

HB 5036 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: Michelle Deister, Legislative Fiscal Office

Racing Commission

2017-19

PRELIMINARY

Budget Summary*

	2015-17 Legislatively Approved Budget (1)	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 6,279,468	\$ 6,443,325	\$ 6,443,325	163,857	2.6%
Total	\$ 6,279,468	\$ 6,443,325	\$ 6,443,325	\$ 163,857	2.6%

Position Summary

Authorized Positions	14	14	14	0
Full-time Equivalent (FTE) positions	12.27	12.27	12.27	0.00

(1) Includes adjustments through December 2016

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Racing Commission is funded entirely with Other Funds, with revenues deriving from its share of wagering receipts, license fees and licensee fines. The revenue projection for the 2017-19 biennium is \$6.9 million. Of these revenues, parimutuel receipts, business licensing, and fees constitute the vast majority—upwards of 90 percent. All fee revenues received are used for Commission expenses. The Commission’s share of total bets made at live Oregon race meets and on simulcast races at Portland Meadows is one percent.

With respect to the nine Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizer Hubs currently licensed in Oregon, the Commission collects a license fee of \$200 per operating day, which supports Commission operations. During the licensing period, payments of 0.25 percent of the first 60 million dollars in gross pari-mutuel wagering receipts during the license period and 0.25 percent of in excess of \$60 million from these companies is split between the state General Fund (which receives 25 percent) and the Racing Development Fund, which supports purses and other expenses or activities that benefit the Oregon pari-mutuel racing industry. The total taxes levied on pari-mutuel receipts cannot exceed caps set in OAR 462-220-0040. Caps automatically increase by 2.5 percent annually, unless the Commission acts to change the limits prior to the beginning of the fiscal year.

The amount of the General Fund transfer projected in the 2017-19 budget is \$1.2 million. The remaining \$4.1 million in projected revenue will be deposited in the Racing Development Fund. The Committee’s recommended budget anticipates an ending balance equivalent to two months of operating expenditures, including special payments. However, the agency receives the majority of its revenue in the first quarter of each year, so cash flow issues are not anticipated. Further, the agency has some discretion in what it allocates for racing development, to the extent that race meets cannot operate without adequate regulatory oversight from the agency.

Summary of Transportation and Subcommittee Action

Established in 1933 as part of the Pari-Mutuel Wagering Act, the mission of the Oregon Racing Commission is to regulate all aspects of the parimutuel industry in Oregon—for the benefit of citizens, licensees, participants and the State of Oregon. Pari-mutuel wagering is a system of betting through which winners divide the total amount bet for that specific type of wager after management expenses have been deducted. The Commission oversees horse racing at Portland Meadows Racetrack and at five county fair race sites, including: Union, Grants Pass, Prineville, Tillamook and Burns. In order to provide a safe and fair racing environment, the Commission oversees licensing of race participants (jockeys, trainers and owners), pari-mutuel wagering operations and specific rules on horse racing. The Commission regulates all aspects of on track and off-site wagering operations, including the simulcast of races and Multi-jurisdictional Simulcasting and Interactive Wagering Totalizer Hubs (hubs). These hubs provide simulcasting of race meets conducted across the country. Currently, there are approximately 3,700 licensed race meet participants, nine multi-jurisdictional hubs and 10 off-track betting locations in Oregon.

The Subcommittee approved a budget of \$6,443,325 million Other Funds. The approved budget is a 2.6 percent increase from the 2015-17 Legislatively Approved Budget. It includes 14 positions and 12.27 full-time equivalent (FTE) positions.

Summary of Performance Measure Action

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Racing Commission
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DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ -	\$ -	\$ 6,279,468	\$ -	\$ -	\$ -	6,279,468	14	12.27
2017-19 Current Service Level (CSL)*	\$ -	\$ -	\$ 6,443,325	\$ -	\$ -	\$ -	6,443,325	14	12.27
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 6,443,325	\$ -	\$ -	\$ -	6,443,325	14	12.27
% Change from 2015-17 Leg Approved Budget	0.0%	0.0%	2.6%	0.0%	0.0%	0.0%	2.6%		
% Change from 2017-19 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		

*Excludes Capital Construction Expenditures

Legislatively Approved 2017 - 2019 Key Performance Measures

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Agency: Racing Commission, Oregon

Mission Statement:

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 Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
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	273%	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	50	5	5
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.	a) Timeliness	Approved	82%	75%	75%
	b) Accuracy		82%	75%	75%
	c) Overall		80%	75%	75%
	d) Expertise		82%	75%	75%
	e) Helpfulness		62%	75%	75%
	f) Availability of Information		82%	75%	75%
4. Best Practices - Percent of total best practices met by the Board.		Approved	100%	100%	100%

LFO Recommendation:

The Legislative Fiscal Office recommends approval of key performance measures and targets as presented. It should be noted that the Last Reported Result for KPM #1 does not represent an increase in catastrophic injuries; on the contrary, it represents the fact that they improved upon the target, by having fewer injuries (0.55% vs the target of 1.50% of starts). Because reporting for the measure can be - depending on your perspective - counterintuitive, it is recommended that when reporting on KPM #1 - Animal Safety, the Racing Commission include in future reporting narrative the actual *number* of catastrophic injuries, as well as the rate of injuries as a percentage of total starts, to provide context and additional transparency.

SubCommittee Action:

The Transportation and Economic Development Subcommittee approved the Legislative Fiscal Office recommendation.