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A. Oregon Racing Commission Mission, Goals and Objectives

Mission Statement:
To regulate and facilitate all aspects of the pari-mutuel industry in the State of Oregon for the benefit of the citizenry, the licensees, the participants and the economy of the State of Oregon

Long-Term Goals:

Long-term Goal #1	**Long-term Goal #2**	**Long-term Goal #3**
The Oregon Racing Commission will promote live racing in Oregon to enhance the horse race industry and preserve jobs	The Oregon Racing Commission will ensure the safety and security of humans, horses and property	The Oregon Racing Commission will be a leader in licensing and regulating Advance Deposit Wagering (ADW) companies

Objectives:

Objectives to Achieve Goal #1	**Objectives to Achieve Goal #2**	**Objectives to Achieve Goal #3**
1) Every two years, the Oregon Racing Commission will allocate hub funds to Portland Meadows and the five summer fair race meets to support their live race meets 2) Every two years, the Oregon Racing Commission will allocate hub funds to the Oregon Horsemen's Benevolent Protective Association (OHBPA), the Oregon Thoroughbred Owners and Breeders Association (OTOBA) and the Oregon Quarter Horse Racing Association (OTOBA) to support their efforts to grow live racing in Oregon 3) Annually, the Oregon Racing Commission will review its administrative rules to reduce unnecessary regulation and bureaucracy and to support the business of racing 4) Annually the Commission staff will produce a licensees manual for the purpose of educating and assisting all licensees in complying with Oregon statutes and rules	1) The Horse Medication and Safety Sub-committee will meet, at a minimum, four times each year to review policies, procedures and rules to improve safety for human and equine athletes and make recommendations for change to the Oregon Racing Commission 2) The Oregon Racing Commission will review model rules proposed by the Racing Commissioners International (RCI) annually and adopt rules for Oregon that enhance the safety of human and equine athletes 3) The Oregon Racing Commission will monitor the numbers of catastrophic horse injuries and take necessary action to reduce the number under the national average of 2.0 catastrophic injuries per 1,000 starters 4) Annually, during the license application process, Portland Meadows and each summer race meet will report on their efforts to ensure the safety of humans, horses and property	1) The Oregon Racing Commission will license one, additional Advance Deposit Wagering (ADW) company each calendar year as the national leader in ADW regulation 2) Annually, the Oregon Racing Commission staff will host a meeting with all ADWs to review current policies, procedures and rules and make appropriate recommendations for change to the Commission 3) The Oregon Racing Commission staff will conduct on-site audits of at least 2 ADWs each calendar year 4) The ADW sub-committee will review the license fee and tax structure of ADWs annually to assure revenue to support racing while at the same time remaining competitive with other states

B. Oregon Racing Commission Historical Perspective

The Oregon Racing Commission was established in 1933 as part of the Pari-Mutuel Wagering Act. The agency regulates all aspects of the pari-mutuel industry in Oregon. The commission currently regulates all horse racing where pari-mutuel wagering is conducted. Regulation occurs both on track and at off-track wagering facilities and covers all aspects of the operation.

In addition, the commission regulates the multi-jurisdictional hubs licensed in the state. Under current statute, 1/3 of the funds that come to the Oregon Racing Commission from pari-mutuel wagering of the multijurisdictional hubs are allocated to the state general fund; the remaining 2/3 of the proceeds are distributed to the racing industry participants to support the commercial race meet in Portland and the local community summer fair race meets throughout the state.

ORS Chapter 462 provides the statutory basis for the Racing Commission's broad authority in the regulation and oversight of pari-mutuel wagering. The Commission's Administrative Rules are OAR 462 and cover licensing, prohibited conduct and pari-mutuel wagering operations, as well as, specific rules regarding racing. The Statutes, the Administrative Rules and the Mission Statement provide a framework for the Commission to execute a safe and fair racing environment.

In pari-mutuel racing, as in any sport or gaming activity, the integrity of the activity is essential so that the players and participants have, and believe they have, a fair opportunity to win and that the field of play is level. This is the primary "added value" that regulation by the Racing Commission provides to the pari-mutuel racing industry. Other "added value" derived from the efforts of the Commission and staff is enhanced safety and health standards for race horses and licensed participants and enhanced accountability and control of money in the pari-mutuel system and accounts.

The Racing Commission is very successful in their efforts to provide fair, neutral regulatory treatment of licensees. The Racing Commission has cultivated a collaborative, working regulatory relationship with licensees which, in turn, foster voluntary compliance. In addition, the Racing Commission's regulatory framework, statutes and rules are equal to the best of similar programs in other states. It is through cooperative efforts between the Racing Commission, licensees and industry stakeholders that economies of scale can be realized in these and other areas.

C. Oregon Racing Commission Stakeholders/Target Groups

OREGON QUARTER HORSE RACING ASSOCIATION (OQHRA)

The purposes of the OQHRA are:

To provide racing opportunities for all quarter horse owners, breeders, stallion owners and trainers participating in the state of Oregon.

To communicate and represent quarter horse interest before the Oregon Racing Commission and the Oregon Legislature.

To cooperate and work directly with commercial race tracks and county fair association to enhance racing for all quarter horses.

To promote racing opportunities for quarter horses, participating in Oregon, to the fans, current owners, new owners, breeders, the media and the general public.

http://oregonqhra.org/

OREGON RACING COMMISSION (ORC)

The Mission of the Oregon Racing Commission is: *To regulate and facilitate all aspects of the pari-mutuel industry in the State of Oregon for the benefit of the citizenry, the licensees, the participants and the economy of the State of Oregon."*

The (ORC) is a one program agency charged with the responsibility to regulate all aspects of the pari-mutuel industry and therefore, to protect the licensees, the racing animal athletes, the public and the state. At the same time, the ORC encourages and supports members of the industry in promoting live handle growth and enhancing live racing by attracting businesses to Oregon that are involved in technological advancements. This includes live race meets conducted at horse tracks, off-track sites and multi-jurisdictional simulcasting and interactive wagering totalizator hubs who conduct business online through a closed-loop subscriber system. The agency has approximately 3,700 active licensees.

http://racing.oregon.gov/

OREGON THOROUGHBRED OWNERS AND BREEDERS ASSOCIATION (OTOBA)

The OTOBA is a non-profit corporation committed to serving the interests of Oregon's breeding and racing industries.

The mission of the OTOBA is to increase public interest through promotion and advancement of the breeding and racing of Oregon Thoroughbreds.

The goal of the OTOBA is to strengthen the Oregon Thoroughbred industry, through breeding and racing. The OTOBA focuses on new, innovative ideas and it administers incentive programs to reward owners and breeders of Oregon-breds.

http://oregontoba.com/home.html

OREGON HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION (OHBPA)

The purposes of the OHBPA are:

To foster, promote and otherwise encourage a healthier economic climate and a higher level of public acceptance of the Thoroughbred horse industry in the State of Oregon and better relations among its participants.

To work for the improvement of working conditions for the employees of members.

To protect the safety of members and their horses.

To represent the interests and property rights of its members in any matters with any racing association, jockeys organization, any industry related organization or any government agency

To inform and educate its members and other segments of the horse racing and breeding industry and to foster a better understanding of the horse industry.

http://oregontoba.com/

PORTLAND MEADOWS

The major, live commercial race meet in the State of Oregon.

Portland Meadows also offers simulcasting of races on site and at Off-Track Betting facilities up to 7 days a week.

http://www.portlandmeadows.com/

SUMMER FAIR RACE MEETS

There are five county race meets conducted annually throughout Oregon during the summer months. The five, live race meets are held in Burns, Grants Pass, Prineville, Tillamook and Union, Oregon. The summer horse racing meets have been vital to the economy of five rural areas of Oregon through increased tourism, retail sales and agricultural business, as well as, encouragement of the continued breeding of Oregon race horses.

ADVANCED DEPOSIT WAGERING (ADW) COMPANIES

The companies licensed to conduct business by the Oregon Racing Commission that, through a qualified subscriber based service, conduct pari-mutuel wagering on races that they simulcast and other races that they carry in their respective wagering menus. Account wagering is a form of pari-mutel wagering in which an individual deposits money into an account with a hub licensee and uses the funds available in that account to pay for pari-mutuel wagering conducted by the hub. Accounts can be established by individuals who are residents of the state of Oregon as well as individuals whose principal residence is outside the state of Oregon, including residents of foreign jurisdictions, as long as they comply with the account wagering rules. Oregon is the leading state in the country in licensing and regulating ADW companies. The revenue made available from the ADW businesses is key to the continuation of live racing in Oregon.

FUTURE OF RACING IN OREGON GROUP (FROG)

The Future of Racing in Oregon Group is a group of Horse Racing Industry businesses and organizations working together to try to preserve and maintain racing throughout the State of Oregon. The group is open to anyone with a creative interest in bringing the excitement for the fan and honor back to the sport of horse racing. FROG works to promote the continuation of a live commercial race meet in Portland, as well as, the county fair race meets across Oregon.

http://oregontoba.com/futureofracinginor.html

D. Oregon Racing Commission Organization and How Programs are Delivered

The Commission is considered a single program unit for budget purposes. For practical purposes, the Commission is comprised of the following components:

- **Commission:** This five-member board, appointed by the Governor, is charged with setting policy, approving race meet licenses and dates, acting in a quasi-judicial capacity for appeals, referrals from the stewards' hearing orders, as well as, other matters involving alleged violations of racing statutes and rules. The Commission also is responsible for hiring the Executive Director.

- **Administration:** This section is made up of the Executive Director, the Program Analyst and the Administrative Assistant. Administration is responsible for the day-to-day operation and supervision of the Commission, ensuring that the policies of the Commission are implemented in a timely and effective manner, and that all of the business/administrative support functions for the Commission are met. The Executive Director provides sufficient input to the Commission for them to make informed policy decisions.

- **Stewards:** The Stewards report to the Executive Director and provide the onsite supervision of live race meets. These individuals comprise two of the three members of the Board of Stewards at each race meet. The Board of Stewards has the authority to overrule any other race meet official. While the decisions of the Board of Stewards can be appealed to the Commission for a hearing before an Administrative Law Judge (ALJ) from the Office of Administrative Hearings, all licensees must adhere to their decisions until the Commission makes a final decision on the ALJ's proposed Order. The Board of Stewards also has a quasi-judicial role and the legal authority to impose fines up to $500 per offense and suspend license for a period up to 365 days from the date of the Order.

- **Veterinarians and Test Barn:** The Commission Veterinarians are responsible for ensuring that the health, safety and welfare of the race horses are maintained and that the animals participating in a race meet are "racing sound." They are also responsible for developing test barn protocol, as well as, supervising the test barn operation and part-time veterinary technician staff to make certain that urine and blood samples taken from racing animal athletes are collected and handled properly and that the chain of evidence is maintained. In addition, the Veterinarians make suggestions for rule and policy amendments pertaining to chemical testing of racing animal athletes in Oregon and other issues affecting their health, safety and welfare. The Veterinarians report to the Executive Director.

- **Investigations and Licensing:** The Investigative and Licensing unit is comprised of a chief investigator and two, full-time staff investigators. Commission investigators are responsible for conducting investigations of alleged violations of racing statutes and rules, as well as, providing surveillance of activities of participants and patrons. Investigations are conducted as a result of information received by investigators from commission personnel, licensees, members of the public or as a result of an investigator's surveillance. The investigators also conduct background investigations on all individuals applying for licenses, take urine samples for chemical testing of human race meet participants and monitor licensees who tested positive for chemical substances who are participating in a mandatory drug treatment and rehabilitation program. This section interfaces with federal, state, county and local law enforcement agencies. Licensing is in charge of processing the mandatory licensing for all aspects of race meet participants. There are approximately 3,700 active, licensed participants. Each license is valid for three years for a fee of $60. Licensing also ensures that all participants who are required to be licensed have their applications processed in a timely manner and are not allowed to compete without being licensed. Licensing does interface with all components of the Commission however, this section is both the beginning and the end of the process of licensure. The Chief Investigator reports to the Executive Director.

- **Supervisor of Multi-jurisdictional Hub Operations:** This position is responsible for the oversight of the multi-jurisdictional hubs, tracking and auditing financial documents, contracts, annual review of applications, recommendations for commission approval of new hub applications, researching new technological applications, written evaluations of new technologies and other requests made by hubs to their operating plans. The Supervisor of Multi-jurisdictional Hub Operations reports to the Executive Director.

- **Pari-Mutuels:** This component is responsible for the auditing of Pari-Mutuel transactions. The Pari-Mutuel auditing component is responsible for ensuring that money wagered is properly accounted for in the Totalizator System, the payouts to the winning wagers are correct, the distribution of the take-out is done accurately and timely, as well as, evaluating proposed wagers by the race meet licensee and evaluating simulcast contracts.

E. Oregon Racing Commission Performance Measures

The ORC tracks a significant amount of data to measure the quality and safety of live racing activities in Oregon. This data is used as a management tool to evaluate the performance of the ORC and the overall operation of racetracks and participants.

For the purpose of budgeting and State accountability, the primary Performance Measures by area are listed in the chart that follows:

KEY PERFORMANCE MEASURE	ACTUAL	TARGET
#1 Animal Safety: Number of horses euthanized by the Oregon Racing Commission veterinarian due to catastrophic injury occurring during racing per every 1,000 starters	**2.08**	1.50
#2 License Turnaround Time: Average number of work days from receipt of a complete individual application and questionnaire to conclusion of a criminal background check	**5.00**	5.00
#3 Excellent Customer Service: Percent of customers rating their satisfaction with the agency's customer services as "good" or "excellent;" overall, timeliness, accuracy, helpfulness, expertise, availability or information	**100.00**	75.00
#4 Best Practices: Percent of total best practices met by the board (Commission)	**100.00**	100.00

F. Budget Drivers and Environmental Factors

The revenue assumptions for the 2013 - 2015 biennium are that the amount of revenue on live racing to the ORC budget will remain static. The revenue from participant licensing fees and fines will decrease slightly. The unclaimed winning revenues will decrease slightly while revenues from fines and forfeitures are predicted to remain level.

The revenue derived from the Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hubs are expected to increase, but this is contingent upon whether the hubs remain in business in Oregon, or relocate to another state. The two primary sources of revenue from the hubs are the Per Diem Licensing Fees of $200 per operating day and the State Share of the pari-mutuel handle. The 2013 - 2015 Budget assumes that ten hubs will be licensed throughout the biennium. The Commission amended the tax of .25 of 1% on Oregon handle through the rule making process effective July 2005, in order to attract and retain Hub business in Oregon and compete with other states now licensing this type of operation, sometimes without a tax on handle. Each Hub business now selects the tax structure of their choice annually under OAR 462-220-0040 and also provides for "caps" on taxation not to exceed $540,156 for the fiscal year 2014 and $580,667 for the fiscal year 2015.

The revenue from the Hubs licensed in Oregon has saved live racing at the county fairs and has contributed to purses at the Portland Meadows commercial race meet. In 2001, approximately $60,000 was disbursed from the Racing Development Fund to the fairs for the first time. For the 2011 – 2013 biennium, $2,200,000 of hub fund revenue was allocated to fairs to pay for purses and a variety of racing-related expenses, as well as, to the Oregon Horsemen's Benevolent Protective Association (OHBPA), the Oregon Thoroughbred Owners and Breeders Association (OTOBA), the Oregon Quarter Horse Racing Association (OQHRA).

Currently, there are nine licensed hubs licensed in Oregon, which is good testament to Oregon's fair, consistent regulatory practices, tax options and favorable business environment. Five hubs were licensed at the beginning of the 2004 - 2005 fiscal year. Prior to January 2002, Oregon was the only state with Statute and Administrative Rules governing Multi-jurisdictional Hubs, though some other states had account wagering statutes and rules. Thus, the logical state in which to conduct Hub business activity was Oregon. That changed beginning in January of 2002 when California adopted administrative rules to implement their newly passed state statute governing Multi-jurisdictional hubs for the purpose of establishing betting accounts for people residing in California. Since 2002, several other states have passed legislation to allow for the licensing of hubs. Still, Oregon remains the leading state in the nation in licensing totalizator hubs.

Another environmental factor is the uncertainty about the future of Portland Meadows, the remaining commercial meet in Oregon. As with many race tracks throughout North America, Portland Meadows struggles to show a profit. There are many factors contributing to this challenge including the current economic situation and competition from state lotteries and casinos. Portland Meadows has traditionally raced in the winter months. For the first time in 2012, Portland Meadows conducted a summer/fall race meet. The good news is attendance was up significantly. Portland Meadows did an excellent job of advertising and promoting the race track and it showed through new patrons that hadn't been seen at the track. Unfortunately, many of these patrons being new to the sport did not wager very much so the betting grew very slightly. And betting or wagering on the races is the primary revenue generator for any race track.

At this time, Portland Meadows has not yet applied for a new race meet license. Their current license expires on June 30, 2013. We remain guardedly optimistic that the commercial race meet with continue to operate.

G. Changes to the Oregon Racing Commission During the Past 10 Years and Actions by the Oregon Racing Commission to Contain Costs and Improve Program Delivery

The most significant change to the Racing Commission programs has been the growth in the regulation and administration of the Advance Deposit Wager Companies (ADWs). Today we license 9 (nine) ADW companies and in the next biennium we hope to add at least one more. To give some perspective, there is approximately $11 billion wagered on horse racing in the United States annually. Over $2 billion is now being wagered through these ADW companies and these wagers are processed in the state of Oregon.

The Commission has a reputation for exploring and implementing budget reductions while maintaining good regulatory and administrative practices. In the last two biennia, the Commission has cut 1.25 FTE through cross-training and restructuring duties. For a small Commission, we are very proud of this effort and result. In spite of those reductions, our performance measures continue to show improvement. We have also dramatically reduced our Attorney General budget through changes in some of our internal practices and improved working relationships with our licensees.

Additionally, we are experimenting with another organizational change that may result in an additional reduction of 1 FTE for next biennium. Regulation of horse racing is quite unique in state government. While we have brainstormed possible mergers or consolidations with other agencies, nothing has been put into action. Certainly, if the commercial race meet were to end live racing, the Commission would be dramatically reduced and consolidation with another agency would be much more feasible.

From a historical perspective, the Oregon Racing Commission has undergone a series of changes during the past decade. One of the most notable is the closing of the Multnomah Greyhound Park in 2005 which was under the regulatory oversight of the ORC and served as an additional revenue source.

The ORC has voluntarily made changes as a result of environmental factors and budget considerations. An example of this is giving up a 1FTE Office Specialist 2, dedicated as a licensing position as efficiencies were made to absorb the duties of the position by existing staff. There was no negative impact observed by clients as a result of this change. This is supported by data collected for ORC performance measures #2 and #3. Additionally, the ORC has worked closely with our accountant to trend expenditures over the last three biennia and identify means to reduce costs. This planning became the foundation for projecting the agency's budget for the 2013 – 2015 biennia.

Further, the Commission has partnered with Stakeholders during the 2009 -11 and 2011 – 13 biennia to pool resources and make the most significant, positive impact to the vitality of Oregon's Racing Industry. An example of this is a $65,000 grant for the benefit of racing participants issued by the ORC to Portland Meadows that was matched dollar-for-dollar by Portland Meadows and the Oregon Horsemen's Benevolent Protective Association.

Finally, the ORC implemented a number of initiatives during the past two biennia in an effort to make it easier for our stakeholders to comply with our rules and procedures. Many of these initiatives are in the area of assisting and education our stakeholders. The Commission has also modified many of our processes to eliminate waste and make it less time consuming for our stakeholders to meet their obligations.

Examples include:

- Eliminating the completion of forms that are no longer necessary
- Providing a simple user manual for trainers, jockeys, grooms and owners
- Providing training sessions to better understand our statutes and administrative rules
- Preparing a simple glossary of racing terms for members of our industry
- Converting paper forms to electronic and making them available on our website

- Inviting stakeholders to participate with the Commission in simplifying and revising our administrative rules
- Partner with Totalizator companies for licensure to assure integrity of the wagering platform
- Work with trainers to establish a pre-race exam practice to assist in the racing of sound horses

H. Major Budgetary Issues Unique to the Oregon Racing Commission

The Commission is not experiencing any major budget issues and is not recommending any fee changes at this time. However, in order to deal with the changing environment in the racing industry the Commission has to address not only the survival of the various live race meets, but also the industry as a whole. The Commission will continue to work collaboratively with the commercial race meet to continue live racing at Portland Meadows.

The summer horse racing meets have been vital to the economy of five rural areas of Oregon through increased tourism, retail sales and agricultural business, as well as, encouragement of the continued breeding of Oregon race horses. The meets take place in Union, Grants Pass, Prineville, Tillamook and Burns. These race meets currently need, and most likely will continue to need, additional financial support. The source of this additional money is presently, and in the future, money generated by the Hubs.

The revenue made available from the Hub businesses is also key to the continuation of live racing in Oregon. It should also be noted that a portion of this revenue is transferred to the state general fund to be disbursed to agencies that rely on general funds for their operating budget, while the Commission itself does not receive general fund dollars.

I. HB 2020 and HB 4131

This section is not applicable to the Oregon Racing Commission.

J. Audits by the Oregon Secretary of State

This section is not applicable to the Oregon Racing Commission.

K. Summary of Proposed Legislation Affecting Oregon Racing Commission Operations

The horse racing industry has introduced two bills in the 2013 Legislative Session. The two bills are House Bill 2613 and House Bill 2614.

HB 2613 would allow Portland Meadows to implement a pari-mutuel game based on archived horse races. It has been implemented in other states with great success. They believe this new source of revenue will help them survive and keep our only commercial race meet open.

HB 2614 is a request to retain 85% of the hub taxes collected by the Oregon Racing Commission for the distribution and benefit of the racing industry. Current law allows retention of 66 2/3% of the hub taxes.

If passed the Commission would be able to administer both bills with no additional resources.

L. Summary of Proposed Information Technology and Capital Construction Improvements

The ORC plans neither Information Technology nor Capital Construction improvements during the 2013 – 2015 biennium.

APPENDICIES

APPENDIX A

OREGON RACING COMMISSION'S PHASE 2 BUY SHEET

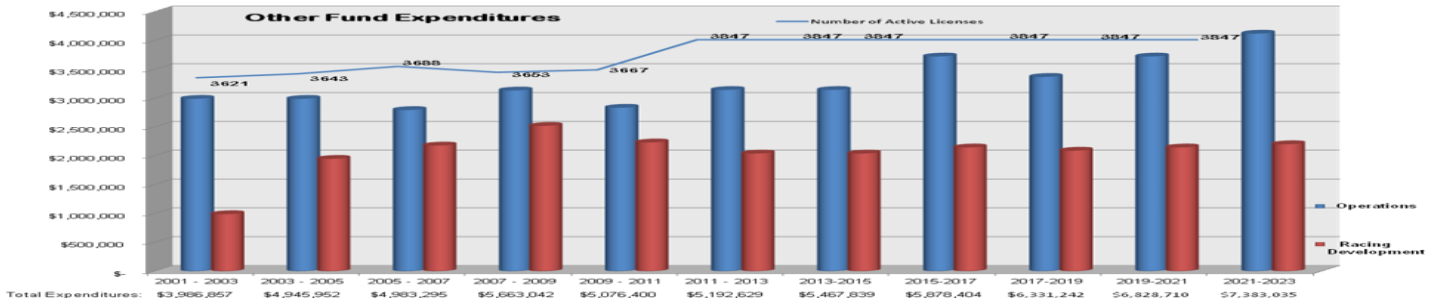
Agency Name: Oregon Racing Commission

Primary Outcome Area: Economy & Jobs
Secondary Outcome Area: Safety
Program Contact: Randy C. Evers, Executive Director
(971) 673-0209 – randy.evers@state.or.us

Executive Summary

The primary purpose of the Oregon Racing Commission (ORC) is the regulation and oversight of pari-mutuel wagering. The Mission of the Oregon Racing Commission is: *To regulate and facilitate all aspects of the pari-mutuel industry in the State of Oregon for the benefit of the citizenry, the licensees, the participants and the economy of the State of Oregon.*

Expenditure Summary



Program Description

As noted in the Executive Summary, the primary purpose of the ORC is the regulation and oversight of pari-mutuel wagering. However, horse racing is more than a sport and a gaming venture. It is an industry that reaches across our state and includes Oregon agriculture, tack shops, feed stores, breeders, owners, grooms, jockeys and trainers. The success of the ORC and racing more broadly can have a significant impact in keeping this industry healthy and providing a livelihood for those that participate in this sport.

This is not intended to downplay, but rather emphasize the importance of our regulatory role in racing. Wagering revenue is the economic engine that funds this industry. The ORC exists to ensure the integrity of the sport. We serve to protect the wagering public and offer assurance that the races they wager on are conducted fairly and under state statutes and rules. It is our role to ensure that participants in the sport themselves know they are competing on a fair and level playing field.

The ORC is very successful in its efforts to provide fair, neutral regulatory treatment of licensees. The ORC has cultivated a collaborative, working regulatory relationship with licensees which, in turn, foster voluntary compliance. In addition, the ORC's regulatory framework, statutes and rules are equal to the best of similar programs in other states. It is through cooperative efforts between the ORC, licensees and industry stakeholders that economies of scale can be realized in these and other areas

The ORC employs state veterinarians to ensure that horses are healthy and sound before racing. We employ stewards to enforce our rules at the race track. They diligently watch every race and have the authority to disqualify horses for interference and issue fines and suspensions for those licensees that violate our rules. We employ investigators and licensing staff to keep undesirable individuals from participating in our sport. We have an auditor who reviews wagering figures and verifies that everyone, including the state of Oregon, gets their proper share of the revenues. We employ individuals responsible for testing horses for medications or illegal substances so everyone competes on a fair playing field. We have a small but dedicated office staff that is very knowledgeable about their duties and keeps the day to day business operating. And we have five dedicated commissioners appointed by the Governor to provide direction and set policy for racing.

Current State of Racing in Oregon (Challenges and Opportunities)

Horse racing across the country is struggling to survive with the proliferation of other wagering opportunities offered through state lotteries and casinos. That scenario is true in Oregon as well. Our one commercial race meet, Portland Meadows (PM), has lost money for the last few years and the future of racing at the track is very uncertain. In an attempt to return the track to profitability PM will move from a history of winter racing and instead offer a summer and fall race meet beginning in July of 2012.

Challenges

- Misinformation in the media that lends to public misconceptions regarding the sport and treatment of animals.

- The financial viability of the industry. It is unknown whether the commercial race meet at PM will continue past the summer of 2012. This will directly impact the ability of the local community race meets across the state to continue to run. Additionally, the possibility of ADW companies closing or leaving the state and seeking licensure elsewhere exists.

Opportunities

- Dedicated industry participants and stakeholders. Under the guidance of the ORC, during this year, industry participants came together to form the Future of Racing in Oregon Group (FROG). The group meets monthly to discuss how to promote the sport of racing, opportunities to collaborate on projects and strategic planning for the future of the sport. The group has filed for 501(c)(3), non-profit status and has formed a political action committee that will address the state legislature during the upcoming session.

- Leading the industry in setting laws and rules that promote stability and success. The ORC regulates in a fair-yet-firm framework that is business friendly.

Program Justification and Link to 10-Year Outcome

Primary Outcome Area: Economy and Jobs

In order to deal with the changing environment in the racing industry the ORC has to address not only the survival of the various live race meets, but also the industry as a whole. The ORC will continue to work collaboratively with the commercial race meet to continue live racing at PM. The survival of PM is critical to the 3,700 licensees who depend partly, or wholly, on our industry to earn a living.

The summer horse racing meets have been vital to the economy of five rural areas of Oregon through increased tourism, retail sales and agricultural business, as well as, encouragement of the continued breeding of Oregon race horses. The meets take place in Union, Grants Pass, Prineville, Tillamook and Burns. These race meets currently need, and most likely will continue to need, additional financial support.
The source of this additional money is presently, and in the future, money generated by the ADW companies. Oregon is the leading state in the country in licensing and regulating ADW companies. The revenue made available from the ADW businesses is key to the continuation of live racing in Oregon.

It should also be noted that a portion of this revenue is transferred to the state general fund to be disbursed to agencies that rely on general funds for their operating budget, while the ORC itself does not receive general fund dollars.

Secondary Outcome Area: Safety

As noted in the Program Description section of this document, the ORC takes many measures to ensure the safety of industry participants, including its equine and human athletes.

Specific examples of safety measures include:

- ORC staff enforce and ensure that safety rules are followed at race track locations;
- ORC staff monitor fire safety regulations at race track locations and ensure compliance;
- Outriders (participants who monitor races from horseback) report violations of safety rules during racing so that ORC staff may take appropriate measures;
- Monthly track safety committee meeting where stakeholders and staff review and discuss safety concerns and formulate appropriate action;
- Bi-monthly meeting of the ORC's Horse Medication and Safety sub-committee where staff and members of the governing Commission come together to address safety concerns regarding injured horses and medication issues. The group makes recommendations to the full Commission regarding policies and procedures that are consistent with national industry standards; and
- Measures such as improved track conditions, limits on toe grabs, pre-race examinations and a ban on the use of steroids are in place to ensure the safety of the equine athletes. In the unfortunate event of a catastrophic injury, the ORC has contracted with Oregon State University to conduct necropsies in order to learn and, hopefully, prevent future catastrophic events.

Program Performance

The ORC tracks a significant amount of data to measure the quality and safety of live racing activities in Oregon. This data is used as a management tool to evaluate the performance of the ORC and the overall operation of racetracks and participants. For the purpose of budgeting and State accountability, the primary Performance Measures by area are listed in the chart that follows:

KEY PERFORMANCE MEASURE	ACTUAL	TARGET
#1 Animal Safety: Number of horses euthanized by the Oregon Racing Commission veterinarian due to catastrophic injury occurring during racing per every 1,000 starters	**2.08**	1.50
#2 License Turnaround Time: Average number of work days from receipt of a complete individual application and questionnaire to conclusion of a criminal background check	**5.00**	5.00
#3 Excellent Customer Service: Percent of customers rating their satisfaction with the agency's customer services as "good" or "excellent;" overall, timeliness, accuracy, helpfulness, expertise, availability or information	**100.00**	75.00
#4 Best Practices: Percent of total best practices met by the board (Commission)	**100.00**	100.00

Enabling Legislation/Program Authorization
The ORC is governed under Chapter 462 of the Oregon Revised Statues (ORS) and the Oregon Administrative Rules (OAR).

Funding Streams
The Oregon Racing Commission is 100% Other Fund funded. It should be noted that *all* of the ORC's revenue is completely industry-generated.

The ORC's funding sources are as follows:

- **Business Licenses and Fees** – ORS 462.057 (Fairs), ORS 462.062 (Commercial Meet), ORS 462.070 (Licensees) & ORS 462.725 (ADWs) – Licenses and fees include both those for racing participants and the companies that are licensed to conduct business in the State of Oregon;

- **Charges for Services** – ORS 462.073 (Unclaimed Winnings Account) – This revenue source is the cash value of unclaimed winning tickets wagered at Portland Meadows Race Track;

- **Fines and Forfeitures** – ORS 462.405 (Stewards & Commission) – This revenue category represents the fines assessed against racing industry participants who are in violation of the ORC's Oregon Revised Statues, Oregon Administrative Rules, policies and/or procedures; and

- **Pari-mutuel Receipts from Racing** – ORS 462.057 (Fairs) & ORS 462.062 (Commercial Meet) – This funding source is derived from the amount the ORC receives in tax from a wager placed through Portland Meadows (and its affiliate off-track betting facilities) and the five summer fair race meets.

Funds that support Oregon's racing industry:

- **Pari-mutuel Receipts from ADW Companies** – ORS 462.725 (ADWs) – This revenue source represents the amount the ORC receives in tax from a wager made via the internet through an Advanced Deposit Wagering company.

Significant Proposed Program Changes from 2011-13
The Commission does not have any significant proposed program changes from 2011 – 13.

APPENDIX B

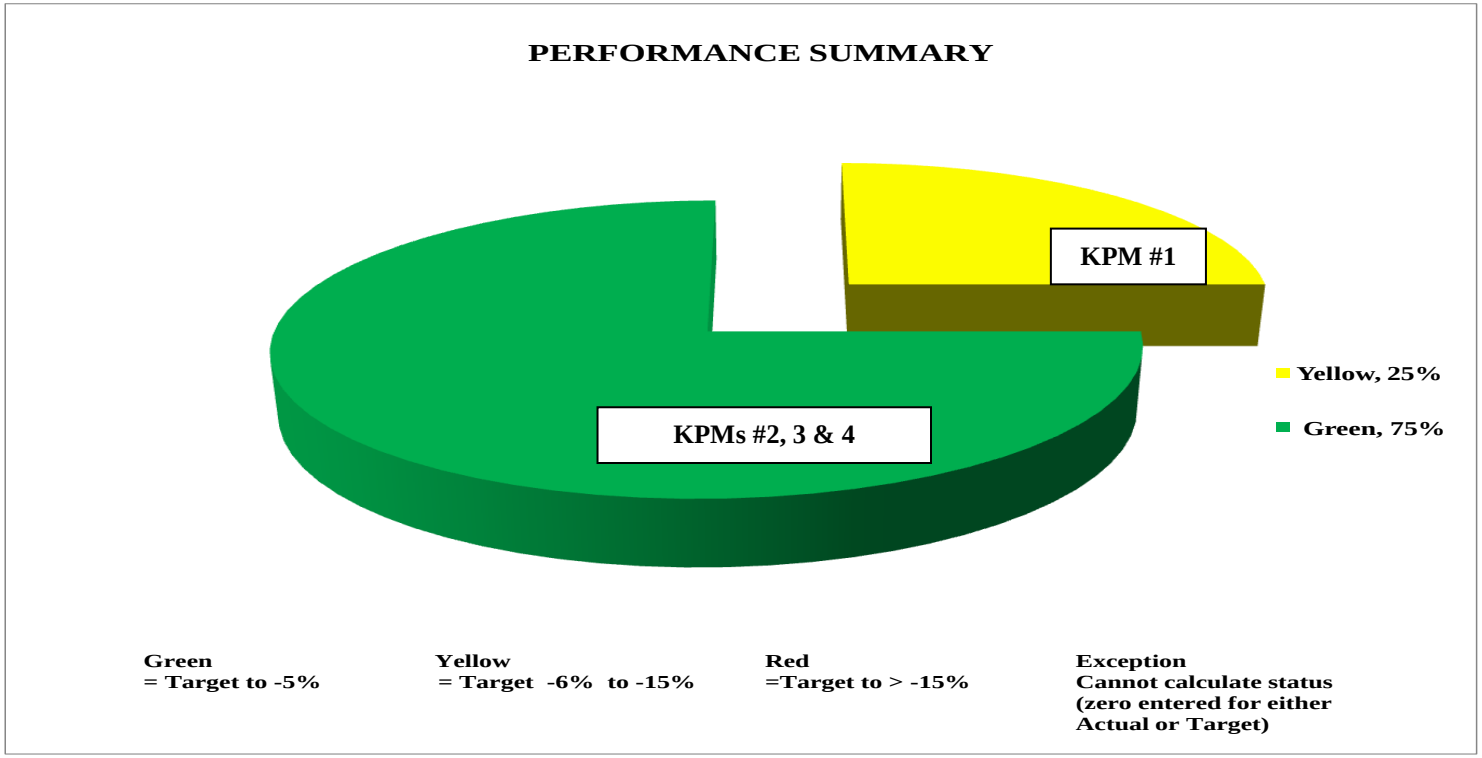
OREGON RACING COMMISSION
Annual Performance Progress Report (APPR) for Fiscal Year 2011
July 1, 2011 – June 30, 2012

Contact: Randy C. Evers, Executive Director — Phone: (971) 673-0209

Alternate: Nancy A. Artmann, Program & Administrative Coordinator — Phone: (971) 673-0211

2011-12 KPM#	2011-12 Key Performance Measures (KPMs)
1	**Animal Safety:** Number of horses euthanized by the Oregon Racing Commission veterinarian due to catastrophic injury occurring during racing per every 1,000 starters.
2	**License Turnaround Time:** Average number of work days from receipt of complete individual application and questionnaire to conclusion of a criminal background check.
3	**Excellent Customer Service:** Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent:" overall timeliness, accuracy, helpfulness, expertise, availability of information.
4	**Best Practices:** Percent of total best practices met by the Board.

Agency Mission: The Mission of the Oregon Racing Commission is to regulate and to facilitate all aspects of the pari-mutuel industry in the State of Oregon for the benefit of the citizenry, the licensees, the participants and the economy of the State of Oregon.



1. SCOPE OF REPORT

The Oregon Racing Commission (ORC) is a one-program agency charged with the responsibility to regulate all aspects of the pari-mutuel industry and, therefore, protecting licensees, racing animal athletes, the public and the state. At the same time, the ORC encourages and supports members of the industry in promoting live handle growth and enhancing live racing by attracting businesses to Oregon that are involved in technological advancements.

2. THE OREGON CONTEXT

Statute mandates that all participants in pari-mutuel activities be licensed by the ORC. This includes individuals, live race meets and multi-jurisdictional simulcasting and wagering companies (Hubs) who conduct business online through a closed-loop subscriber system. The agency has approximately 3,700 active licensees. The agency's efforts directly relate to its mission.

3. PERFORMANCE SUMMARY

Key performance measure #1 allows the ORC to track the number of horses euthanized and aids in identifying solutions to protect the safety of the equine athlete. Measures #2 and #3 are both focused on staff at the commission improving service to our customers/licensees. Measure #4 is an excellent self-assessment tool for the five commissioners to assure they are providing the proper oversight to the staff specifically and the racing industry generally.

4. CHALLENGES

Live racing nationwide and the industry that supports it, is struggling to be viable. The situation is similar in Oregon. Currently, live racing in Oregon consists of horse racing at Portland Meadows and five short summer horse race meets held throughout rural Oregon in Grants Pass, Union, Prineville, Tillamook and Burns.

Another challenge the Commission faces is the uncertainty about the future of Portland Meadows, the remaining commercial meet in Oregon. As with many race tracks throughout North America, Portland Meadows struggles to show a profit. There are many factors contributing to this challenge including the current economic situation and competition from state lotteries and casinos. Portland Meadows has traditionally raced in the winter months. For the first time beginning in 2012, Portland Meadows is conducting a summer race meet. Time will tell if this change to their business model will prove successful.

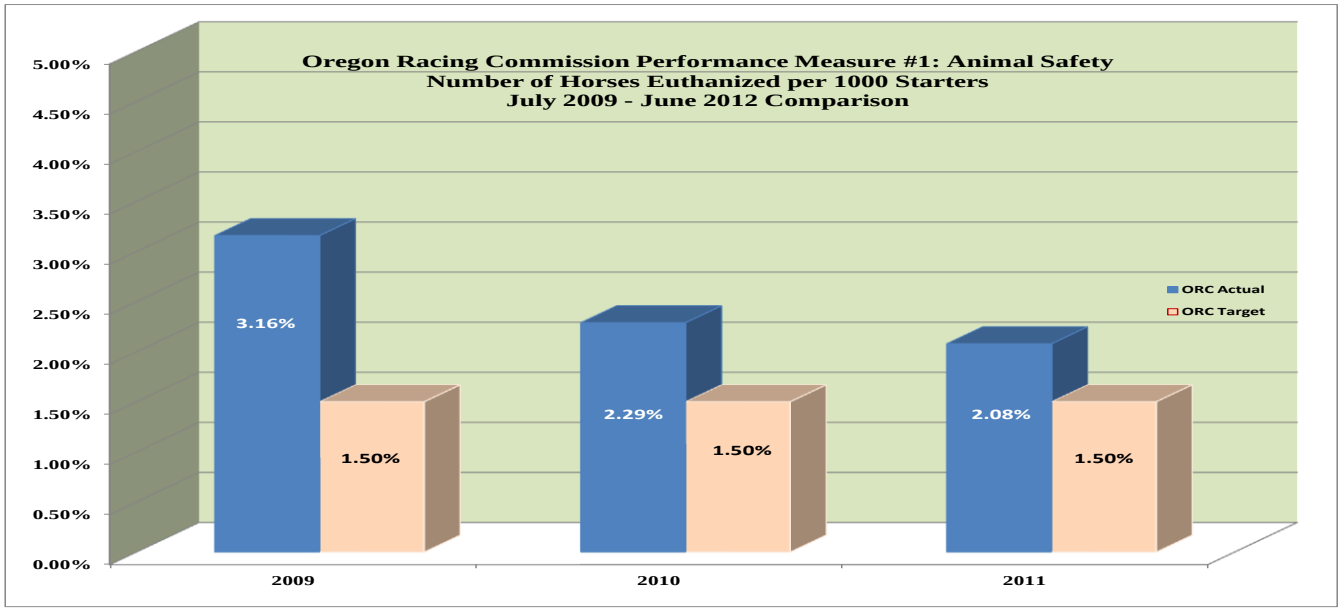
The summer horse racing meets have been vital to the economy of five rural areas of Oregon by increasing tourism, retail sales, and agricultural business as well as encouraging the continued breeding of Oregon race horses. These race meets currently need, and most likely will continue to need, additional financial support. The source of this additional money is presently, and in the future, going to come from the money generated by the Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hubs. The revenue

made available from the multi-jurisdictional hub businesses is key to the continuation of live racing in Oregon. Currently, there are nine hubs licensed in Oregon, which is good testament to Oregon's consistent and fair regulatory practices, many tax options and favorable business environment. However, if the environment for these companies changed and they were to leave Oregon, funding for our industry would be jeopardized. A portion of this revenue is transferred to the state general fund to be disbursed to agencies that rely on general funds for their operating budget.

5. RESOURCES AND EFFICIENCY

The ORC has used its resources to implement a number of initiatives in an effort to make it easier for the stakeholders to comply with our rules and procedures. The ORC has also modified many of its processes to eliminate waste and make it less time consuming for the stakeholders to meet their obligations. These initiatives will improve the results of Key Performance Measures #2, License Turnaround Time, and #3, Excellent Customer Service by providing streamlined forms and informational materials that better assist those in the industry. For example, the ORC: provided an updated version of a simple user manual for trainers, jockeys, grooms and owners; provided training sessions to better understand ORC statutes and rules to licensees; prepared a simple glossary of racing terms for members of our industry; converted paper forms to electronic and made them available on the ORC website; began accepting credit card payments for licenses, fees and fines; and continue to include stakeholders' participation with the ORC in simplifying and revising our administrative rules.

KPM #1	**Animal Safety:** Number of horses euthanized by the Oregon Racing Commission veterinarian due to catastrophic injury occurring during racing per every 1,000 starters.	**Measure Since: 1993**
Goal	Checking licensees for illegal substances, drug testing horses, physically inspecting horses, ensuring track environment is as safe as possible. Protect welfare of all parties, both human and equine.	
Oregon Context	No applicable benchmarks or high-level outcomes. Relates to the ORC Mission.	
Data source	The ORC's stewards and veterinarian keep statistics on all pari-mutuel horse races conducted in the State of Oregon, including the number of horses that actually started in each race and any injuries or fatalities that occurred.	
Owner	Compliance: Randy C. Evers (971) 673-0209	



1. OUR STRATEGY

Checking licensees for illegal substances, drug testing horses, physically inspecting horses, ensuring track environment is as safe as possible. Protect welfare of all parties, both human and equine.

2. ABOUT THE TARGETS

Targets are based on national goals. The national average of catastrophic injuries is about 2.0 per 1,000 starters. The ORC has set a very high standard of only 1.5 per 1,000 starters.

3. HOW WE ARE DOING

The Oregon Racing Commission has realized a downward trend of catastrophic injuries in equine athletes this past year.

4. HOW WE COMPARE

Oregon is slightly above the national average on the number of horses euthanized per 1,000 starters. The national average is approximately two (2) horses euthanized per 1,000 starters. Between 2008 – 2009 and 2009 – 2010, Oregon's rates fell to 2.29% from 3.16%. This decrease in catastrophic injuries continued in 2011 – 2012. During this reporting period, the rate fell from 2.29% to 2.08%.

5. FACTORS AFFECTING RESULTS

There are a variety of factors that can influence catastrophic race horse injuries. These factors include: conditions of the race horse, training methodology, race track surface, medications, racing shoes and racing accidents.

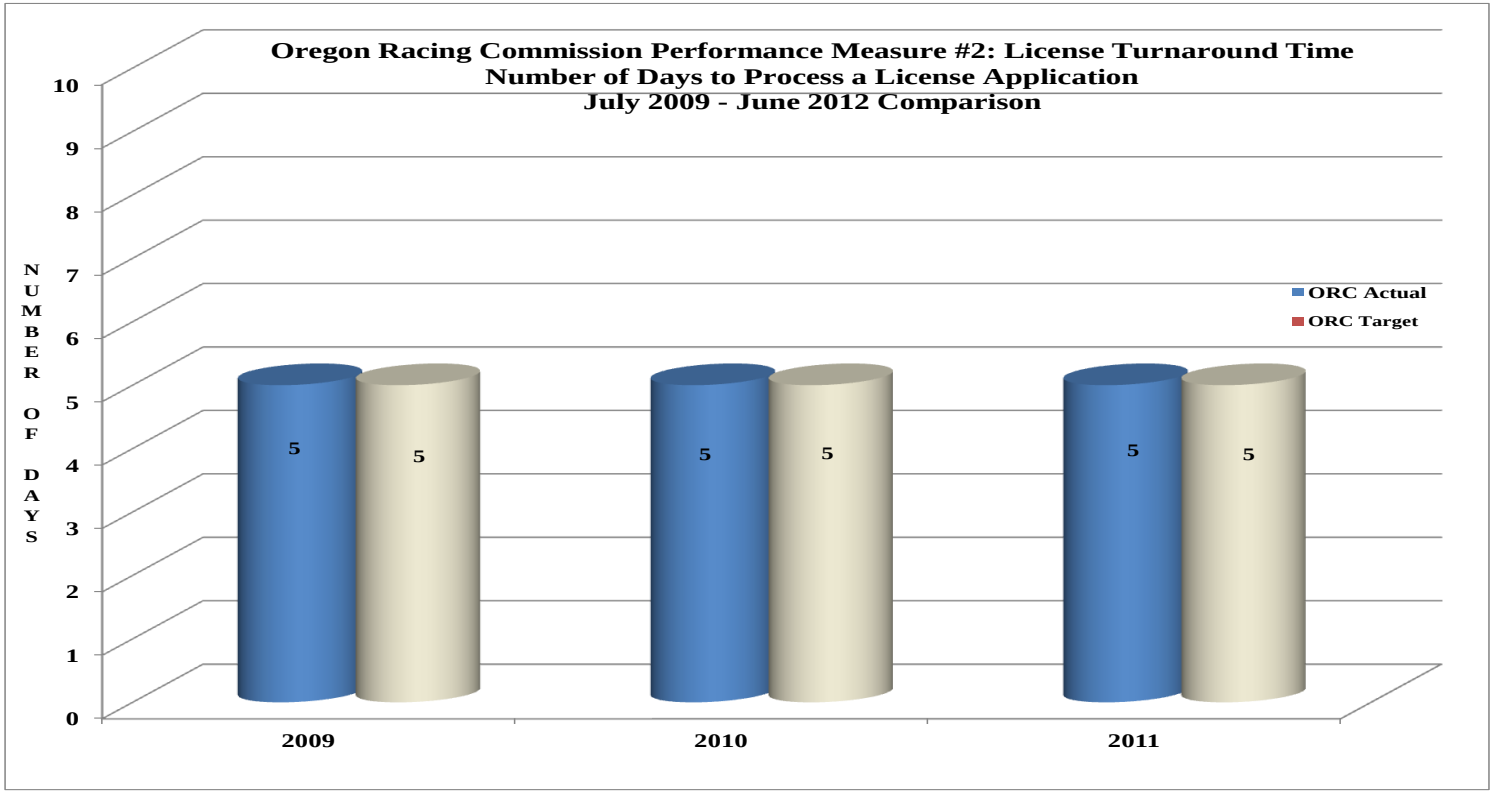
6. WHAT NEEDS TO BE DONE

In February of 2009, the Oregon Racing Commission (ORC) formed the Horse Medication and Safety Committee (HMSC). The purpose of the committee was to make recommendations to the ORC that would reduce the number of catastrophic injuries. Several meetings were held involving stakeholders throughout the industry. In October of 2009, the ORC adopted the recommendations of the committee. Recommendations covered a variety of areas including better track surfaces, review of appropriate medications, limits on racing shoes, establishment of pre-race examinations, and partnership with Oregon State University to conduct a necropsy on every horse euthanized at Portland Meadows. The ORC believed this action plan would result in a reduction of catastrophic injuries. Early statistical reports are confirming that belief. In 2011 – 2012, the HMSC continued to meet on a regular basis to review policies and rules regarding horse safety. Those efforts continue to pay off as the number of catastrophic injuries has declined.

7. ABOUT THE DATA

State fiscal year.

KPM #2	**License Turnaround Time:** Average number of work days from receipt of complete individual application and questionnaire to conclusion of a criminal background check.	**Measure Since: 2007**
Goal	Provide a license to the applicants within a reasonable amount of time. Good public policy.	
Oregon Context	No applicable benchmarks or high-level outcomes. Relates to the agency mission.	
Data source	Licensing Staff and Database	
Owner	Compliance: Randy C. Evers (971) 673-0209	



1. OUR STRATEGY

Provide a license to the applicants within a reasonable amount of time. Good public policy.

2. ABOUT THE TARGETS

The target was based on the average amount of time it takes to process an application to completion which includes inputting information into the database and conducting a background check while also allowing for staff's workload. The target is five business days.

3. HOW WE ARE DOING

The ORC Licensing Office is issuing licenses at the benchmark level.

4. HOW WE COMPARE

Currently, there is no comparative analysis available from other state agencies that regulate racing.

5. FACTORS AFFECTING RESULTS

Workload for staff changes depending on the racing schedule and applicants with extensive backgrounds take, understandably, more time. Additionally, efficiencies were made in allocation of staff time that allowed additional, dedicated staff hours for assisting with license processing. Also, cross-training of staff has occurred to provide better coverage for our licensees.

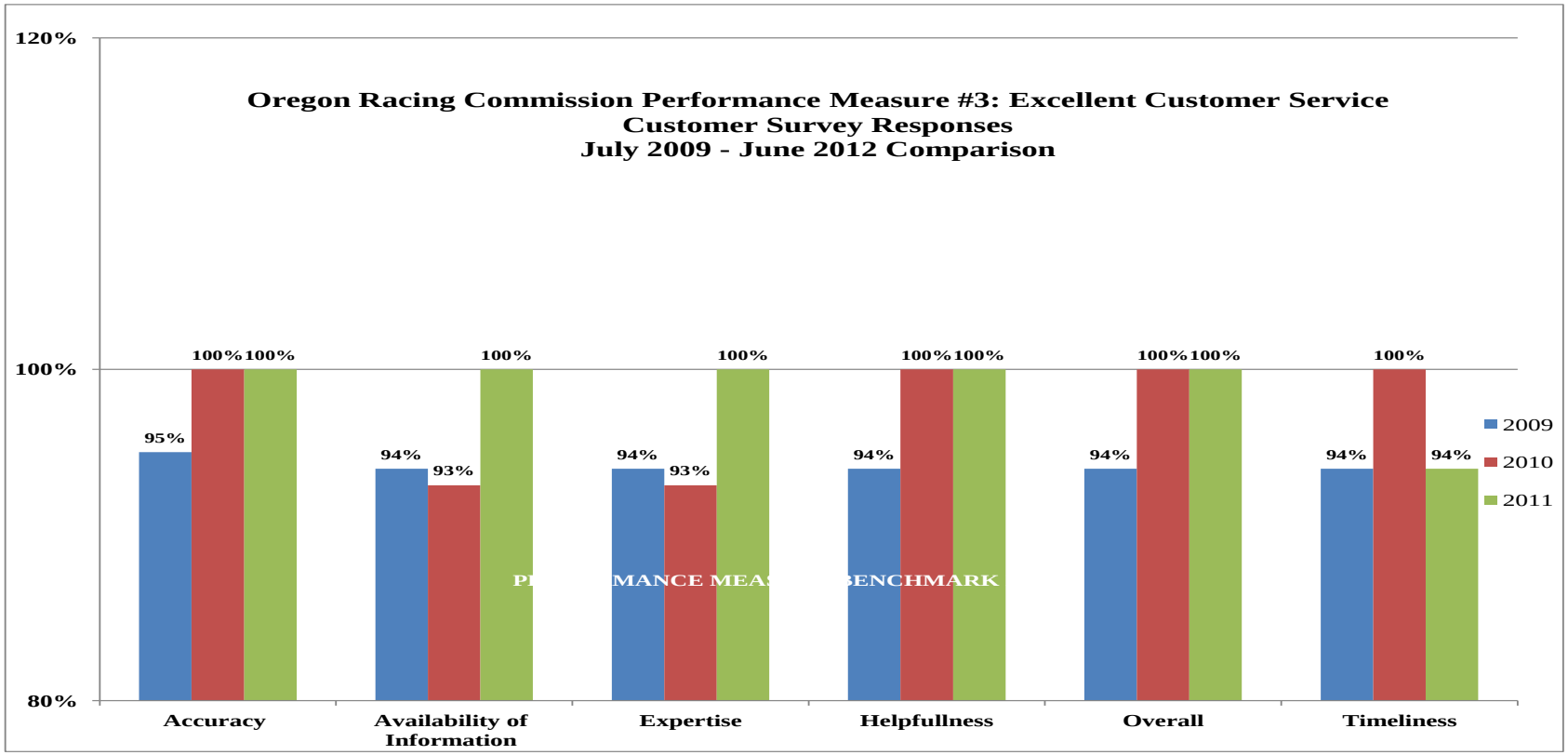
6. WHAT NEEDS TO BE DONE

Continue to provide five-day turnaround time which is serving our licensees very well.

7. ABOUT THE DATA

State fiscal year.

KPM #3	**Excellent Customer Service:** Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent:" overall timeliness, accuracy, helpfulness, expertise, availability of information.	**Measure Since: 2007**
Goal	To provide excellent customer service for the benefit of the citizenry, the licensees and the participants of the pari-mutuel industry in the State of Oregon.	
Oregon Context	No applicable benchmarks or high-level outcomes. Relates to the agency mission.	
Data source	Online survey on our website and two survey and suggestion boxes at two separate locations at the race track.	
Owner	Compliance: Randy C. Evers (971) 673-0209	



1. OUR STRATEGY

To provide excellent customer service for the benefit of the citizenry, the licensees and the participants of the pari-mutuel industry in the State of Oregon by continually monitoring our progress and making changes as deemed necessary.

2. ABOUT THE TARGETS

Targets are established at 75%, a set regulatory standard. An equal or higher percentage is desired.

3. HOW WE ARE DOING

Due to changes in our processes, we are now exceeding our target. Our primary success continues to be hinged upon collaboration with our stakeholders. We constantly reach-out to, and work with, the Oregon Horsemen's Benevolent and Protective Association, Inc. (OHBPA), Oregon Thoroughbred Owners and Breeders Association (OTOBA), Oregon Quarter Horse Racing Association (OQHRA) and the Advanced Deposit Wagering (ADW) companies in our efforts. Those efforts include setting policy through our administrative rules process. Cross-training of staff for better coverage and accepting credit cards continue to have a positive impact.

4. HOW WE COMPARE

We have not received any comparative data from other regulatory agencies.

5. FACTORS AFFECTING RESULTS

As a regulatory agency, possible barriers could include: negative feedback from a licensee because we were unable to issue a license due to their criminal background; and negative feedback because we imposed fines or sanctions to rule violations.

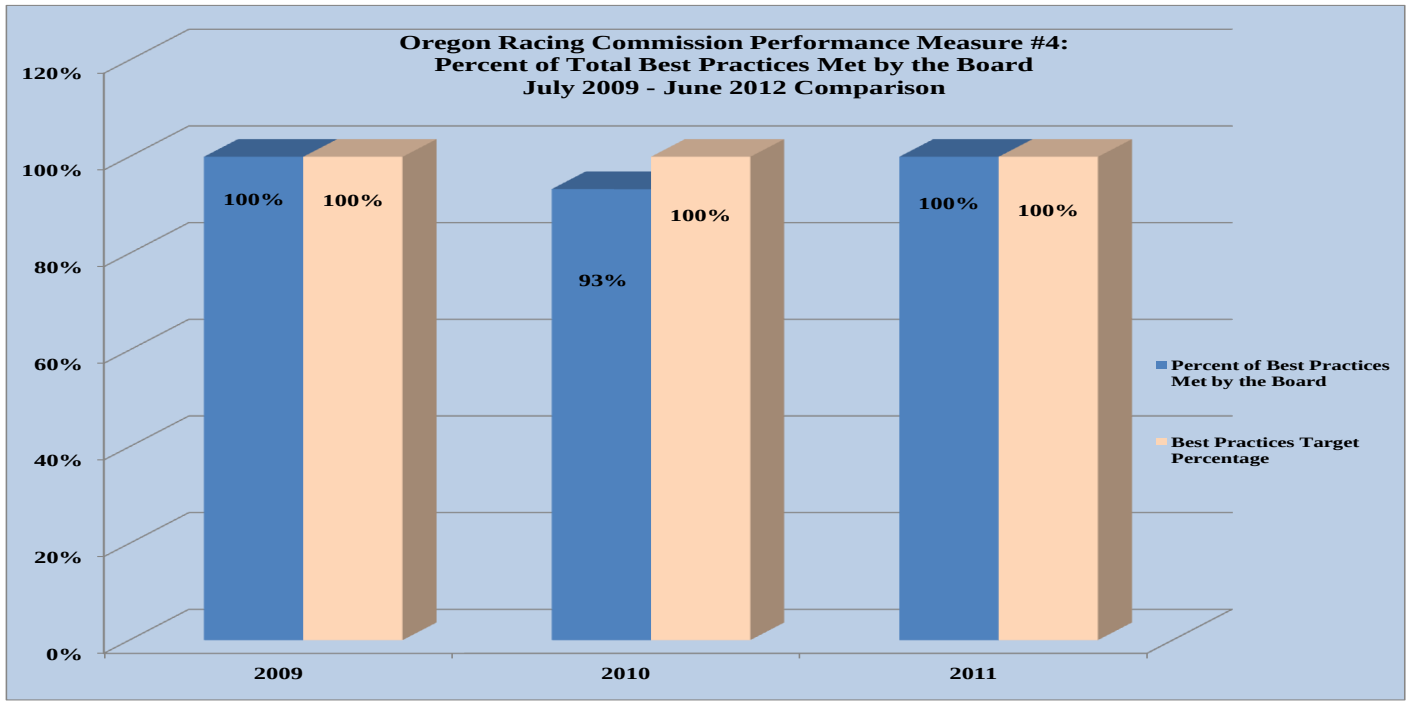
6. WHAT NEEDS TO BE DONE

Continue to monitor feedback from our licensees and adjust to meet their needs within our statutory authority and budgetary constraints.

7. ABOUT THE DATA

State fiscal year.

KPM #4	**Best Practices:** Percent of total best practices met by the Board.	**Measure Since: 2007**
Goal	Best Practices: Percent of total best practices met by the Board.	
Oregon Context	To provide a self-assessment tool for the five commissioners to assure they are providing the proper oversight to the staff specifically and the racing industry generally.	
Data source	Annually, one of the commissioners will submit a survey to be completed by all the commissioners and report the results to the Executive Director.	
Owner	Administration: Randy C. Evers (971) 673-0209	



1. OUR STRATEGY

The Commissioners have developed processes where best practices are incorporated into many of our regular processes (i.e. budget, training, rules development). Annually, our Commissioners will complete a score card to determine the progress on best practices and subsequent actions to take.

2. ABOUT THE TARGETS

The target has been established at 100% so each best practice becomes part of the business practices of the racing commission.

3. HOW WE ARE DOING

All best practices for fiscal year 2011 were met.

4. HOW WE COMPARE

We have no data on how other boards and commissions are doing.

5. FACTORS AFFECTING RESULTS

The best practices are now a part of the Commissioners' oversight of the staff and Commission's work.

6. WHAT NEEDS TO BE DONE

Commissioners will continue to discuss best practices and incorporate them into the business practices of the racing commission.

7. ABOUT THE DATA

Data will be collected by one of the commissioners on an annual basis to coincide with the state fiscal year.

The following indicate how performance measures and data are used for management and accountability purposes

1. INCLUSIVITY

Staff: The Oregon Racing Commission informally discussed with staff: 1) Ways to measure regulated activities that could be used to assess whether the mission of the ORC was being achieved, and 2) Ways these measures would be effective in monitoring agency efficiency which would increase voluntary compliance of licensees and foster trust in the ORC through clear communication and fair, neutral regulatory practices.

Elected Officials: The Annual Performance Progress Report is the primary vehicle the Oregon Racing Commission uses to both inform and receive input from the elected officials.

Stakeholders: The Oregon Racing Commission informally discussed with the stakeholders: 1) Ways to measure regulated activities that could be used to assess whether the mission of the ORC was being achieved, and 2) Ways these measures would be effective in monitoring agency efficiency, increasing voluntary compliance of licensees and fostering trust in the ORC through clear commuinication and fair, neutral regulatory practice.

Citizens: The commission utilizes the monthly meetings, the ORC email and mailing distribution list (by request) and the website to keep citizens informed and to provide a method for receiving their direct input. For example, during each Commission meeting, public comment time is designated for anyone to come and speak to the Commissioners.

2. MANAGING FOR RESULTS: The Oregon Racing Commission's performance measures are used to ensure the safety of the industry participants, to monitor that the ORC is effectively providing information and materials regarding the regulations, thus increasing licensee voluntary compliance, and to evaluate whether staff has the appropriate tools and processes in place to successfully perform their jobs.

3. STAFF TRAINING: Staff has received the agency performance measures and has been advised in staff meetings how they will be used to monitor the effectiveness of the agency in accomplishing our mission.

4. COMMUNICATING RESULTS

Staff: Performance results will be distributed to staff, discussed and addressed annually at a Commission meeting. These results will also be available on the ORC webpage at http://www.oregon.gov/racing/ A "performance measures" link is posted in the "About Us" section of the ORC website which directs the user to the information.

Elected Officials: The Annual Performance Progress Report is the primary vehicle the Oregon Racing Commission uses to communicate performance results to elected officials. These results will also be available on the ORC webpage by following the link and directions listed in the "Staff" section, above.

Stakeholders: Performance results are distributed, discussed and addressed annually at a Commission meeting. These results will also be available on the ORC webpage by following the link and directions listed in the "Staff" section, above.

Citizens: The Annual Performance Progress Report is the primary vehicle the Oregon Racing Commission uses to communicate performance results to citizens. These results will also be available on the ORC webpage by following the link and directions listed in the "Staff" section, above.

APPENDIX C

Position Reclassification

The ORC neither reclassified any position during the 2011 -2013 biennium, nor did it hire anyone beyond step 2.