

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5044-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Jenson
Carrier – Senate: Sen. Shields**

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 23 – 2 – 1

House

Yeas: Barker, Buckley, Frederick, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays: Freeman, Hanna

Exc:

Senate

Yeas: Burdick, Devlin, Edwards, Girod, Hansell, Rosenbaum, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc: Johnson

Prepared By: Art Ayre, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

Meeting Date: May 17, 2013

Agency

Racing Commission

Biennium

2013-15

Budget Summary*

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$\$ Change	% Change
Other Funds	\$ 5,192,629	\$ 5,442,748	\$ 5,836,187	643,558	12.4%
Total	\$ 5,192,629	\$ 5,442,748	\$ 5,836,187	643,558	12.4%

Position Summary

Authorized Positions	15	15	15	0
Full-time Equivalent (FTE) positions	13.27	13.27	13.27	00.00

(1) Includes adjustments through December 2012.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Racing Commission was created in 1933 to regulate the pari-mutuel industry in Oregon. The Commission regulates all aspects of horse racing where pari-mutuel wagering is conducted, including both on track and off-track wagering facilities. The agency’s budget consists entirely of Other Funds, supported by revenue derived from the state’s share of wagering receipts, license fees, and licensee fines. The state’s share of total bets made at horse racing tracks and on simulcast horse races is 1 percent. The Commission also regulates Multijurisdictional Simulcasting and Interactive Wagering Totalizator Hubs (Hubs) located in the state; up to one quarter of one percent of all Hub wagers are collected by the Commission. Statutorily, one third of these revenues are transferred to the state General Fund, with the remaining two thirds going to the agency’s Racing Development Fund to be used for the benefit of the Oregon pari-mutuel racing industry. The budget approved by the Subcommittee leaves an ending balance equivalent to approximately three months of operating expenses.

Summary of Transportation and Economic Development Subcommittee Action

The Oregon Racing Commission oversees live horse racing at Portland Meadows Racetrack and at five local race meet sites across Oregon. The agency also regulates horse racing occurring at off-track betting sites and through wagering Hubs. The Commission’s goals include promoting live racing in Oregon to enhance the horse race industry and preserve jobs, ensuring the safety and security of humans, horses and property and being a leader in licensing and regulating Advance Deposit Wagering (ADW) companies. Regulatory activities of the Commission include licensing, inspections, and investigations of allegations of violations of the Oregon Revised Statutes, Administrative Rules and regulations governing the Commission.

The Subcommittee approved a budget of \$5,836,187 Total Funds and 15 positions (13.27 FTE). This is a 12.4 percent increase from the 2011-13 Legislatively Approved Budget.

The recommended budget includes Package 092: PERS Tax Policy. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30%. Package 092 results in a reduction to Other Funds expenditure limitation of \$6,291.

The recommended budget includes Package 093: Other PERS Adjustments. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2%. Package 093 results in a reduction to Other Funds expenditure limitation of \$50,270.

The recommended budget includes Package 811: New Advance Deposit Wagering Company. This package reflects additional distribution to racing industry partners, funded in part by the licensing and operation of a new Advance Deposit Wagering company scheduled to begin operations in August 2013. The addition of this company and resulting revenue for the 2013-15 biennium – including an estimated \$145,000 in daily licensing fees and \$85,283 in taxes on wagers -- was not anticipated when the Governor's budget was developed. Package 811 is structured as follows: daily licensing fees, and 2/3rds of resulting pari-mutual taxes (approximately \$56,855), with Commission fund balances making up the difference, fund an increase in Other Funds expenditure limitation of \$450,000, which will be distributed as special payments to partners in the racing industry, per ORS 462.725(4).

Summary of Performance Measure Action

See attached Legislatively Adopted 2013-15 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5044-A

Oregon Racing Commission
Art Ayre - 503-378-3108

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 5,192,629	\$ 0	\$ 0	\$ 0	\$ 5,192,629	15	13.27
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 5,442,748	\$ 0	\$ 0	\$ 0	\$ 5,442,748	15	13.27
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
SCR 010 - General Program									
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$ (6,291)	\$ 0	\$ 0	\$ 0	\$ (6,291)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (50,270)	\$ 0	\$ 0	\$ 0	\$ (50,270)	0	0.00
Package 811: New Advance Deposit Wagering Company									
Special Payments	\$ 0	\$ 0	\$ 450,000	\$ 0	\$ 0	\$ 0	\$ 450,000		
TOTAL ADJUSTMENTS	\$ 0	\$ 0	\$ 393,439	\$ 0	\$ 0	\$ 0	\$ 393,439	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ 0	\$ 0	\$ 5,836,187	\$ 0	\$ 0	\$ 0	\$ 5,836,187	15	13.27
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	12.4%	0.0%	0.0%	0.0%	12.4%	0.0%	0.0%
% Change from 2013-15 Current Service Level	0.0%	0.0%	7.2%	0.0%	0.0%	0.0%	7.2%	0.0%	0.0%

Legislatively Approved 2013-2015 Key Performance Measures

Agency: Oregon Racing Commission

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.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
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.		Approved KPM	2.08	1.50	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.		Approved KPM	5.00	5.00	5.00
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.	Accuracy	Approved KPM	100.00	75.00	75.00
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.	Availability of Information	Approved KPM	100.00	75.00	75.00
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.	Expertise	Approved KPM	100.00	75.00	75.00
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.	Helpfulness	Approved KPM	100.00	75.00	75.00
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.	Overall	Approved KPM	100.00	75.00	75.00

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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.	Timeliness	Approved KPM	94.00	75.00	75.00
4 - Best Practices: Percent of total best practices met by the Board.		Approved KPM	100.00	100.00	100.00

LFO Recommendation:

The Legislative Fiscal Office proposes targets for KPMS in 2014 and 2015 as follows:

KPM #1: Target = 1.5 euthanizations per 1,000 starts

KPM#2: Target = 5 days to issue a license

KPM#4: Target = 100% of best practices met by the Commission.

Sub-Committee Action:

The Transportation and Economic Development Subcommittee recommends approval of the LFO recommendation.