

# STATEMENT TO THE JOINT COMMITTEE ON GAMBLING

by

David Nelson on behalf of  
the Oregon Quarter Horse Racing Association  
7479 Nelson Lane Turner, Oregon  
December 7, 2022

Chair Gelser Blouin, Chair Livley, and members of the committee my name is Dave Nelson, I live at 7479 Nelson Lane, Turner Oregon.

I'm a member of the Board of Directors of the Oregon Quarter Horse Racing Association, the Pacific Coast Quarter Horse Racing Association (California), the American Quarter Horse Association and its Racing committee, and was the contract lobbyist for Portland Meadows from 1975 – 2006.

Although I was unable to attend your TEAMS meeting on October 27, I am happy to be here today to provide a historical perspective on horse racing wagering in Oregon and the advent of gambling and its effects on horse racing.

1933 Oregon legislature passed the Pari-mutual Wagering Act which included state tax revenue to help county fairs. The first commercial racetrack was the Multnomah Greyhound Park; Portland Meadows was built in 1947. The primary distinction between a commercial racetrack and a county fair meet was based on the level of taxation and the amount of regulation imposed on each type of race (security, etc.).

1984 The Oregon State Lottery was established resulting in direct competition with the racetracks for gaming. As a result, racetracks saw a 9% reduction in wagering at the various meets.

1987 The Oregon Legislature allowed racetracks to establish off track wagering locations where races could be broadcast live, and patrons could a wager on events.

1988 Congress passed the Indian Gaming Regulatory Act, commonly referred to as IGRA. IGRA authorized tribal casinos but restricted the

games the tribes offered to what was allowed in each individual state. No tribal casinos were built in Oregon at this time.

1991 The Oregon Legislature passed video poker to be regulated by the State Lottery. By IGRA reference this also permitted tribal casinos to operate video slot machines, a screen game is a screen game.

1997 By 1997 there were approximately 12,000 video gambling machines in operation in Oregon along with the other permitted tribal casino games. The State Lottery had placed 4,500 Video Lottery Terminals in the Portland area alone.

During the next few years, Ecumenical Ministries sued Oregon Lottery over Dottie's delis claiming they constituted a casino which was prohibited under the Oregon Constitution. The Oregon Supreme Court ruled that because there was no definition of "casino" in the constitution, the Court would look at the dominant purpose and dominant use of the facility in determining if it was a casino under the Oregon constitution.

Over the next 10 years as lottery and casino gambling increased throughout the state, racetracks revenue declined - losing 50% of their revenue from the horse racing meets.

1999 The Legislature permitted operation of multi-jurisdictional simulcasting and interactive wagering totalizator hubs commonly called "Advance Deposit Wagering Platforms" (ADW). ADWs are essentially wager processing centers and are taxed by the Oregon Racing Commission to financially help local racetracks and to mitigate their losses due to lottery and casino gambling competition. An ADW allows a patron in Idaho to place a wager on a race in Kentucky and it is processed through one of Oregon's ADW hubs. The Oregon Racing Commission receives a small processing fee from that wager.

Also, in 1999 Oaklawn Racetrack in Arkansas developed instant or historical racing machines to hold its fan's attention and provide activity between live races and to compete with Arkansas state sponsored gambling (much like our lottery).

2003 Multnomah Greyhound Park (MGP) tested 40 of these historical racing machines at its facility in Wood Village.

2005 The legislature added video slot machines to the lotteries gambling menu and increased number of Video Lottery Terminals (VLTS), retailers could have up to 6 machines. Para-mutual wagering on racing dropped from \$120 million a year to \$60 million annually, all racetracks were affected. As a result of this, over the next few years MGP closed, state fair racing closed, as did racing at Klamath Falls and Lakeview.

2013 The legislature passed a bill to clarify that historical racing machines were not casino attractions and could be installed at the commercial horse racing event. This bill was passed with all stakeholder involvement and in agreement – including the tribes. Portland Meadows installed 195 historic racing machines based on this law and advice from Legislative Counsel without opposition. Portland Meadows operated these historic racing machines until 2018 when they closed.

After Portland Meadows closed Oregon's only commercial license was acquired by one of the Quarter Horse Racing Association's members who sought to expand the Grants Pass fair race into a commercial horse racing event including the historic racing machines. With the Racing Commission poised to approve the project this past year the Governor, based an Attorney General's opinion, stepped in and ordered the Racing Commission to deny the application for a commercial license.

The consequence of all of this – lottery expansion, casinos, and the loss of the commercial racing event - has put the horse owners, fairs, and trainers in a position without adequate revenue to maintain horse racing opportunities in Oregon. We are now at your mercy to help correct this. Horse racing events are well attended and remain popular with Oregonians. The issue for all of you is to help us make these events profitable enough to be self-sustaining. We have ideas about how to resolve this issue, but we cannot move forward without your support and the support of all the stakeholders involved in racing in Oregon.

Thank you for your time. I am open for questions if any of you have any.