

Prepared for: House Committee on General Government

The core mission of the ORC is to license, regulate and support the agri-business that is horse racing and breeding in Oregon. The commission is an “other funds” agency and relies in large part on the revenue generated by the licensing and regulation of Advanced Deposit Wagering (ADW) companies to fulfill its mission. Racing in Oregon has a rich history both at the commercial facility formerly based in Portland and at the fairs. In 1947 Portland Meadows opened to large crowds and was the first thoroughbred track in the country to offer night racing. In 2009-10 79 race days were offered at Portland Meadows. That number declined to 36 in its final year (2018-19) of operations. A 2012 study commissioned by Portland Meadows showed that the racing industry contributed more than \$202.6M to the economy in Oregon and was responsible for 1,167 jobs. Many of these jobs were in rural sectors.

1. COMMERCIAL RACE MEET OPERATIONS:

On March 27, 2019 at a special meeting of the Oregon Racing Commission, TMB Racing, LLC dba Grants Pass Downs was awarded a license to conduct a live race meet along with the exclusive right to conduct simulcast wagering in Oregon effective July 1, 2019 (ORS 462.710). TMB Racing, LLC is led by Travis Boersma, CEO of Dutch Bros Coffee and a long-time supporter of horse racing in Oregon. The race meet application included plans for a multi-million dollar investment in the Josephine County Fairgrounds at Grants Pass. TMB Racing, LLC has completed a schedule of improvements to the racetrack and the grounds in order to support a commercial race meet. These include widening the track through the first turn to allow 10 horse fields, new safety rail, new big screen tote board, adding material to the track surface, adding lighting to allow for night racing, acquiring additional land adjacent to the grounds and constructing new barns to accommodate the increased horse population and purchasing a state of the art horse ambulance. In preparation for the spring meet the barn area opened April 2 and training commenced April 5. Grants Pass Downs has been approved to run 19 days with Monday-Tuesday cards from May 10-July 13 with a special holiday card on July 4. They also have scheduled a fall race meet consisting of 16 race days from September 20-November 9. It is expected that TMB Racing, LLC will apply for the right to conduct Historic Horse Racing (HHR) on the premises of the race course. (See ORS 462.155) To date the commission has not received an application to conduct that form of pari-mutuel wagering. Ultimately it is the ability to generate revenue and purses through year-round operation of historic racing terminals that could sustain racing in Oregon. Portland Meadows conducted HHR at their facility from July 1, 2015-June 30, 2019 with moderate success.

2. FAIR MEETS:

Due to the pandemic all fair meets were cancelled in 2020. We are pleased that all four meets have been approved to run a total of 13 race days this year.

Union- Eastern Oregon Livestock Show June 11-13 (3 race days)

Prineville- Crooked River Roundup July 14-17 (4 race nights)

Burns- Harney County Race Meet- July 24-25 (2 race days)

Tillamook- Tillamook County Fair August 11-14 (4 race days)

The commission supports all four fair meets with direct allocations of approximately \$463,000 annually. These funds have been supplemented this year by additional allocations as the meets will have additional costs of compliance with COVID-19 protocols. In addition to direct allocations the ORC staffs the fairs at the same level as the commercial meet. Stewards, veterinarians, investigators and test barn personnel are on the grounds to supervise and regulate the racing and pari-mutuel wagering that takes place at the fairs. To enhance safety at the fair meets we also hire a renowned track consultant, Steve Wood, to oversee the preparation and maintenance of the track surface at each fair before racing. ORS 462 is replete with references to the priority that legislators have given fair meet operations. It is also clear that the executive branch is supportive of these community events. In addition to these mandates it is important to the industry that the fairs continue to offer racing. The ORC in cooperation with the fair meet directors has implemented policy changes that have greatly enhanced the safety of fair meet racing. The introduction of pre-meet inspections, pre-race veterinary exams of all horses competing, and retro-fitting the starting gates are a few of these initiatives. The fair meets remain an integral part of the racing industry in Oregon. These communities benefit from the commerce generated by the participants and the fans. Hotels, restaurants, tack shops, feed stores and a host of other businesses are boosted by these activities.

3. ADVANCED DEPOSIT WAGERING:

In 1999 Oregon became one of the first states to license ADW companies. ORS 462.725 provides the framework for licensing and regulating the “Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hubs”. Currently there are 10 ADW companies licensed and regulated by the ORC. Oregon is not the only state offering this type of license and there is limited wagering activity in this state. In fact, 99% of the dollars wagered (handle) through Oregon ADW licensees are from non-residents wagering on races run in other states. The incentive for these companies to remain licensed by the ORC lies in the fact that the Oregon license carries with it the imprimatur of a regulator that has attained primacy in this arena. The continued preeminence of the ORC in licensing and regulating ADW companies is critical to the health of the industry. License fees and assessments on these companies account for over 90% of the revenue generated by the ORC which in turn fund all of the allocations to breeders, associations, fairs and the contribution to the General Fund. The expected contribution to the GF in the 2021-23 biennium is \$1.65M. The ORC has one employee dedicated solely to overseeing all regulatory matters pertaining to ADW operations. The audit and compliance functions continue to evolve to keep pace with emerging technologies and more varied wagering options. ADW Supervisor Connie Winn has established regular audit and compliance reviews and procedures that have added an increased level of sophistication to the oversight provided these licensees by the commission. In many cases, the rigorous reviews and detailed reports generated by this oversight have supported licensees in satisfying regulators in other states, financial service companies, and vendors seeking evidence that the ADW company is subject to strict scrutiny and is highly regulated. The multi-state jurisdictional license issued by the ORC remains the gold standard in the industry but there are states competing for this business. As this function of the ORC is responsible for funding all programs and much of the agency operational cost it is imperative that the agency retain its role as the national leader in ADW licensing and regulation.