

Introductory

OREGON RAILROAD COMMISSION
Governor's Balanced Budget
2017 - 2019

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CERTIFICATION

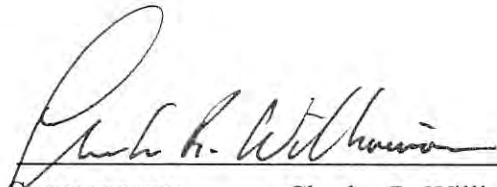
I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the accuracy of all numerical information has been verified.

Oregon Racing Commission

800 NE Oregon Street, Ste. 310, Portland OR 97232

AGENCY NAME

AGENCY ADDRESS



SIGNATURE

Charles R. Williamson

Agency Chair

TITLE

Notice: Requests of agencies headed by a board or commission must be approved by official action of those bodies and signed by the board or commission chairperson.

The requests of other agencies must be approved and signed by the agency director or administrator.

Agency Request

Governor's Budget

Legislatively Adopted

Legislative Action

BUDGET REPORT AND MEASURE SUMMARY

CARRIER: Rep. Nearman

Joint Committee On Ways and Means

Action: Do Pass.

Action Date: 05/01/15

Vote:

House

Yeas: 10 - Buckley, Gomberg, Huffman, Komp, McLane, Rayfield, Smith, Whisnant, Whitsett, Williamson

Exc: 2 - Nathanson, Read

Senate

Yeas: 12 - Burdick, Devlin, Girod, Hansell, Johnson, Monroe, Roblan, Shields, Steiner Hayward, Thomsen, Whitsett, Winters

Prepared By: Tamara Brickman, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

Agency: Racing Commission

Biennium: 2015-17

Budget Summary*

	2013-15 Legislatively Approved Budget ⁽¹⁾	2015-17 Current Service Level	2015-17 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 5,905,502	\$ 6,028,486	\$ 6,028,486	\$ 122,984	2.1%
Total	\$ 5,905,502	\$ 6,028,486	\$ 6,028,486	\$ 122,984	2.1%

Position Summary

Authorized Positions	15	15	14	-1
Full-time Equivalent (FTE) positions	13.27	13.27	12.27	-1.00

⁽¹⁾ Includes adjustments through December 2014

* Excludes Capital Construction expenditures

Revenue Summary

The 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 2015-17 biennium is \$5.6 million—the same amount projected for the current biennium. Of these revenues, pari-mutuel receipts and business licensing and fees constitute the vast majority—upwards of 90 percent. In FY 2014, pari-mutuel receipts alone accounted for 62.4 percent of available revenue. All fee revenues received are used for Commission expenses. The Commission’s share of total bets made at horse racing tracks and on simulcast horse races comes to one percent.

With respect to the nine hubs currently licensed in Oregon, the Commission collects a license fee of \$200 per operating day and a tax of 0.25 percent of gross pari-mutuel wagering receipts. However, the total taxes levied on pari-mutuel receipts cannot exceed caps set in OAR 462-220-0040. At this time, the caps only apply to three of the nine hubs licensed in Oregon—Twin Spires, TVG and XpressBet. The caps automatically increase by 7.5 percent annually, unless the Commission acts to change the limits prior to the beginning of the fiscal year.

Of the revenue generated from pari-mutuel receipts, one-third is deposited in the state General Fund; the amount of the transfer projected in the 2015-17 budget is \$1,257,334. The remaining two-thirds are deposited in the Racing Development Fund in order to be used by the Commission for “the benefit of the Oregon pari-mutuel racing industry.”

The recommended budget leaves an ending balance equivalent to just over one month of operating expenses. However, the agency receives the majority of its revenue in the first quarter of each year, so a multiple month carryforward is not strictly necessary for purposes of maintaining operating cash. 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 Economic Development 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 pari-mutuel industry in Oregon—for the benefit of citizens, licensees, participants and the State of Oregon. 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. 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 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 at least 15 off-track betting locations in Oregon.

The Subcommittee approved a budget of \$6,028,486 million Other Funds. The approved budget is a 2.1 percent increase from the 2013-15 Legislatively Approved Budget. It includes 14 positions and 12.27 full-time equivalents (FTE).

The Subcommittee approved the following adjustments to the Commission's current service level budget:

Package 801: LFO Analyst Adjustments. This package reflects an adjustment to eliminate an investigator position and transfer the associated expenditure limitation from Personal Services to Services and Supplies, to better reflect recent actual and future expected Racing Commission expenditures. The Racing Commission has maintained a long-term vacancy in investigations. Due to a reduction in the number of racing days per year, the agency has managed investigatory workload with its remaining two investigator positions. Conversely, the agency is facing increases in services and supplies expenditures due to an increase in insurance premiums for jockeys and Department of Justice expenses. This package has a net \$0 expenditure impact to the Racing Commission.

Summary of Performance Measure Action

See attached Legislatively Adopted 2015-17 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5536-A

Oregon Racing Commission
Travis Miller -- (503) 373-1109

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2013-15 Legislatively Approved Budget at Dec 2014 *	\$ -	\$ -	\$ 5,905,502	\$ -	\$ -	\$ -	\$ 5,905,502	15	13.37
2015-17 Current Service Level (CSL)*	\$ -	\$ -	\$ 6,028,486	\$ -	\$ -	\$ -	\$ 6,028,486	15	13.37
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR010-01 - General Program									
Package 801: LFO Analyst Adjustment									
Personal Services	\$ -	\$ -	\$ (99,984)	\$ -	\$ -	\$ -	\$ -	-1	-1.00
Services and Supplies	\$ -	\$ -	\$ 99,984	\$ -	\$ -	\$ -	\$ -		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-1	-1.00
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 6,028,486	\$ -	\$ -	\$ -	\$ 6,028,486	14	12.37
% Change from 2013-15 Leg Approved Budget	0.0%	0.0%	2.1%	0.0%	0.0%	0.0%	2.1%	-6.7%	-7.5%
% Change from 2015-17 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-6.7%	-7.5%

*Excludes Capital Construction Expenditures

Legislatively Approved 2015-2017 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 2016	Target 2017
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	1.70	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	89.00	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	85.00	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	90.00	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	90.00	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	90.00	75.00	75.00

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 2016	Target 2017
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	80.00	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 recommends Key Performance Measure targets as presented. It is recommended that targets for KPM 2 and 3 be reevaluated in 2017 based on actual results, in the event that the recommended change in the number of investigative staff has an adverse impact on performance or customer satisfaction.

Sub-Committee Action:

Approve the Key Performance Measures as presented. Targets for KPM 2 and KPM 3 will be examined in 2017 based on actual results, in the event that the change in the number of investigative staff adversely affects performance in license issuance or customer satisfaction.

Agency Summary

Budget Narrative

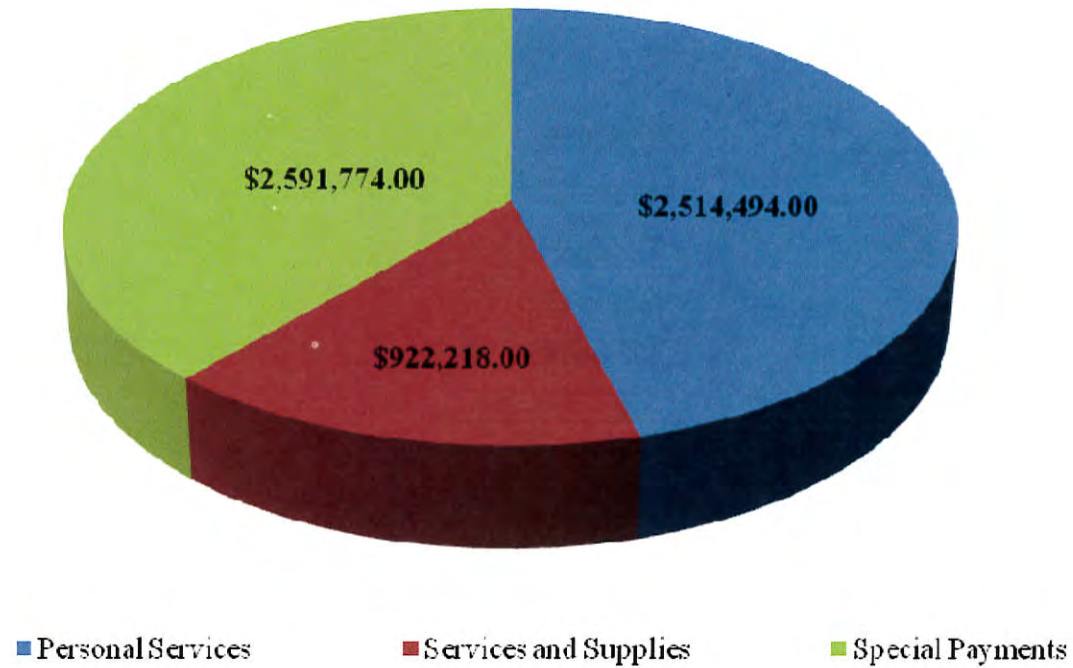
1. AGENCY SUMMARY NARRATIVE

In the area of personal services, the staffing level for the Oregon Racing Commission (ORC) remains static. Increases in personal services this biennium reflect changes to cost of living, benefits packages, etc. In the area of Services and Supplies, the ORC has reduced its costs for this biennium. The assumption is that the remaining S&S categories will increase at the rate that is projected by the Department of Administrative Services unless otherwise stated in the Price List included with the 2017 - 2019 Budget Instructions. In the area of special payments the amount remains static from last biennium to this biennium.

<u>EXPENDITURE PROJECTIONS:</u>	<u>2015- 2017</u>	<u>2017-2019</u>
Personal Services:	\$2,514,494	\$2,532,536
Services & Supplies:	\$922,218	\$ 997,683
Special Payments:	\$2,591,774	\$2,810,232
Total Expenditures:	\$6,028,486	\$6,340,451

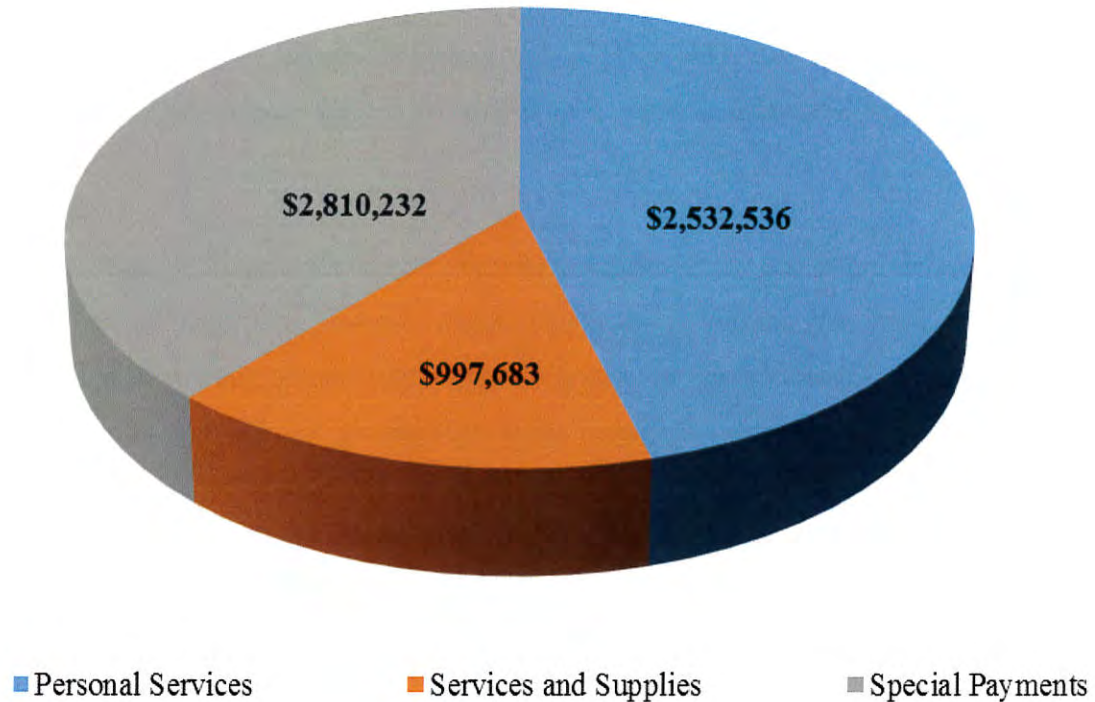
Budget Narrative

Oregon Racing Commission
2015 - 2017 Expenditures for Agency Request Budget
\$6,028,486



Budget Narrative

Oregon Racing Commission 2017 - 2019 Expenditures for Agency Request Budget \$6,340,451



Budget Narrative

Mission Statement and Statutory Authority

The Mission of the Oregon Racing Commission is as follows: *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*

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 its staff are 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.

Agency Plans

Agency 2-year Plan

The Pari-Mutuel Industry of the State of Oregon can be categorized into the four areas listed below.

- Live Racing
- Simulcast and Off-Track Wagering
- Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hubs
- Historic Racing (offered exclusively at the commercial race track facility)

Long-term Agency Plan

- Continue to provide a fair regulatory environment and tax structure to attract and maintain Hub businesses in Oregon
- Continue promoting and encouraging the use of new technology
- Assist in the continuing implementation of technological advances which will enhance the distribution of the racing product and information
- Continue to build strong partnerships with Oregon and national racing associations
- Continue to use technology to enhance live racing in Oregon
- Review racing statutes and administrative rules for revisions
- Continue the work of the Horse Medication and Safety Sub-committee to ensure safety for jockeys and horses

Each of the above listed areas requires regulation by the Commission. Each of the above areas also serves a purpose for the longevity and overall big picture of the Oregon Pari-mutuel Industry.

Budget Narrative

Program Descriptions

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

Budget Narrative

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 custody 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 one full-time staff investigator. 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. The investigative unit 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. This unit 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. The unit interfaces 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

Budget Narrative

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.

Budget Narrative

Environmental Factors

One environmental factor for the Commission and the pari-mutuel industry is the Multi-jurisdictional Simulcasting and Interactive Wagering Hubs (Hubs) licensed in Oregon. The revenue from the Hubs has saved live racing at the county fairs and has contributed to Advertising 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 2015–2017 biennium, \$2,591,774.00 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 and Protection Association (OHBPA), the Oregon Thoroughbred Owners and Breeders Association (OTOBA), the Oregon Quarter Horse Racing Association (OQHRA) and Portland Meadows.

Currently, there are nine 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 Advanced Deposit Wagering Companies (ADWs/Hubs). Still, Oregon remains the leading state in the nation to license 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 race meet. This was successful

Budget Narrative

for Portland Meadows in that larger crowds attended the races on track but simulcast revenue declined. Because of this racing has returned to a winter race meet due to more horses being available and simulcast signal generating more revenue during those months.

Initiatives and Accomplishments

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.

As stated previously in this narrative, the Pari-Mutuel Industry is categorized into three areas, each serving a specific purpose to the industry:

1. **Live Racing** – Live animal athletes racing in Oregon is the base of the industry in this state and the area which all activities are focused toward supporting.

Agency Goals:

- ✓ To provide the regulatory framework to maintain as safe a racing environment as possible for racing animal athletes and participants

Budget Narrative

- ✓ To provide the regulatory framework to ensure the wagering public and licensed participants that the races are run fairly and that they or their racing animal has a fair chance of winning

2. **Simulcast and Off-Track Wagering** – Includes simulcasting by signal coming into Oregon and going out of Oregon and the Oregon Off-track Wagering sites.

Agency Goals:

- ✓ To provide a regulatory framework that allows simulcasting to enhance the live racing program and safeguard the wagering public and the horse owners along with the Oregon commercial race track's interest
- ✓ To provide a regulatory framework over off-track wagering to provide a safe and functional off-track wagering environment for the wagering public which enhances Oregon live racing

3. **Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hubs**

Agency Goals:

- ✓ To provide the regulatory framework to license multi-jurisdictional hubs that meet the necessary qualifications to enhance live racing activities in Oregon without causing adverse impacts to other jurisdictions
- ✓ To provide a regulatory framework over the operation of multi-jurisdictional hubs necessary to safeguard the interests of the wagering public
- ✓ To provide a regulatory framework which provides the necessary safeguards while allowing for the integration of new and emerging technology to be utilized by hub operators

4. **Historic Racing**

Agency Goals:

- ✓ To provide regulatory approval and oversight of historic racing authorized by ORS 462.155
- ✓ To provide audit and regulatory oversight of the terminals and systems through which the pari-mutuel wagers are processed

Budget Narrative

CRITERIA FOR 2017 - 2019 BUDGET DEVELOPMENT

The revenue assumptions for the 2017 - 2019 biennium are that the amount of revenue from live racing to the ORC budget will decrease slightly. The revenue from participant licensing fees and fines will remain static.

The revenue derived from the Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hubs is expected to increase slightly, 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 tax paid on the pari-mutuel handle. The 2017 - 2019 budget assumes that nine 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 \$624,217.00 for the fiscal year 2016 and \$671,034.00 for the fiscal year 2017.

In 2016 the Commission amended through the rule making process OAR 462-220-0040 (3) (b) (B) which provides for “caps” on taxation to increase at the rate of 2.5% each year versus 7.5% previously. This has attracted one new Hub to date and has further strengthened business relationships with Hubs currently licensed in Oregon. The cap on taxation for fiscal year 2018 is set at \$687,810.00 and \$705,005.00 for fiscal year 2019.

Budget Narrative

Revenue Defined

All revenue derived from live horse racing, simulcast wagering and off-track betting sites (OTBs), historic racing, participant licenses, business licenses, fines and outs are delivered to and support the operations side of the agency's services and services and supplies.

- Outs – These are uncollected win tickets that are purged from the tote system after 90 days and are paid to the commission. This revenue is listed in the budget as Charges for Services.
- Participant Licenses or Individual Licenses - Example: Grooms, Trainers, Photographers anyone who participates in racing must be licensed.
- Per Diem Licenses or Business Licenses – Advance Deposit Wagering Companies (referred to as Hubs or ADWs) and Totalizator Companies (Businesses that own and operate tote systems) which process pari-mutuel wagers.

All revenue derived from taxes paid on what is referred to as “handle” (amount of daily, weekly, monthly or annual wagering totals) from Oregon licensed ADW companies are split between the agency's Racing Development Fund and the General Fund (GF) with 25% being delivered to the GF and 75% retained by the agency for the purpose of promoting a healthy and stable racing industry in Oregon. The agency refers to these funds as “Hub Funds” and are recorded as such. They are then allocated to areas of Oregon's racing industry, the Horsemen's, Breeders and owners Associations, Fairs and the commercial race meet. They are not used for operations of the agency unless a need arises that would cause diminished ability to regulate the industry without them.

- Hub Funds - Tax collected from ADW companies and placed in agency's Racing Development account for the benefit of the industry.

Budget Narrative

Performance Measures

The Commission 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 Commission and the overall operation of racetracks and participants. For the purpose of budgeting and State accountability, the primary Performance Measures by area are listed below:

2015 – 2016 KPM #	2015 – 2016 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	Licensee Turnaround Time: Average number of work days from receipt of a complete individual application and questionnaire to conclusion of a criminal background check
3	Excellent Customer Service: Percent of customers rating their satisfaction with agency’s customer service as “good” or “excellent.” Overall timeliness, accuracy, helpfulness, expertise and availability of information
4	Best Practices: Percent of total best practices met by the Board

Budget Narrative

Regulatory Streamlining

The Oregon Racing Commission implemented a number of initiatives 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

Major Information Technology Projects/Initiatives

The Oregon Racing Commission had no major information technology projects/initiatives during the 2015 – 2017 biennium. The Commission does not have plans for any major information technology projects/initiatives during the 2017 – 2019 biennium.

Other Considerations

Please note that the Commission's Annual Performance Progress Report for Fiscal Year 2015 and 2016 will be located in the Special Reports tab of the GB/LAB binders.

Budget Narrative

REDUCTION OPTIONS (ORS 291.216)

ACTIVITY OR PROGRAM <small>(WHICH PROGRAM OR ACTIVITY WILL NOT BE UNDERTAKEN)</small>	DESCRIBE REDUCTION <small>(DESCRIBE THE EFFECTS OF THIS REDUCTION. INCLUDE POSITIONS AND FTE IN 2017-19 AND 2019-21)</small>	AMOUNT AND FUND TYPE <small>(GF, LF, OF, FF. IDENTIFY REVENUE SOURCE FOR OF, FF)</small>	RANK AND JUSTIFICATION <small>(RANK THE ACTIVITIES OR PROGRAMS NOT UNDERTAKEN IN ORDER OF LOWEST COST FOR BENEFIT OBTAINED)</small>
<p>1. Eliminate the Commission from paying for video patrol at Portland Meadows.</p> <p style="text-align: center;"><i>Note:</i> <i>Requires statute amendment</i></p>	<p>This would shift the cost to Portland Meadows Race Track. Since this is a contracted service, there is no change in FTE</p>	<p style="text-align: center;">Amount: \$120,000 Fund Type: Other Funds</p> <p style="text-align: center;">Revenue Source: Pari-mutuel Tax and Licensing Fees</p>	2
<p>2. Reduce the Special Payments to the Oregon Horsemen's Benevolent and Protection Association (OHBPA), the Oregon Thoroughbred Breeders Association (OTOBA) and the Oregon Quarter Horse Racing Association (OQHRA) and Portland Meadows.</p>	<p>This would reduce the fund distribution to these organizations and would also reduce purses, breeders' and owners' awards.</p>	<p style="text-align: center;">Amount: \$550,000 Fund Type: Other Funds</p> <p style="text-align: center;">Revenue Source: Pari-mutuel tax from Multi-jurisdictional Hubs</p>	1

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Summary of 2017-19 Biennium Budget

Racing Commission, Oregon
 Racing Commission, Oregon
 2017-19 Biennium

Governor's Budget
 Cross Reference Number: 86200-000-00-00-00000

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2015-17 Leg Adopted Budget	14	12.27	6,193,966	-	-	6,193,966	-	-	-
2015-17 Emergency Boards	-	-	82,263	-	-	82,263	-	-	-
2015-17 Leg Approved Budget	14	12.27	6,276,229	-	-	6,276,229	-	-	-
2017-19 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	64,222	-	-	64,222	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
Subtotal 2017-19 Base Budget	14	12.27	6,340,451	-	-	6,340,451	-	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	(10,742)	-	-	(10,742)	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	7,066	-	-	7,066	-	-	-
Subtotal	-	-	(3,676)	-	-	(3,676)	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	54,685	-	-	54,685	-	-	-
State Gov't & Services Charges Increase/(Decrease)	-	-	51,865	-	-	51,865	-	-	-

Summary of 2017-19 Biennium Budget

Racing Commission, Oregon
 Racing Commission, Oregon
 2017-19 Biennium

Governor's Budget
 Cross Reference Number: 86200-000-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal	-	-	106,550	-	-	106,550	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2017-19 Current Service Level	14	12.27	6,443,325	-	-	6,443,325	-	-	-

Summary of 2017-19 Biennium Budget

Racing Commission, Oregon
 Racing Commission, Oregon
 2017-19 Biennium

Governor's Budget
 Cross Reference Number: 86200-000-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2017-19 Current Service Level	14	12.27	6,443,325	-	-	6,443,325	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2017-19 Current Service Level	14	12.27	6,443,325	-	-	6,443,325	-	-	-
080 - E-Boards									
080 - May 2016 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2016 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(16,891)	-	-	(16,891)	-	-	-
092 - Statewide AG Adjustment	-	-	(9,683)	-	-	(9,683)	-	-	-
Subtotal Policy Packages	-	-	(26,574)	-	-	(26,574)	-	-	-
Total 2017-19 Governor's Budget	14	12.27	6,416,751	-	-	6,416,751	-	-	-
Percentage Change From 2015-17 Leg Approved Budget	-	-	2.24%	-	-	2.24%	-	-	-
Percentage Change From 2017-19 Current Service Level	-	-	-0.41%	-	-	-0.41%	-	-	-

Summary of 2017-19 Biennium Budget

Racing Commission, Oregon
 General Program
 2017-19 Biennium

Governor's Budget
 Cross Reference Number: 86200-010-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
2015-17 Leg Adopted Budget	14	12.27	6,193,966	-	-	6,193,966	-	-	-
2015-17 Emergency Boards	-	-	82,263	-	-	82,263	-	-	-
2015-17 Leg Approved Budget	14	12.27	6,276,229	-	-	6,276,229	-	-	-
2017-19 Base Budget Adjustments									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	64,222	-	-	64,222	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
Subtotal 2017-19 Base Budget	14	12.27	6,340,451	-	-	6,340,451	-	-	-
Essential Packages									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	(10,742)	-	-	(10,742)	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	7,066	-	-	7,066	-	-	-
Subtotal	-	-	(3,676)	-	-	(3,676)	-	-	-
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	54,685	-	-	54,685	-	-	-
State Gov't & Services Charges Increase/(Decrease)	-	-	51,865	-	-	51,865	-	-	-

Summary of 2017-19 Biennium Budget

Racing Commission, Oregon
 General Program
 2017-19 Biennium

Governor's Budget
 Cross Reference Number: 86200-010-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal	-	-	106,550	-	-	106,550	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
Subtotal: 2017-19 Current Service Level	14	12.27	6,443,325	-	-	6,443,325	-	-	-

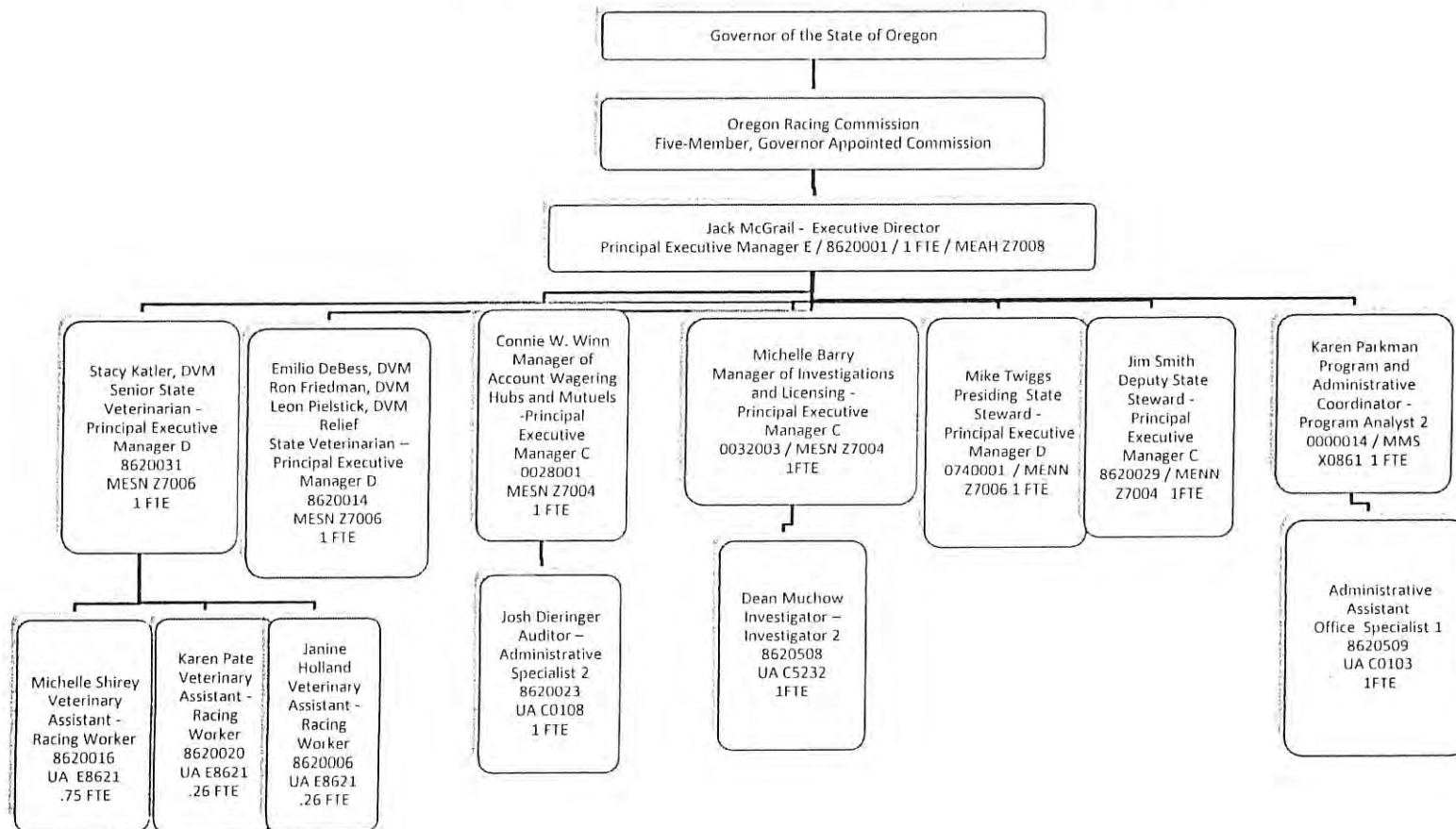
Summary of 2017-19 Biennium Budget

Racing Commission, Oregon
 General Program
 2017-19 Biennium

Governor's Budget
 Cross Reference Number: 86200-010-00-00-00000

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
Subtotal: 2017-19 Current Service Level	14	12.27	6,443,325	-	-	6,443,325	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
Modified 2017-19 Current Service Level	14	12.27	6,443,325	-	-	6,443,325	-	-	-
080 - E-Boards									
080 - May 2016 E-Board	-	-	-	-	-	-	-	-	-
Subtotal Emergency Board Packages	-	-	-	-	-	-	-	-	-
Policy Packages									
081 - September 2016 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(16,891)	-	-	(16,891)	-	-	-
092 - Statewide AG Adjustment	-	-	(9,683)	-	-	(9,683)	-	-	-
Subtotal Policy Packages	-	-	(26,574)	-	-	(26,574)	-	-	-
Total 2017-19 Governor's Budget	14	12.27	6,416,751	-	-	6,416,751	-	-	-
Percentage Change From 2015-17 Leg Approved Budget	-	-	2.24%	-	-	2.24%	-	-	-
Percentage Change From 2017-19 Current Service Level	-	-	-0.41%	-	-	-0.41%	-	-	-

Oregon Racing Commission Organization Chart 2015-2017 (No proposed changes for 2017-2019)



Racing Commission, Oregon

Agency Number: 86200

Agencywide Program Unit Summary
2017-19 Biennium

Version: Y - 01 - Governor's Budget

Summary Cross Reference Number	Cross Reference Description	2013-15 Actuals	2015-17 Leg Adopted Budget	2015-17 Leg Approved Budget	2017-19 Agency Request Budget	2017-19 Governor's Budget	2017-19 Leg Adopted Budget
010-00-00-00000	General Program						
	Other Funds	5,146,512	6,193,966	6,276,229	6,443,325	6,416,751	-
TOTAL AGENCY							
	Other Funds	5,146,512	6,193,966	6,276,229	6,443,325	6,416,751	-

Revenues

Budget Narrative

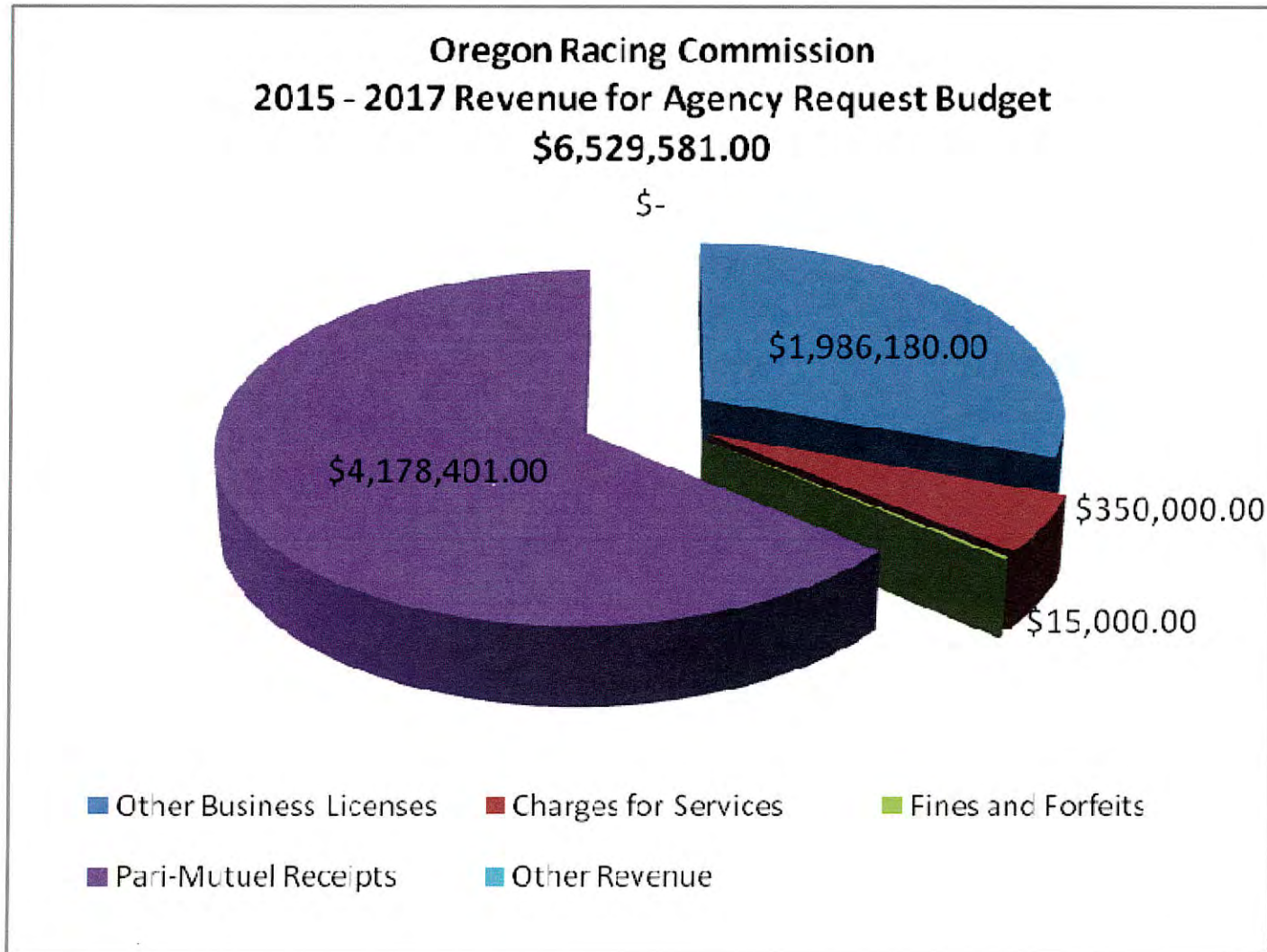
REVENUE

The revenue assumptions for the 2017 - 2019 biennium are that the amount of revenue on live racing to the ORC budget will remain static. The revenue from participant licensing fees will also remain static. Revenues from “outs” (unclaimed winnings) will decrease slightly while revenues from fines and forfeitures are predicted to remain level.

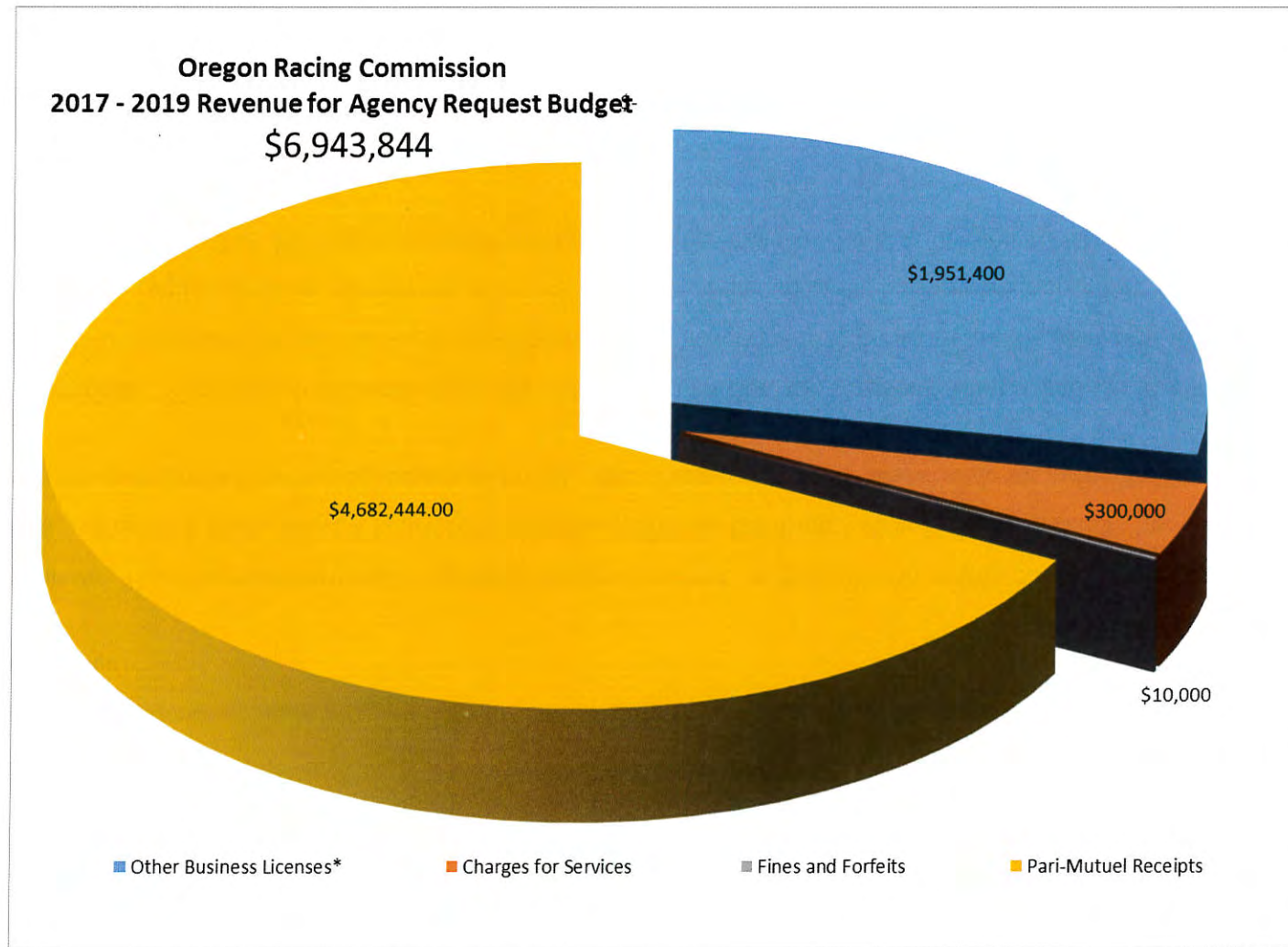
The revenue derived from the Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hubs are expected to increase, but this is contingent upon whether the hubs remain in business in Oregon. The two primary sources of revenue from the hubs are the Per Diem Licensing Fees of \$200 per operating day and the State share of the pari-mutuel handle. The 2017 - 2019 Budget assumes that nine hubs will be licensed throughout the biennium.

<u>REVENUE PROJECTIONS:</u>	<u>2015 - 2017</u>	<u>2017 - 2019</u>
Business Licenses and Fees:	\$1,986,180	\$1,951,400
Charges for Services (Outs):	\$ 350,000	\$ 300,000
Fines and Forfeitures:	\$ 15,000	\$ 10,000
<u>Pari-mutuel Receipts</u>		
3400 Other Funds:	\$2,783,620	\$3,511,833
General Fund Revenue:	\$1,394,781	\$1,170,611
Other Revenues:	\$ -	\$ -
Total Revenues:	\$6,529,581	\$6,943,844

Budget Narrative



Budget Narrative



Budget Narrative

Agency Programs

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.

Budget Narrative

- **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 one, full-time staff investigator. 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.

Budget Narrative

- **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. The Commission is currently exploring the benefits of wagering integrity software that would replicate the Totalizator System and provide additional assurance for the accuracy of wagering and correct payouts.

Compliance with HB 2020 and HB 4131

This section is not applicable as the Commission has fewer than 100 employees.

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Racing Commission, Oregon
2017-19 Biennium

Agency Number: 86200
Cross Reference Number: 86200-000-00-00-00000

<i>Source</i>	2013-15 Actuals	2015-17 Leg Adopted Budget	2015-17 Leg Approved Budget	2017-19 Agency Request Budget	2017-19 Governor's Budget	2017-19 Leg Adopted Budget
Other Funds						
Business Lic and Fees	1,956,840	1,786,000	1,786,000	1,318,800	1,318,800	-
Charges for Services	304,116	350,000	350,000	300,000	300,000	-
Fines and Forfeitures	11,650	15,000	15,000	10,000	10,000	-
Pari-Mutuel Receipts	4,563,307	4,662,154	4,662,154	5,313,044	5,313,044	-
Other Revenues	2,704	-	-	2,000	2,000	-
Transfer In - Intrafund	300,000	-	-	-	-	-
Transfer Out - Intrafund	(300,000)	-	-	-	-	-
Transfer to General Fund	(1,302,598)	(1,067,335)	(1,067,335)	(1,170,611)	(1,170,611)	-
Total Other Funds	\$5,536,019	\$5,745,819	\$5,745,819	\$5,773,233	\$5,773,233	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

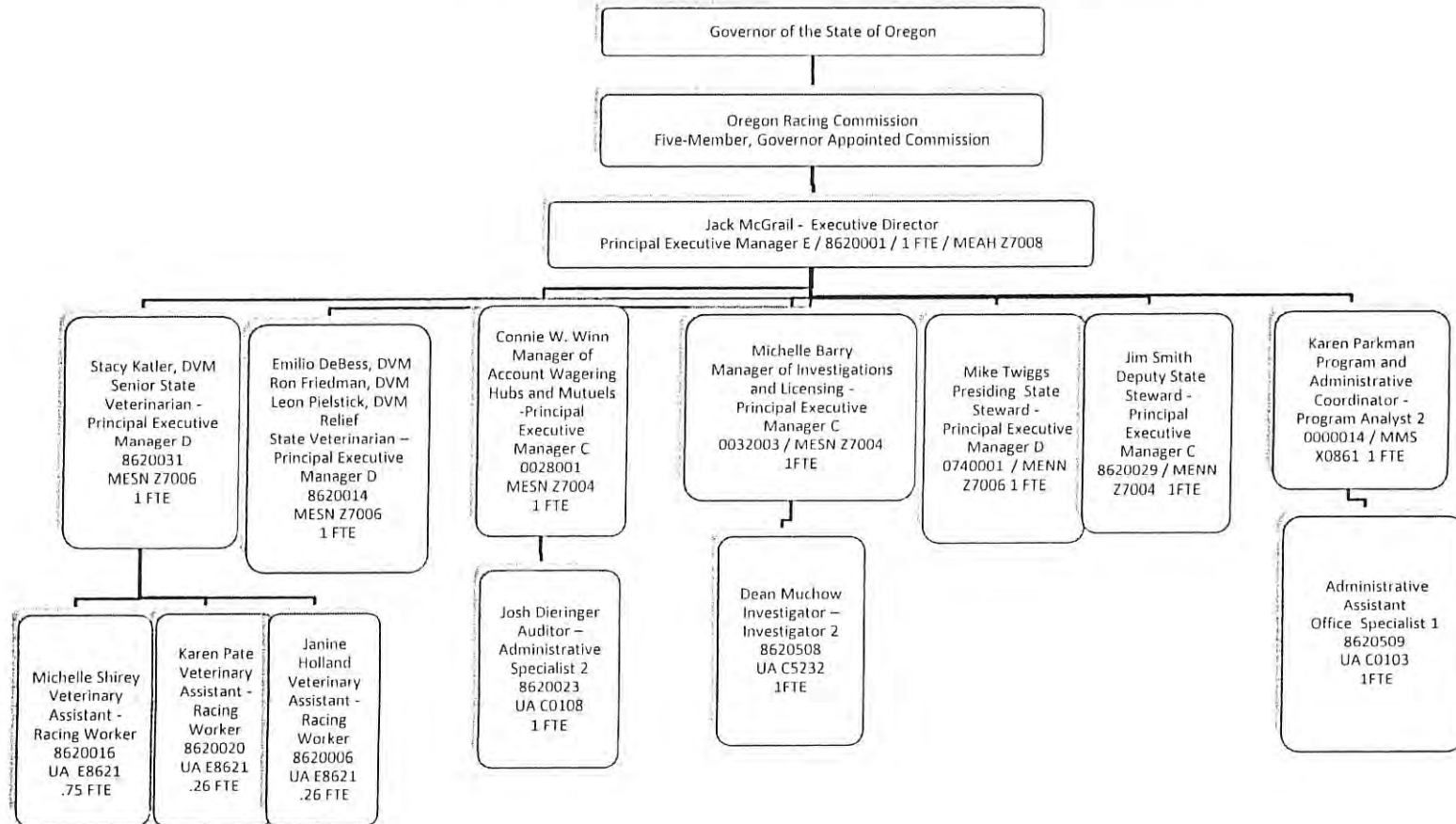
Racing Commission, Oregon
2017-19 Biennium

Agency Number: 86200
Cross Reference Number: 86200-010-00-00-00000

<i>Source</i>	2013-15 Actuals	2015-17 Leg Adopted Budget	2015-17 Leg Approved Budget	2017-19 Agency Request Budget	2017-19 Governor's Budget	2017-19 Leg Adopted Budget
Other Funds						
Business Lic and Fees	1,956,840	1,786,000	1,786,000	1,318,800	1,318,800	-
Charges for Services	304,116	350,000	350,000	300,000	300,000	-
Fines and Forfeitures	11,650	15,000	15,000	10,000	10,000	-
Pari-Mutuel Receipts	4,563,307	4,662,154	4,662,154	5,313,044	5,313,044	-
Other Revenues	2,704	-	-	2,000	2,000	-
Transfer In - Intrafund	300,000	-	-	-	-	-
Transfer Out - Intrafund	(300,000)	-	-	-	-	-
Transfer to General Fund	(1,302,598)	(1,067,335)	(1,067,335)	(1,170,611)	(1,170,611)	-
Total Other Funds	\$5,536,019	\$5,745,819	\$5,745,819	\$5,773,233	\$5,773,233	-

Program Units

Oregon Racing Commission Organization Chart 2015-2017 (No proposed changes for 2017-2019)



Budget Narrative

Program Units

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

Budget Narrative

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 one, full-time staff investigator. 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

Budget Narrative

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. The Commission is currently exploring the benefits of wagering integrity software that would replicate the Totalizator System and provide additional assurance for the accuracy of wagering and correct payouts.

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Racing Commission, Oregon
 Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: General Program
 Cross Reference Number: 86200-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Personal Services							
Overtime Payments	-	-	1,444	-	-	-	1,444
All Other Differential	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	276	-	-	-	276
Pension Obligation Bond	-	-	4,982	-	-	-	4,982
Social Security Taxes	-	-	110	-	-	-	110
Unemployment Assessments	-	-	-	-	-	-	-
Mass Transit Tax	-	-	254	-	-	-	254
Vacancy Savings	-	-	(10,742)	-	-	-	(10,742)
Total Personal Services	-	-	(\$3,676)	-	-	-	(\$3,676)
Total Expenditures							
Total Expenditures	-	-	(3,676)	-	-	-	(3,676)
Total Expenditures	-	-	(\$3,676)	-	-	-	(\$3,676)
Ending Balance							
Ending Balance	-	-	3,676	-	-	-	3,676
Total Ending Balance	-	-	\$3,676	-	-	-	\$3,676

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Racing Commission, Oregon
Pkg: 031 - Standard Inflation

Cross Reference Name: General Program
Cross Reference Number: 86200-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Instate Travel	-	-	5,088	-	-	-	5,088
Out of State Travel	-	-	256	-	-	-	256
Employee Training	-	-	876	-	-	-	876
Office Expenses	-	-	749	-	-	-	749
Telecommunications	-	-	449	-	-	-	449
State Gov. Service Charges	-	-	51,865	-	-	-	51,865
Data Processing	-	-	558	-	-	-	558
Publicity and Publications	-	-	-	-	-	-	-
Professional Services	-	-	419	-	-	-	419
IT Professional Services	-	-	1,524	-	-	-	1,524
Attorney General	-	-	17,116	-	-	-	17,116
Employee Recruitment and Develop	-	-	562	-	-	-	562
Dues and Subscriptions	-	-	910	-	-	-	910
Facilities Rental and Taxes	-	-	5,345	-	-	-	5,345
Medical Services and Supplies	-	-	-	-	-	-	-
Agency Program Related S and S	-	-	1,859	-	-	-	1,859
Other Services and Supplies	-	-	12,595	-	-	-	12,595
Expendable Prop 250 - 5000	-	-	1,121	-	-	-	1,121
IT Expendable Property	-	-	185	-	-	-	185
Total Services & Supplies	-	-	\$101,477	-	-	-	\$101,477

Special Payments

Dist to Other Gov Unit	-	-	-	-	-	-	-
Dist to Non-Gov Units	-	-	-	-	-	-	-
Dist to Individuals	-	-	-	-	-	-	-

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Racing Commission, Oregon
Pkg: 031 - Standard Inflation

Cross Reference Name: General Program
Cross Reference Number: 86200-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Special Payments							
Dist to Contract Svc Providers	-	-	5,073	-	-	-	5,073
Total Special Payments	-	-	\$5,073	-	-	-	\$5,073
Total Expenditures							
Total Expenditures	-	-	106,550	-	-	-	106,550
Total Expenditures	-	-	\$106,550	-	-	-	\$106,550
Ending Balance							
Ending Balance	-	-	(106,550)	-	-	-	(106,550)
Total Ending Balance	-	-	(\$106,550)	-	-	-	(\$106,550)

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Racing Commission, Oregon
 Pkg: 060 - Technical Adjustments

Cross Reference Name: General Program
 Cross Reference Number: 86200-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Agency Program Related S and S	-	-	55,000	-	-	-	55,000
Total Services & Supplies	-	-	\$55,000	-	-	-	\$55,000
Special Payments							
Dist to Contract Svc Providers	-	-	(55,000)	-	-	-	(55,000)
Total Special Payments	-	-	(\$55,000)	-	-	-	(\$55,000)
Total Expenditures							
Total Expenditures	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Racing Commission, Oregon
 Pkg: 091 - Statewide Adjustment DAS Chgs

Cross Reference Name: General Program
 Cross Reference Number: 86200-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Telecommunications	-	-	(2,228)	-	-	-	(2,228)
State Gov. Service Charges	-	-	(6,286)	-	-	-	(6,286)
Data Processing	-	-	(342)	-	-	-	(342)
Facilities Rental and Taxes	-	-	(5,282)	-	-	-	(5,282)
Other Services and Supplies	-	-	(2,753)	-	-	-	(2,753)
Total Services & Supplies	-	-	(\$16,891)	-	-	-	(\$16,891)
Total Expenditures							
Total Expenditures	-	-	(16,891)	-	-	-	(16,891)
Total Expenditures	-	-	(\$16,891)	-	-	-	(\$16,891)
Ending Balance							
Ending Balance	-	-	16,891	-	-	-	16,891
Total Ending Balance	-	-	\$16,891	-	-	-	\$16,891

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Racing Commission, Oregon
 Pkg: 092 - Statewide AG Adjustment

Cross Reference Name: General Program
 Cross Reference Number: 86200-010-00-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Services & Supplies							
Attorney General	-	-	(9,683)	-	-	-	(9,683)
Total Services & Supplies	-	-	(\$9,683)	-	-	-	(\$9,683)
Total Expenditures							
Total Expenditures	-	-	(9,683)	-	-	-	(9,683)
Total Expenditures	-	-	(\$9,683)	-	-	-	(\$9,683)
Ending Balance							
Ending Balance	-	-	9,683	-	-	-	9,683
Total Ending Balance	-	-	\$9,683	-	-	-	\$9,683

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Racing Commission, Oregon
2017-19 Biennium

Agency Number: 86200
Cross Reference Number: 86200-000-00-00-00000

<i>Source</i>	2013-15 Actuals	2015-17 Leg Adopted Budget	2015-17 Leg Approved Budget	2017-19 Agency Request Budget	2017-19 Governor's Budget	2017-19 Leg Adopted Budget
Other Funds						
Business Lic and Fees	1,956,840	1,786,000	1,786,000	1,318,800	1,318,800	-
Charges for Services	304,116	350,000	350,000	300,000	300,000	-
Fines and Forfeitures	11,650	15,000	15,000	10,000	10,000	-
Pari-Mutuel Receipts	4,563,307	4,662,154	4,662,154	5,313,044	5,313,044	-
Other Revenues	2,704	-	-	2,000	2,000	-
Transfer In - Intrafund	300,000	-	-	-	-	-
Transfer Out - Intrafund	(300,000)	-	-	-	-	-
Transfer to General Fund	(1,302,598)	(1,067,335)	(1,067,335)	(1,170,611)	(1,170,611)	-
Total Other Funds	\$5,536,019	\$5,745,819	\$5,745,819	\$5,773,233	\$5,773,233	-

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Racing Commission, Oregon
2017-19 Biennium

Agency Number: 86200
Cross Reference Number: 86200-010-00-00-00000

<i>Source</i>	2013-15 Actuals	2015-17 Leg Adopted Budget	2015-17 Leg Approved Budget	2017-19 Agency Request Budget	2017-19 Governor's Budget	2017-19 Leg Adopted Budget
Other Funds						
Business Lic and Fees	1,956,840	1,786,000	1,786,000	1,318,800	1,318,800	-
Charges for Services	304,116	350,000	350,000	300,000	300,000	-
Fines and Forfeitures	11,650	15,000	15,000	10,000	10,000	-
Pari-Mutuel Receipts	4,563,307	4,662,154	4,662,154	5,313,044	5,313,044	-
Other Revenues	2,704	-	-	2,000	2,000	-
Transfer In - Intrafund	300,000	-	-	-	-	-
Transfer Out - Intrafund	(300,000)	-	-	-	-	-
Transfer to General Fund	(1,302,598)	(1,067,335)	(1,067,335)	(1,170,611)	(1,170,611)	-
Total Other Funds	\$5,536,019	\$5,745,819	\$5,745,819	\$5,773,233	\$5,773,233	-

Capital Budgeting

Budget Narrative

Capital Budgeting

The Oregon Racing Commission had neither capital improvement projects, major construction nor acquisition projects during the 2015 – 2017 biennium nor does it plan any during the 2017 – 2019 biennium.