

Oregon Quarter Horse Racing Association Inc.

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STATEMENT IN SUPPORT OF HB 2614

To the

HOUSE BUSINESS AND LABOR COMMITTEE

Prepared by Dave Nelson for the Board of Directors
OREGON QUARTER HORSE RACING ASSOCIATION

February 13, 2013

Chair Doherty, members of the committee the Oregon Quarter Horse Racing Association, Inc. strongly supports HB 2613. We thank you for your early consideration of this bill and urge your "do pass" recommendation to the House of Representatives.

In the late 1990's as Portland Meadows and the Multnomah Greyhound Park were struggling to compete with the state lottery, the legislature approved establishment pari-mutuel wagering processing centers in Oregon. Similar to a bank card processing center these "hubs", as they are called, process a wager that may be made in Arizona on a race run in New York or any other state that permits advance deposit wagering. There are several Cable Television racing channels and some online versions so races are viewed as they occur. The Oregon Racing Commission regulates, licenses and taxes these wagering platforms and the wagers they process. There are now 9 "hubs" licensed by the Commission in Oregon.

The state keeps the license fees (\$200 per day per "hub" – about \$1.3 million per biennium) which pays a significant part of the Commission's budget. The tax on wagers handled by the "hub" was initially divided between the state and the racing industry to mitigate the affect of lottery competition. The initial split was 1/3rd for the state and 2/3rds for the racing industry. The industry funds are controlled by Oregon Racing Commission. The split was simply picked out of the air as the Legislature was dividing "something that didn't exist" as one member of the Committee said.

After nearly 15 years of experience we have seen the operation of these "hubs" stabilize and the money they generate for the industry and the state plateau at around \$3 million annually. Over that period of time state revenue from lottery surrounding Portland Meadows has grown, racing revenue has declined and Multnomah Greyhound Park has gone out of business costing about 400 jobs. HB 2614 proposes to reallocate the tax revenue from "hub" processed wagering.

HB 2614 changes the formula from 33-1/3% to the state to 15% to the state and from 66-2/3% to the Oregon Racing Commission to 85%.

Its important to remember that this tax is a gross handle tax. (handle is the total amount of dollars processed) "Hubs" still pay the state corporate income tax in addition to the licensing fee and the handle tax.

HB 2614 re-balances the taxes between the horse racing industry and the state to a more fair relationship. HB 2613 will help preserve the great tradition of horse racing and all that goes with it.

The Oregon Quarter Horse Racing Association urges you to vote yes and support passage of HB 2614