

Oregon Racing Commission

| | 2011-13 Actuals | 2013-15 Leg. Approved | 2015-17 CSL LFO | 2015-17 Governor's |
|--------------------|--------------------|--------------------------|--------------------|-----------------------|
| Other Funds | 4,923,397 | 5,905,502 | 6,028,486 | 6,022,524 |
| Total Funds | 4,923,397 | 5,905,502 | 6,028,486 | 6,022,524 |
| Positions | 15 | 15 | 15 | 15 |
| FTE | 13.27 | 13.27 | 13.27 | 13.27 |

*includes Emergency Board and administrative actions through December 2014

Program Description

The Oregon Racing Commission regulates the racing industry so that players and participants have, and believe they have, a fair opportunity to win. In addition, regulation helps ensure the physical safety of the participants, including the race horses. Regulated activities include the following major areas:

- Live racing at fairs and Portland Meadows – this involves licensing the race meets and participants; stewards that provide onsite supervision of and determinations at live race meets; and veterinarians and test barn activities to ensure the health and safety of the horses and integrity of the races.
- Auditing pari-mutuel transactions, including simulcast and off-track wagering to ensure accuracy and timeliness of payouts; and
- Regulation and auditing of multi-jurisdictional simulcasting and interactive wagering totalizator hubs incorporated within Oregon, consisting of tracking and auditing financial documents, contracts, annual review of applications, and researching new wagering technologies.

CSL Summary and Issues

There are no material differences in Current Service Level estimates between the Executive Branch and the Legislative Fiscal Office.

Racing Commission revenues are derived from a share of wagering receipts, license fees, and licensee fines. The Commission collects 1% of all wagers made on tracks (live racing) or at off-track betting sites. 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 General Fund with the remaining 2/3rds going to the agency's Racing Development Fund to be used for the benefit of the Oregon pari-mutuel racing industry. Fines and forfeitures comprise approximately \$15,000 of agency revenue.

Policy Issues

- ORC has submitted no policy option packages in conjunction with its Agency Request Budget.
- HB 2481 would allow the Commission to charge a \$50, refundable-under-certain-circumstances filing fee for appeals of board of stewards rulings. The bill was submitted in an attempt to curb the number of appeal filings in which the appellant fails to show up at the appeal. The situation costs the agency legal fees and preparation time for stewards and agency investigators.
- Legislation has been submitted which increases the percentage of gross wagering receipts that would be retained by the Commission for the benefit of the racing industry, from 66.6% to 85%. The additional funding is intended to increase the purses for Oregon racehorses, increasing the potential that more and better horses would compete, in an effort to foster the popularity and sustainability of the industry.
- The prospects for live racing at Portland Meadows may be uncertain in future years, as the meet struggles with profitability and competition from other gambling operations.
- Currently there are nine licensed multi-jurisdictional simulcasting and interactive wagering hubs licensed in Oregon. Favorable tax options, licensing rates and a professional regulatory environment have made Oregon a popular place for internet-based gambling sites to register as a business, and their taxes and fees support live racing in Oregon as well as a share of agency operating expenditures. One company registered last biennium has since left Oregon. While it only paid approximately \$2 per week in taxes, the loss of the \$200 daily licensing fee to support agency operations has been keenly felt, but managed. This departure illustrates that there are number of other jurisdictions competing for these companies.

Other Significant Issues and Background

The ORC is in the process of implementing "instant racing" wagering, authorization for which was first passed in 2013 and refined in 2014. Instant racing may provide additional revenue to support racing development in the future, provided there is sufficient public interest and wagering on these races.

Co-Chairs' Budget Framework Discussion

No specific budget details or issues were identified in the Co-Chairs' budget framework for this agency.