will remain at $68–$92, and the standard M&IE rate will remain at $68.

Other than the changes posted on the GSA website, notices published periodically in the **Federal Register** now constitute the only notification to agencies of CONUS per diem reimbursement rate revisions.

Matthew Batzel,

Associate Administrator, Office of Government-wide Policy.

[FR Doc. 2026–18439 Filed 9–9–26; 8:45 am]

BILLING CODE 6820–14–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Community Living

Announcing the Intent To Award a Single-Source Supplement to the Senior Medicare Patrol (SMP) Resource Center

AGENCY: Administration for Community Living, HHS.

ACTION: Notice of issuance of single-source award.

SUMMARY: The Administration for Community Living (ACL) announces the intent to award a single-source supplement to the current cooperative agreement held by the Northeast Iowa Area Agency on Aging (NEI3A) for the SMP Resource Center. The administrative supplement for FY 2026 will be in the amount of $226,000, bringing the total award for FY 2026 to $1,226,000. The supplement will allow the grantee to expand activities that began in FY 2025, which includes testing new communications strategies, expanding the functionality of their SMP smart phone app, exploring partnerships with technology companies, and other activities all aimed at expanding the reach of SMP messaging.

FOR FURTHER INFORMATION CONTACT: For further information or comments regarding this program supplement, contact Rebecca Kinney, U.S. Department of Health and Human Services, Administration for Community Living, telephone (202) 795–7375; email *rebecca.kinney@acl.hhs.gov.*

SUPPLEMENTARY INFORMATION: The Senior Medicare Patrol (SMP) program empowers and assists Medicare beneficiaries to prevent health care fraud, errors, and abuse. The SMP Resource Center supports the national network of SMPs across all 50 states, Washington, DC, Puerto Rico, Guam, and the U.S. Virgin Islands as a central source of information, expertise, and technical assistance, ensuring a consolidated, national approach to outreach and education. The supplement will allow the grantee to expand FY 2025 activities, including testing new communications strategies, enhancing the SMP smartphone app, and exploring partnerships with technology companies to broaden the reach of SMP messaging.

Program Name: Senior Medicare Patrol Resource Center.

Recipient: Northeast Iowa Area Agency on Aging (NEI3A).

Period of Performance: The supplement award will be issued for the second year of the three-year project period of September 1, 2026, through August 31, 2027.

Total Award Amount: $226,000 in FY 2026.

Award Type: Cooperative Agreement.

Statutory Authority: HIPAA of 1996 (PL 104–191).

Basis for Award: NEI3A is currently funded to carry out the objectives of the SMP Resource Center for the project period of September 1, 2025, through August 31, 2028. This supplement will enable the grantee to further this work. ACL believes it is in the best interest of the Federal Government to supplement the current grantee's existing project rather than establish a new one, which could disrupt work already under way and create unintended duplication of effort or missed opportunities for coordination. This is a unique opportunity to test communications strategies that will protect Medicare beneficiaries from fraud; if successful, these strategies and interventions will ideally be embedded in the day-to-day administration of the SMP program nationally. The grantee and all partners will work in close coordination with one another and ACL to ensure realization of project goals and objectives.

Dated: September 4, 2026.

Richard Nicholls,

Deputy Administrator and Chief of Staff of the Administration for Community Living.

[FR Doc. 2026–18415 Filed 9–9–26; 8:45 am]

BILLING CODE 4154–01–P