

Preliminary Evaluation of the State Athletic Commission

Recommendations: Waive from Full Evaluation

Extend Termination Date by 10 Years to July 1, 2021

Require Follow-up Report by October 1, 2013

The Sunset Review Process

This evaluation was undertaken under the auspices of the Maryland Program Evaluation Act (§ 8-401 *et seq.* of the State Government Article), which establishes a process better known as “sunset review” because most of the agencies subject to review are also subject to termination. Since 1978, the Department of Legislative Services (DLS) has evaluated about 70 State agencies according to a statutory schedule as part of sunset review. The review process begins with a preliminary evaluation conducted on behalf of the Legislative Policy Committee (LPC). LPC decides whether to waive an agency from further (or full) evaluation. If waived, legislation to reauthorize the agency typically is enacted. Otherwise, a full evaluation typically is undertaken the following year.

The State Athletic Commission last underwent a full evaluation as part of sunset review during 1999. In conducting its preliminary evaluation, DLS staff reviewed relevant statute and regulations, minutes from board meetings from the past three years, prior full and preliminary sunset evaluations of the commission, budgetary information, and other files and data provided by the commission. DLS staff attended a commission meeting and observed two events regulated by the commission. In addition, DLS staff conducted interviews with the executive director of the commission, commission members, and numerous other parties with an interest in commission activities.

The commission reviewed a draft of this preliminary evaluation and provided the written comments attached as **Appendix 1**. Appropriate factual corrections and clarifications have been made throughout the document.

State Athletic Commission

The State Athletic Commission consists of five members appointed to six-year terms by the Governor with the advice and consent of the Secretary of Labor, Licensing, and

Regulation. The commission is located within the Department of Labor, Licensing, and Regulation's (DLLR) Division of Occupational and Professional Licensing. Granted statutory authority by Title 4 of the Business Regulation Article, the commission manages, supervises, and regulates the sports of boxing, kickboxing, professional wrestling, and mixed martial arts. Specifically, the commission is responsible for the supervision of all professional boxing, kickboxing, wrestling, and mixed martial arts events in the State. The commission promulgates and enforces regulations to govern these activities and also licenses all referees, managers, promoters, seconds (individuals who work the corners in a boxing contest), matchmakers, and participants in such activities. The commission was only recently extended regulatory authority over mixed martial arts – in October 2008. **Exhibit 1** summarizes the current licensing and performance requirements for the various individuals regulated by the commission, including the statutory requirements for mixed martial arts. However, regulations for mixed martial arts currently being drafted may include additional requirements.

Historical Perspective on Boxing and the Commission

The commission was created in 1920 to provide safety guidelines for boxers and the general public with regards to boxing and to protect boxers from promoters, trainers, or managers who could take advantage of them in some way, primarily for financial gain. At that time, boxing – in particular – was saddled with a reputation for corruption; fake boxing matches and promotions were common occurrences, as were injuries to the viewing public.

While the sport of boxing is much “cleaner” today, it still suffers from a reputation for corruption and unethical behavior by managers, promoters, sanctioning organizations, and athletes. Well-known boxers have engaged in outrageous behavior and received minor punishments. Probably the most famous incident was when Mike Tyson bit off part of Evander Holyfield's ear during their championship bout in 1997; he was suspended for only one year. In 2000 the Administrator of the Virginia Boxing and Wrestling Association was terminated and investigated for taking bribes in exchange for rankings in his role as the International Boxing Federation (IBF) ratings chairman. The president and founder of IBF was sentenced to 22 months in prison for bribery; prominent boxing promoter Don King was an unindicted co-conspirator in the case.

Twenty years ago, as part of the sunset review process, DLS recommended the termination of the commission along with the regulation of boxing. That recommendation was rejected. Since then public awareness of the corruption surrounding the sport was raised, and there was a call from the general public to reform the sport. The U.S. Congress responded by enacting the Professional Boxing Safety Act of 1996, followed by the Muhammad Ali Boxing Reform Act of 2000.

Exhibit 1 Licensing Requirements

<u>Licensee</u>	<u>Requirements</u>
Boxers/ Kickboxers	<p>Be between 18 and 36 years of age, though special permission may be granted to individuals older than 36 based on a review of a boxer's experience and physical fitness</p> <p>Submit medical reports, including neurological and ophthalmological examinations as well as negative test results for the human immunodeficiency virus (HIV), Hepatitis B virus, and Hepatitis C virus, within 30 days of the date of application for initial licensure or license renewal; physical examinations must be submitted within 21 days of the date of application for licensure or license renewal</p> <p>Provide certification to the commission by a manager, trainer, or qualified individual of the applicant's physical competence as a boxer or kickboxer and possession of the skills of a trained boxer or kickboxer</p> <p>Submit current federal photo identification card issued by affiliate members of the Association of Boxing Commissions (for boxers only)</p>
Mixed Martial Artists	<p>Submit all medical reports required of a boxer or kickboxer</p>
Wrestlers	<p>Be at least 18 years of age</p> <p>Demonstrate proper training in the art of wrestling upon request (for individuals without professional or amateur wrestling experience)</p>
Judges	<p>Be at least 18 years of age</p> <p>Complete an approved training course</p> <p>Score at least 70 percent on an examination administered by the commission</p> <p>Successfully complete an annual ophthalmological exam</p>
Referees	<p>Be at least 18 years of age</p> <p>Complete an approved training course</p> <p>Score at least 70 percent on an examination administered by the commission</p> <p>Successfully complete an annual physical and ophthalmological exam</p>
Managers	<p>Provide the commission with a complete list of all Maryland boxers under the applicant's control and assume responsibility for the conduct of those boxers</p>
Matchmakers	<p>Must not (1) be a licensed manager or second; (2) directly or indirectly manage a boxer or kickboxer; or (3) have a financial interest in a boxer or kickboxer</p>
Promoters	<p>Submit an application with a properly certified or notarized financial statement including specified information</p> <p>Secure two surety bonds – expense bond and “boxing and wrestling tax” bond</p> <p>Provide, upon the commission's request, additional evidence to demonstrate that the applicant has the financial ability to pay expenses relating to the contest</p>

Note: Although licensed, there are no special licensing requirements for seconds; thus, they are not shown above.

Source: Annotated Code of Maryland; Code of Maryland Regulations

Boxing Regulation throughout the United States

The Professional Boxing Safety Act of 1996 provides general oversight of boxing at the federal level, while leaving the specific regulation of the sport to each of the states. The Act ensures responsible public oversight of all professional boxing events by requiring that each state hosting boxing events have either a boxing commission or a requirement that promoters bring in a boxing commissioner from another state. All boxers have to register with the commission in their state of residence and obtain a federal identification card, which is issued by the state commission. A boxing commission is required to uphold certain suspensions of a boxer imposed by another boxing commission.

The Muhammad Ali Boxing Reform Act of 2000 amends the Professional Boxing Safety Act and provides additional protections for boxers by focusing on the business side of boxing, rather than boxer safety. Specifically, the Act prohibits a promoter from having a direct or indirect financial interest in the management of a boxer or a manager from having a direct or indirect financial interest in the promotion of a boxer. A manager cannot be employed by or receive any compensation or benefits from a promoter, except for amounts received as consideration under the manager's contract with the boxer. These provisions only apply to boxers participating in a boxing match of 10 rounds or more. They do not prohibit a boxer from acting as his own promoter or manager.

Other provisions of the Act include prohibiting a sanctioning organization from receiving any direct or indirect compensation in connection with a match until certain guidelines are met; prohibiting a person from any involvement in a match unless all referees and judges participating have been certified and approved by the boxing commission responsible for regulating the match in the state where the match is held; requiring each boxing commission to establish procedures related to boxer suspension; and directing the Association of Boxing Commissions (ABC) to develop and approve minimum contractual agreements that should be included in bout agreements and boxing contracts and objective and consistent written criteria for the ratings of professional boxers. The Act also increases from two to four years the validity of federal identification cards.

All state and tribal boxing commissions, including the State Athletic Commission, use a boxing statistics company – Fight Fax, Inc. – as their official boxing database/registry. Fight Fax is the only boxing registry certified by ABC, a national organization of state and tribal boxing commissions, including Maryland. Fight Fax is used to maintain records and suspensions of all licensed boxers. The State Athletic Commission provides Fight Fax with fight results, suspension information, and other pertinent information relating to professional boxing cards in the State. This enables all boxing commissions to more efficiently and expeditiously research the backgrounds and records of boxers to determine the basic skills of those boxers, as well as the status of their licenses, in an attempt to avoid mismatches and prevent allowing a person to participate in a boxing match who is not authorized to do so.

Commission Continues to Have a Viable Role in the Regulation of Boxing

One of the commission's primary purposes is to maintain the integrity of the sports under its jurisdiction by preventing mismatches between contestants. This protects the paying public (by assuring that they get fair value for their money) as well as the safety of the contestants. The commission ensures that all boxing events held in Maryland are fair, safe, and ethical for all individuals involved.

In an interview for this evaluation, a boxing promoter cited the commission as a very efficient and professionally run organization. Maryland's strict enforcement of safety regulations and careful scrutiny of proposed fights were referenced as examples of how the commission protects boxers. The commission also works closely with promoters to ensure that adequate security is in place for fights, a clear example of the commission working to protect the general public. The commission also has adopted "Professional Conduct Guidelines for Inspectors, Referees, Judges, Ringside Physicians, and Other Ring Officials." Adherence to these guidelines, including prohibiting ring officials from asking licensees or applicants for an autograph or photograph at or near an event and prohibiting ring officials from publicly criticizing or making public comment about any other ring official's decision further illustrate that the commission strives for and maintains a reputation as a professionally run organization.

In another evaluation interview, the president of ABC praised the commission for its active involvement in that organization. (The commission's executive director currently serves as the director of Region One for ABC – which includes state and tribal athletic commissions located on the East Coast, between Maine and West Virginia – and the senior assistant Attorney General and counsel to the commission serves as the chair of the ABC Legal Committee.) The president also praised the commission's conscientious and consistent efforts to obtain as much background on prospective boxers and matchups as possible in addition to the standard information available from Fight Fax. For example, he said the executive director always calls him whenever a fight in Maryland is proposed involving a fighter from Missouri (the president of ABC also serves as the administrator of the State of Missouri Office of Athletics). Further, ABC has never had a report that a fighter has fought in Maryland while on suspension.

According to ABC, Maryland's commission has some of the strictest medical policies in the country. **Exhibit 2** details the medical requirements for boxers and kickboxers. In addition to strict enforcement of the medical policies, the commission's chief physician, with the cooperation of the commission, is studying chronic traumatic brain injury in professional boxers. The study is being conducted at professional boxing weigh-ins held in Maryland and includes the voluntary participation of over 225 professional boxers. The study is the only prospective longitudinal study of its kind in the sport of professional boxing and is designed to prevent boxers from sustaining chronic traumatic brain injury by attempting to find and identify the "window of opportunity" in a boxer's career when the boxer should cease competing.

Exhibit 2

Health and Safety Standards for Boxing/Kickboxing

A boxer or kickboxer must have an ophthalmological evaluation within 30 days of applying for, or renewing, a license.

A boxer or kickboxer must have a physical examination within 21 days of applying for, or renewing, a license.

A boxer or kickboxer must have a neurological test on an annual basis – the boxer or kickboxer must be reexamined if (1) the boxer or kickboxer has participated as a contestant in more than 12 boxing matches; (2) the boxer or kickboxer was knocked out or received a technical knockout as a result of neurological injury in two consecutive matches; or (3) the ringside physician recommends such an examination.

A boxer or kickboxer must prove that he or she has tested negative for HIV, the Hepatitis B virus, and the Hepatitis C virus, within 30 days of applying for, or renewing, a license as well as when directed by the commission.

A test for controlled dangerous substances is required before each contest.

A pre-fight examination of the boxer or kickboxer must be conducted by the ringside physician.

A post-fight examination of the boxer or kickboxer must be conducted by the ringside physician.

A boxer or kickboxer is prohibited from participating in another contest for at least 14 days after a contest of four to eight rounds duration and for at least 28 days after a contest of more than eight rounds duration.

Mandatory minimum medical suspensions are required for lacerations, technical knockouts, knockouts or technical knockouts with loss of consciousness, poorly conditioned fighters, or a physically demanding contest or excessive blows to the head.

The presence of at least two physicians is required at any contest. A senior physician has the authority to (1) interrupt a match at any time to examine a boxer and (2) terminate a match at any time after determining that serious injury has or is immediately likely to occur to either boxer or when a boxer is bleeding enough to provide a health hazard to spectators and personnel. The senior physician is also given the authority to admit a boxer to a medical facility and require a boxer to submit to a blood test or urinalysis.

The presence of certain medical equipment is required at ringside.

The presence of an ambulance is required at any contest (provided by promoter).

The location of a boxing contest may not be more than 15 minutes by ambulance from a hospital providing neurosurgical evaluation and treatment facilities, with a neurosurgeon on call. The commission must notify the facility 24 hours before a contest of the time and location of the contest, with a request for a neurosurgeon to be on call.

Additional safety precautions are required for female boxers and kickboxers (*i.e.*, use of breast and abdominal guards, requirement of a pregnancy test at least five days before a contest, etc.).

Source: Annotated Code of Maryland; Code of Maryland Regulations

Regulatory Authority for Wrestling

Currently, at least 20 states regulate wrestling. Professional wrestling, unlike professional boxing or kickboxing, is primarily an entertainment event as opposed to a sporting event. Choreography that is planned in advance of a wrestling event is commonplace (moves, slaps, falls, etc.), and most people attending the events are aware of this and go to be entertained. The full sunset evaluation in 1999 was undertaken primarily to review whether it was appropriate for wrestling to continue to be regulated. Citing the fact that a wrestling event is “entertainment performed by athletes” and other such events (*e.g.*, circuses) are not regulated, as well as the argument that wrestling events were well controlled and offered little danger to wrestlers, the evaluation recommended removing regulation of professional wrestling from Maryland law.

The commission regulates wrestling primarily to ensure the safety of all wrestling participants. In Maryland a wrestler has to pass a pre-bout physical exam to ensure physical fitness to participate. Further, regulations established by the commission prohibit certain activities that are often seen in wrestling contests, such as the intentional self-infliction of a wound that produces blood (known as “blading”). These activities, while obviously unsafe to the participants, are common in the industry as wrestlers attempt to make a name for themselves. Wrestlers and a referee (himself a former wrestler) interviewed as part of this evaluation all admitted that there is great pressure within the industry to distinguish themselves from other participants, oftentimes with stunts that are not allowed by the commission. Interviews with commission officials also referenced times when national wrestling organizations have medically cleared participants to wrestle, but the Maryland pre-bout physical indicated an obvious injury or physical barrier that should restrict the individual from participating in wrestling activities. The commission’s physician has compiled a list of the range of potential injuries to professional wrestlers that includes bruises/contusions, intercranial bleeding, broken teeth, various fractures, neck injuries, torn anterior cruciate ligaments, herniated discs, and rotator cuff tears. Other regulations, such as a minimum distance between the audience seating area and the ring barrier, help to ensure the safety of the public.

Regardless of whether the promoter provides insurance coverage, regulations also require that each wrestler be insured through a group insurance policy provided by the commission. DLS staff spoke with a wrestler who was injured at a commission-sponsored event, incurred medical expenses of over \$1,000, and would not have had medical coverage without the policy provided by the commission.

Commission regulation of wrestling has consistently been affirmed by the General Assembly following previous evaluations. **This evaluation does not recommend the deregulation of wrestling.**

Mixed Martial Arts

“Mixed martial arts” is defined as a competition in which contestants use interdisciplinary forms of fighting, including striking with the hands, feet, knees, or elbows and grappling by take-downs, throws, submissions, or choke holds. Mixed martial arts are regulated through statute or regulation in at least 26 states, including the District of Columbia and Virginia; regulations in Pennsylvania are pending approval. According to the Ultimate Fighting Championship, a prominent mixed martial arts organization, events have drawn up to 19,000 spectators, with events also attracting viewers on cable television.

Effective October 1, 2008, the commission is now regulating mixed martial arts. Regulations must still be approved prior to any such events occurring. The commission is drafting regulations, with the hope of having them proposed before 2009. Regulations from other states such as Pennsylvania and New Jersey are being studied. Regulations in these states are quite specific and include guidelines for round lengths, dress codes, scoring, and determining fouls. Plans are currently underway for the commission to hold training sessions for mixed martial arts judges and referees in two locations in Maryland. Given the experience in neighboring states, DLLR has previously estimated that 12 professional mixed martial arts events would be held in the first year. In Missouri 22 mixed martial arts events were held during a 15-week period between February and June 2008 in the state.

Legislative Changes

Exhibit 3 details the legislative changes affecting the commission since the 1999 sunset review. Chapter 187 of 2001 strengthened the commission’s ability to sanction violators by increasing from \$2,000 to \$5,000 the civil penalties that can be imposed on licensees and establishing the authority to impose civil penalties of up to \$5,000 against nonlicensees. Chapter 37 of 2005 strengthened safety standards for boxers and kickboxers by requiring that, prior to the issuance of a license, applicants submit evidence of having a negative test result for antibodies to the Hepatitis C virus. In addition to the pre-licensing requirement, the commission may direct an individual who holds a boxing or kickboxing license to submit similar evidence within 30 days of participating in a contest.

Most recently, Chapters 607 and 608 of 2008 extend the commission’s regulatory authority to include mixed martial arts contests and establish license fees and requirements. Licensing requirements do not apply to amateur mixed martial arts conducted under the supervision of an amateur kickboxing or mixed martial arts organization reviewed and approved by the State Athletic Commission; however, the commission has to adopt regulations to ensure the safety of individuals who participate in these events.

Chapters 607 and 608 extend the boxing and wrestling tax to gross receipts derived from admission charges for mixed martial arts events and their telecast. The commission has to impose a penalty of up to \$5,000 for failure to pay this tax, which also applies to gross receipts from boxing or wrestling contests.

Exhibit 3
Major Legislative Changes Since the 1999 Full Evaluation

<u>Year</u>	<u>Chapter</u>	<u>Change</u>
2000	70	Extends the commission’s termination date by 10 years to July 1, 2011.
2001	187	Increases the civil penalties for licensees from \$2,000 to \$5,000 and authorizes imposition of a penalty instead of or in addition to reprimanding licensees. Grants the commission the authority to impose civil penalties of up to \$5,000 per violation against any person.
2005	37	Requires applicants for boxing and kickboxing licenses to provide evidence of negative blood tests for the Hepatitis C virus, in addition to the already required evidence of negative blood tests for HIV and the Hepatitis B virus. Extends to the commission the authority to require the same evidence of negative blood tests for the Hepatitis C virus within 30 days prior to participation in a contest.
2008	607/608	Extends the commission’s regulatory authority to include mixed martial arts contests. Requires contestants to be licensed by the commission in order to participate in a regulated event. Extends the boxing and wrestling tax to gross receipts derived from admission charges to mixed martial arts events and their telecast.

Source: Laws of Maryland

Commission Statistics Indicate Consistent Licensing Activity and Few Complaints Lodged

Exhibits 4 and 5 provide statistics on a variety of the commission’s activities between fiscal 2004 and 2008, including the total number of licenses issued and the total number of events held by the commission. Licensing activity has been fairly consistent over the five-year period examined in this evaluation, with the exception of wrestling licenses for fiscal 2006 when the number dropped. The commission offered two possible explanations for this anomaly. First, although the World Wrestling Entertainment held four shows in Maryland during the fiscal year, they were smaller shows with an average of 26 wrestlers participating and being licensed for the event, in contrast to other shows which often involve up to 50 wrestlers. Second, the number of

wrestling shows and incidents of wrestlers competing were fairly consistent with prior years, indicating that fewer wrestlers seemed to participate more often in the shows that occurred during that particular year. The number of licenses issued to wrestlers rebounded the following year to a high of 324 before leveling off again in the mid-200s. This could also indicate that the events for which wrestlers were being licensed did not correspond as easily with the fiscal year licensing “cycle” as on previous occasions. There is generally a gap between license expiration and renewal, as licensees often renew their licenses in preparation for a specific show and not always immediately upon the license’s expiration.

As both exhibits indicate, kickboxing has consistently not generated much interest in Maryland. **Nevertheless, since the regulation of kickboxing does not require any State expenditures when events are not being held, this evaluation does not recommend its deregulation.**

Exhibit 4
Number of Licenses Issued by the State Athletic Commission
Fiscal 2004-2008

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Boxers	98	109	123	106	103
Kickboxers	0	14	0	0	15
Wrestlers	227	242	139	324	239
Managers	53	48	51	55	56
Matchmakers	4	5	3	1	3
Seconds	144	160	171	146	158
Promoters	8	10	6	8	8
Referees	24	27	17	25	28
Judges	1	1	1	2	3
Total	559	616	511	667	613

Source: State Athletic Commission

Exhibit 5
Regulated Athletic Events and Related Medical Exams and Tests
Fiscal 2004-2008

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Total</u>
Boxing Shows	12	16	20	16	17	81
Boxing Bouts	66	89	106	89	95	445
Kickboxing Shows	0	1	0	0	1	2
Kickboxing Bouts	0	6	0	0	6	12
Wrestling Shows	28	22	23	31	26	130
Medical Exams	1,068	1,020	1,194	1,272	1,244	5,798
Drug Tests	132	190	212	178	202	914
Neurological Exams	132	190	212	178	202	914

Source: State Athletic Commission

As **Exhibit 6** illustrates, few complaints are lodged regarding the activities governed by the commission. When the commission receives a complaint, it adheres to a formal administrative process. For example, if a boxer tests positive for a controlled substance, the commission immediately notifies Fight Fax, Inc. that the boxer's license is suspended indefinitely, pending the outcome of an administrative hearing. Commission staff gathers and examines pertinent evidence, then sends the evidence to the Attorney General's Office for review. If that office decides there is a valid case (generally within two to three days), the commission schedules a hearing for the involved parties to present their cases. The hearing is conducted by the commission itself, thus avoiding the costs associated with a hearing conducted by the Office of Administrative Hearings. Further, the commission reports that in most cases a consent order is negotiated with the involved parties, eliminating the need for a hearing altogether.

Exhibit 6
Number and Type of Complaints
Fiscal 2004-2008

<u>Type of Complaint</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Total</u>
Unsanctioned Events	3	2	2	0	6	13
Drug Cases	2	4	4	0	6	16
Protests	0	0	0	1	0	1
Boxing/Wrestling Infractions*	3	2	6	3	2	16
Total	8	8	12	4	14	46

*For example, boxers fighting prior to the bell or verbal threats against a referee

Source: State Athletic Commission

If a hearing does take place, the cases of both the presenter (an assistant Attorney General assigned to the case on behalf of the commission) and the respondent are heard by commission members. The respondent may represent himself or be represented by an attorney of record. After each case is presented and all evidence and testimony are provided, the commission meets in closed session to deliberate and make a final decision. The commission has the authority to decide the length of any suspension and generally considers factors such as whether an individual has admitted wrongdoing and shown remorse. In drug cases, a boxer is required to forfeit the purse or other compensation from the contest if the boxer submits a urine specimen that tests positive for a controlled dangerous substance. In addition, the boxer's license is revoked or suspended and, if the boxer was the winner of a commission sanctioned contest, the boxer is disqualified and the decision of the contest changed to "no contest." This information is also forwarded to Fight Fax, Inc. The typical timeframe for a complaint resolution is between 30 and 60 days, depending on a number of factors, such as whether a consent agreement is reached.

The commission also works with local police and prosecutors to investigate unsanctioned events. The commission's working relationships with individuals in the boxing and wrestling community often lead to information that can be passed on to law enforcement for investigation and any appropriate action. The commission consistently acts within 48 hours when receiving information due to the time-sensitive nature of such complaints. Unregulated events could pose significant danger to the participants and the public, as the regulations enforced by the commission to ensure safety (*e.g.*, ensuring fair fights between participants who have fully met the commission's medical requirements or prohibiting the introduction of blood in wrestling matches) could be disregarded.

Budgetary Issues

The commission is budgeted within DLLR's Division of Occupational and Professional Licensing. **Exhibit 7** details the commission's revenues and expenditures for fiscal 2003 through 2008. Activities regulated by the commission provide two separate revenue sources. Revenues come from licensing fees and a 10 percent "boxing and wrestling" tax that is assessed on the gross receipts for both boxing and wrestling matches as well as pay-per-view events. All revenues generated from licensing fees and the 10 percent tax are paid into the general fund. Licensing fees assessed by the commission are collected on an annual basis; these fees range from \$10 for boxers, kickboxers, seconds, and wrestlers to \$150 for promoters. According to ABC, Maryland's licensing fees are on par with the national average for licensing fees.

Exhibit 7
Fiscal History of the Activities Regulated by the State Athletic Commission
Fiscal 2003-2008

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total Attributable Revenues	\$400,409	\$380,952	\$337,323	\$417,425	\$568,481	\$414,965
License and Fine Revenue	6,245	12,802	17,420	9,430	12,565	9,240
Boxing and Wrestling Tax	394,164	368,150	319,903	407,995	555,916	405,725
Total Attributable Costs	\$129,400	\$200,010	\$217,518	\$258,061	\$211,864	\$238,205
Indirect Departmental Costs			21,560	48,790	16,192	17,898
Indirect Division Costs		18,664	28,534	20,429	30,108	28,177
Direct Expenditures	129,400	181,346	167,424	188,842	165,564	192,130
Surplus/(Gap)	\$271,009	\$180,942	\$119,805	\$159,364	\$356,617	\$176,760

Notes: Fiscal 2006 does not include an estimated \$120,000 in salary costs unrelated to the commission that were incorrectly posted to the commission's budget and are still reflected in the official accounting for that fiscal year. The revenue from the boxing and wrestling tax is the total collected; the Comptroller's Office is permitted to assess an administrative fee for its services. The revenues attributable to the commission do not include those associated with sports agents.

Source: Department of Labor, Licensing, and Regulation

Likewise, the commission's appropriation comes from the general fund. The commission's budget (direct expenditures) includes one position (executive director) as well as expenditures for approximately 29 per-diem employees, including event physicians, judges, and inspectors. The commission chairman receives an annual salary of \$6,000, while each of the other four members receives \$4,000 annually. DLLR also allocates, on paper only, indirect costs to boards and commissions for services provided at the departmental and division levels (e.g., information technology costs). These are referenced in Exhibit 7 as Indirect Division Costs and

Indirect Departmental Costs (the annual calculation for these components did not start until fiscal 2004 and 2005, respectively). Although not charged to the commission, these indirect cost allocations help determine the cost of regulation.

Generally, it is the policy of the General Assembly that the revenues generated by the State's regulatory entities cover their costs. With regard to the State Athletic Commission, revenues from fines and licensing fees are significantly below the costs attributable to the commission. However, there is clearly a logical relationship that exists between the boxing and wrestling tax and the activities of the commission, and when the tax is factored in, the revenues attributable to commission activities exceed attributable costs.

Recommendations

The commission plays an important role in the regulation of boxing, kickboxing, and wrestling in Maryland. **Therefore, the Department of Legislative Services recommends that the commission be continued without undergoing further evaluation and that legislation be passed extending the commission's termination date by 10 years to July 1, 2021.** Thus, the commission would again undergo preliminary evaluation in 2018.

Evaluation of the commission's new role in regulating mixed martial arts is not possible at this time. **Nevertheless, to aid in future evaluations, DLS recommends that the commission maintain, at a minimum, the following information on mixed martial arts by fiscal year: (1) the number of licensees; (2) the number of shows; (3) any complaints regarding activities; and (4) the amount of revenue from the boxing and wrestling tax attributable to mixed martial arts events.** As an interim measure prior to the next evaluation, the commission should submit a written report to the Senate Education, Health, and Environmental Affairs Committee and the House Economic Matters Committee by **October 1, 2013, on its implementation of mixed martial arts regulation.** That report should include the fiscal year statistics for the five-year period from fiscal 2009 through 2013.

**Appendix 1. Written Comments of the
State Athletic Commission**

DLLR

STATE OF MARYLAND

DEPARTMENT OF LABOR, LICENSING AND REGULATION

MARTIN O'MALLEY, Governor
ANTHONY G. BROWN, Lt. Governor
THOMAS E. PEREZ, Secretary

Division of Occupational and Professional Licensing
Stanley J. Botts, Commissioner

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December 2, 2008

Ms. Laura J. McCarty
Legislative Manager
Department of Legislative Services
Office of Policy Analysis
Maryland General Assembly
Legislative Services Building
90 State Circle
Annapolis, Maryland 21401-1991

Dear Ms. McCarty:

Thank you for the opportunity to review the draft Preliminary Sunset Review Evaluation of the State Athletic Commission. We have advised Jennifer Botts, the Policy Analyst for the Department of Legislative Services who conducted the review, of certain factual corrections. We appreciate the highly professional and thorough manner in which Ms. Botts conducted this evaluation. We are pleased with the recommendation to the Legislative Policy Committee that a full evaluation of the State Athletic Commission is *not* required, and will fully cooperate with all follow-up activities and reports recommended by the evaluation.

If I can be of further assistance in regard to this matter, please feel free to call me at 410-230-6223.

Sincerely,



Patrick Pannella
Executive Director
Maryland State Athletic Commission

cc: Thomas E. Perez, Secretary
Maryland Department of Labor, Licensing and Regulation (DLLR)
Stanley J. Botts, Commissioner
Division of Occupational and Professional Licensing, DLLR
Harry Loleas, Deputy Commissioner
Division of Occupational and Professional Licensing, DLLR
David J. Norman, Chairman
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