

FISCAL IMPACT OF PROPOSED LEGISLATION

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

Measure: SB 165 - B

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Establishes annual payments to be made by race meet operators that conduct mutuel wagering on horse races previously held. Establishes allowable uses for portions of such payments. Requires mutuel wagers on historical animal races to be placed from a physical race course of a licensee. Prohibits mutuel wagers on historical animal races from being placed on electronic devices, unless they are owned or leased by the operator of the race course. Prohibits placing or accepting mutuel wagers on historical animal races via mobile phone, personal computer, or other personal electronic device. Applies new provisions to multi-jurisdictional simulcasting and interactive wagering.

Government Unit(s) Affected:

Oregon Racing Commission (ORC)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Analysis:

Senate Bill 165, B-engrossed, changes the revenue distribution from pari-mutuel betting on historic horse races from a percentage allocation to a fixed annual payment. The measure directs a licensee that conducts pari-mutuel betting on historic horse races to make fixed annual payments, instead of a percentage allocation of the licensee's revenues from wagers, to specified horse racing organizations, including the Oregon Racing Commission (ORC). The fixed amount annual payments apply to required payments beginning in 2022. In each subsequent year, the amounts will be increased by three percent (3%) from the amount due in the immediately preceding year. The measure requires a pari-mutuel wager on a historical animal race to be placed from a physical race course of a licensee. It prohibits a pari-mutuel wager from being placed on an electronic device, unless the device is owned or leased by the operator of the race course at which the wager is placed. The measure prohibits a person from placing or accepting a pari-mutuel wager on a historical animal race via mobile phone, personal computer, or other personal electronic device. The measure clarifies that its provisions apply to multi-jurisdictional simulcasting and interactive wagering and takes effect on January 1, 2022.

The measure would have a fiscal impact on ORC. However, the measure would not increase ORC's operational expenses; it would reduce ORC revenues from pari-mutuel wagers on historic horse races. ORC currently licenses 10 advance-deposit wagering platforms, but only two of them offer wagers on historic horse races. ORC anticipates that the measure would cause those two licensees that offer wagers on historic horse races not to renew their licenses. Assuming those two licensees do not renew their licenses, ORC would have an estimated revenue reduction of \$362,218 in 2021-23. This revenue reduction would mean ORC would have less funds available to allocate to its stakeholders. Consequently, the ORC budget committee would have to decide how to allocate fewer resources to stakeholders, and existing programs and initiatives might need to be scaled back or eliminated. The Off-Track Betting Network, which is the simulcast network, has been dormant for a significant portion of the 2019-21 biennium because of the COVID-19 pandemic. If the Off-Track Betting Network were to return to pre-pandemic levels, ORC's one percent (1%) share of that revenue would make up some of the measure's anticipated reduction in revenues. Implementation of historic horse racing would also help sustain ORC operations, since that revenue has been absent since Portland Meadows shut down on June 30, 2019.

Otherwise, there is no additional cost to ORC to regulate eight licensees instead of 10, since audit travel expenses are paid by licensees.