

## Oregon Racing Commission

	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
Other Funds	5,871,560	6,353,396	6,422,599	6,866,762	3,924,842
<b>Total Funds</b>	<b>5,871,560</b>	<b>6,353,396</b>	<b>6,422,599</b>	<b>6,866,762</b>	<b>3,924,842</b>
Positions	14	14	14	14	14
FTE	12.27	12.27	12.27	12.27	6.14

\* Includes Emergency Board and administrative actions through December 2018.

### Program Description

The Oregon Racing Commission regulates the pari-mutuel industry in Oregon. The commission oversees horse racing at five county fair race meets, and at Portland Meadows, Oregon's only commercial race meet. The Commission also regulates off-site simulcast races, Multi-jurisdictional Simulcasting and Interactive Wagering Totalizer Hubs, and pari-mutuel matters, by auditing financial transactions and ensuring proper remittance, as well as licensing and technology review. The Commission background checks and licenses all race meet participants, including trainers, jockeys, owners, wranglers, and bet-takers. Staff inspectors investigate irregularities and safety issues, with the goal of ensuring the integrity of the sport, safeguarding the well-being of participants, animals and the public, and promoting horse racing in Oregon.

### CSL Summary and Issues

Since the agency submitted its 2019-21 agency request budget on August 1, Portland Meadows has announced it is in negotiations with a buyer of its racetrack property in North East Portland. The final commercial race meet for the track is scheduled to be the September 30, 2018 - February 5, 2019 race season (in the 2017-19 biennium). For all practical intents and purposes, the Current Service Level and 2019-21 may not be a useful planning tool or basis for comparison.

### Policy Issues

The agency request budget includes one policy option package, to reclassify an Administrative Specialist 2 to a Fiscal Auditor 2 due to additional duties including audits of pari-mutuel transactions, resulting in additional personal services expenditures of \$6,522 Other Funds. The position is currently working out of class and the proposed classification has been approved by the Department of Administrative Services Chief Human Resource Office.

The cancellation of the state's only multi-week commercial race meet is anticipated to decrease the agency's need for full-time staffing (staff veterinarian, racing stewards, and perhaps investigative personnel may need to be seasonal or temporary/contracted services). The closing of

Portland Meadows also could also result in the loss of over \$500,000 in biennial revenue. Should the Legislature fail to approve a bill to allow a non-race meet licensee to conduct simulcast wagering, revenue could decline by nearly \$1 million.

Revenue transferred to the General Fund is not affected by the closure of Portland Meadows, as it is derived from Multi-jurisdictional Simulcasting and Interactive Wagering Hubs. This amount budgeted for transfer is \$1.2 million in the agency request budget.

The 2019-21 Governor's budget consists of roughly one year's expenditures at current service level for the Oregon Racing Commission. The Governor's Budget assumes the agency would return to the 2020 Legislative Session with a request for expenditures related to the second year of the biennium, when more is known about the level of staffing and regulatory oversight necessary in absence of the commercial rate meet.

#### Other Significant Issues and Background

Demographic trends, competition from other gambling opportunities, and the potential for wagering companies to relocate their operations to other states could hasten the steady decline of horse racing in Oregon. Revenue from Multi-jurisdictional Simulcasting and Interactive Wagering Hubs largely support live racing at county fairs. Oregon faces competition from other states who wish to attract Hub businesses, and must provide a consistent regulatory structure, as well as a favorable business and tax environment if these businesses are to remain in Oregon. Ten hubs are currently licensed in Oregon, and revenue from these internet-based wagering companies consists of a per diem licensing fee of \$200 per day, and a tax of 0.25 of 1% on the pari-mutuel handle, not to exceed \$705,005 for fiscal year 2019; an automatic escalator of 2% per year has been included. Hub revenue is divided between agency operations and racing development (75%) and the state's General Fund (25%).