

Analysis

Item 18: Racing Commission

2020-21 Expenditure Limitation

Analyst: Michelle Deister

Request: Increase Other Funds expenditure limitation by \$2,374,056 and increase position authority by 4.25 FTE for the Oregon Racing Commission, to provide for sufficient budgetary authority for the remainder of the 2019-21 biennium.

Analysis: As the Oregon Racing Commission prepared its 2019-21 budget, it was announced that Portland Meadows, the site of Oregon's only commercial horse racing meet, was up for sale. This pending sale cast doubt on the future sustainability of commercial race meets and the amount of resources the agency might need to regulate race meets with a potentially downsized race season. The Legislature approved a partial budget for the Commission for the 2019-21 biennium, with direction to report back during the February 2020 Legislative Session on the likelihood of future commercial race meets, changes in participation levels, and updated projections of resource needs based on assumed changes in need for oversight. The report was provided to the Ways and Means Transportation and Economic Development Subcommittee on February 4, 2020, and the Joint Committee on Ways and Means acknowledged receipt of the report on February 7, 2020.

The Racing Commission reported that a new site for commercial race meets was identified, investments were made, and races were run in 2019 at a new venue in Grants Pass. The number of future commercial racing days was anticipated to decrease slightly from what was run at Portland Meadows, and would be spread throughout the late spring to early fall. Staffing needs were projected to decline in response to the differences in the calendar and change in venue. The Commission worked with the Legislative Fiscal Office and the DAS Chief Financial Office to arrive at an estimate of an additional \$2,374,056 and 4.25 FTE in Other Funds expenditure limitation for the remainder of the biennium, which provides for an ending balance equivalent to two months of operating expenditures.

While COVID-19 has cast some additional uncertainty in terms of summer fair meet cancellations, any resulting revenue loss from summer fair meet cancellations will be offset by racing development payments that will not be made to that venue. Further, Grants Pass Downs opened the backside of the racecourse on May 15th, and training began May 18th; Grants Pass Downs has developed social distancing protocols associated with its race meet.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends increasing the Other Funds expenditure limitation for the Oregon Racing Commission by \$2,374,056 and authorizing the increase of position authority by 4.25 FTE to provide sufficient budgetary authority for the remainder of the 2019-21 biennium.