

SB 5535 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Rep. Gomberg

Joint Committee On Ways and Means

Action Date: 03/01/19

Action: Do Pass the A-Eng bill.

House Vote

Yeas: 9 - Gomberg, Holvey, McLain, McLane, Nosse, Piluso, Rayfield, Smith G, Stark

Senate Vote

Yeas: 10 - Beyer, Frederick, Girod, Hansell, Heard, Johnson, Manning Jr, Roblan, Steiner Hayward, Wagner

Exc: 2 - Thomsen, Winters

Prepared By: Haylee Morse-Miller, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

Racing Commission

2019-21

Budget Summary

	2017-19 Legislatively Approved Budget ⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 6,422,599	\$ 6,866,762	\$ 3,974,150	\$ (2,448,449)	-38.1%
Total	\$ 6,422,599	\$ 6,866,762	\$ 3,974,150	\$ (2,448,449)	-38.1%

Position Summary

Authorized Positions	14	14	14	0
Full-time Equivalent (FTE) positions	12.27	12.27	6.14	(6.13)

⁽¹⁾ Includes adjustments through December 2018

Summary of Revenue Changes

The Oregon Racing Commission is funded entirely with Other Funds. Operations expenses of the Racing Commission are funded by the take from live horseracing, simulcast wagering and off-track betting sites, historic racing, participant licenses, and business licenses from companies that process pari-mutuel wagers, fines, and outs. The Commission’s share of total bets made at live Oregon race meets and on simulcast events is one percent.

Racing Development funds come from a tax on the gross wagering receipts of the 10 Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizer Hubs currently licensed in Oregon. Of the hub revenue, 25 percent goes to General Fund and 75 percent goes to the agency’s Racing Development fund, which supports purses and other expenses or activities that benefit the Oregon horse racing industry. Racing Development revenues for the 2019-21 biennium are projected at \$4.8 million, which will result in a transfer to the General Fund of \$1.2 million. 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 agency will need to work with the Legislative Fiscal Office and Chief Financial Office to adjust revenue projections for the second year of the biennium, due to changes which will occur in the event of the sale of Portland Meadows, the site of the state’s only commercial race meet.

Summary of Transportation and Economic Development Subcommittee Action

Established in 1933 as part of the Pari-Mutuel Wagering Act, the Oregon Racing Commission (ORC) regulates all aspects of the pari-mutuel 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 also regulates all aspects of on-track and off-site wagering operations, including the simulcast of races and Hubs. There are approximately 3,700 licensed race meet participants, ten multi-jurisdictional hubs and 11 off-track betting locations in Oregon.

The Subcommittee approved a budget of \$3,974,150 Other Funds. The approved budget is a 38.1 percent decrease from the 2017-19 Legislatively Approved Budget. It includes 14 positions and 6.14 full-time equivalent (FTE) positions.

The Subcommittee approved the following recommendations and budget note:

- Package 090, Analyst Adjustments: decreases expenditures and staff to show one year of anticipated needs. The Oregon Racing Commission will need to return to the 2020 Legislative Session to request a second year of limitation and position authority due to uncertainty around the closure of Oregon's only commercial race meet.
- Package 101, Administrative Specialist reclassification: reclassifies an Administrative Specialist II to a Fiscal Auditor II due to changed position duties.

Budget Note:

Report to 2020 Joint Committee on Ways and Means

The Oregon Racing Commission is directed to report to the Joint Committee on Ways and Means during the 2020 Legislative Session for the purpose of receiving additional expenditure limitation and position authority for the 2019-21 biennium. The report is to include the following:

- A status report on the sale of Portland Meadows;
- The likelihood of commercial race meets in 2020 or 2021;
- The conveyance of simulcast licensing authority and projected resultant revenue, as compared to the 2019-21 Agency Request Budget;
- Any changes in activity related to advanced deposit wagering companies or multijurisdictional simulcasting and interactive wagering hubs since the adoption of the Oregon Racing Commission's 2019-21 budget;
- Changes in the number of race participants, live race days, starts, and wagers at summer fairs and county race meets, from 2018 to 2019;
- Updated projections on agency revenue and expenditures and number of licensees, as compared to the 2019-21 Agency Request Budget;

- Identification of positions and related expenditures reduced or eliminated in the absence of a commercial race meet, as compared to the 2019-21 Agency Request Budget; and
- A request -- based on experienced and anticipated changes in resources and the need for regulatory oversight -- for additional expenditure limitation and full-time equivalent positions for the 2020-21 fiscal year.

Summary of Performance Measure Action

See attached "Legislatively Approved 2019-2021 Key Performance Measures."

The Transportation and Economic Development Subcommittee has directed the agency to increasing the proposed target for Key Performance Measure #3: Customer service ratings, from 75 percent to 80 percent.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Racing Commission
Haylee Morse-Miller -- 971-301-0380

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ -	\$ -	\$ 6,422,599	\$ -	\$ -	\$ -	6,422,599	14	12.27
2019-21 Current Service Level (CSL)*	\$ -	\$ -	\$ 6,866,762	\$ -	\$ -	\$ -	6,866,762	14	12.27
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 010 - General Program									
Package 090: Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ (1,093,242)	\$ -	\$ -	\$ -	(1,093,242)	0	-6.13
Services and Supplies	\$ -	\$ -	\$ (505,824)	\$ -	\$ -	\$ -	(505,824)		
Special Payments	\$ -	\$ -	\$ (1,300,098)	\$ -	\$ -	\$ -	(1,300,098)		
Package 101: Administrative Specialist reclassification									
Personal Services	\$ -	\$ -	\$ 6,552	\$ -	\$ -	\$ -	6,552	0	0.00
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ (2,892,612)	\$ -	\$ -	\$ -	(2,892,612)	0	-6.13
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 3,974,150	\$ -	\$ -	\$ -	3,974,150	14	6.14
% Change from 2017-19 Leg Approved Budget	0.0%	0.0%	-38.1%	0.0%	0.0%	0.0%	-38.1%		
% Change from 2019-21 Current Service Level	0.0%	0.0%	-42.1%	0.0%	0.0%	0.0%	-42.1%		

*Excludes Capital Construction Expenditures

Legislatively Approved 2019 - 2021 Key Performance Measures

Published: 2/22/2019 1:00:15 PM

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 2020	Target 2021
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. The target represents 1.5 horses per every 1,000 starters. Results in 2018 represented 0.874 per 1,000 starters.		Approved	171.60%	100%	100%
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	100	100	100
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	83%	80%	80%
	b) Accuracy		80%	80%	80%
	c) Overall		82%	80%	80%
	d) Expertise		82%	80%	80%
	e) Helpfulness		87%	80%	80%
	f) Availability of Information		77%	80%	80%
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.

The LFO recommendation adjusts targets for KPM 3 - customer service ratings - upward, from 75% to 80%, based on recent performance and a goal of continuous improvement.

SubCommittee Action:

The Subcommittee approved the LFO recommendation.