

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 1504**81st Oregon Legislative Assembly – 2022 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Emily Coates
Reviewed by: Amanda Beitel, John Borden, Ben Ruef, John Terpening
Date: 2/8/2022

Measure Description:

Prohibits accepting wagers or providing gambling services in connection with greyhound racing.

Government Unit(s) Affected:

Oregon Judicial Department (OJD), Department of Corrections (DOC), Oregon State Police (OSP), Criminal Justice Commission (CJC), Cities, Counties, Oregon Racing Commission (ORC), Department of Justice (DOJ), District Attorneys and their Deputies (DAs), Public Defense Services Commission (PDSC)

Summary of Fiscal Impact:

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

Analysis:

This measure prohibits the acceptance of wagers or providing gambling services in connection with greyhound racing, regardless of the state or country in which the race takes place. A person who commits such crime could receive punishments of maximum five years' imprisonment, a \$125,000 fine, or both, a Class C felony. This measure also prohibits wagering on greyhound racing, regardless of the state or country in which the race takes place. A person who commits such crime could receive punishments of maximum 364 days' imprisonment, \$6,250 fine, or both, a Class A misdemeanor. This measure takes effect July 1, 2023.

Oregon Racing Commission (ORC) estimates that if this measure passes, the agency would lose approximately \$7 million Other Funds revenue in the 2023-25 biennium. Historically, Advanced Deposit Wagering (ADW) fees increase by approximately 5% each biennium. Currently, multi-jurisdictional ADW licensees may legally offer wagering on greyhound racing in Oregon. If greyhound racing wagers become illegal, it is likely that many ADW licensees would choose to maintain their licenses in another state that does not prohibit wagering on greyhounds.

Fees from ADWs support agency operations and the horse racing industry in Oregon, with some revenues also transferred to the General Fund. At the beginning of the 2021-23 biennium, there were nine licensed ADW companies in Oregon. ORC reports that six of the companies will leave Oregon because their greyhound product will no longer be legal. ORC is unsure if the remaining three companies will leave.

ORC is estimating a revenue loss of \$7 million from the six companies leaving Oregon. The agency estimates a \$1.8 million loss of agency operations revenue from ADW fees, participant licensing fees, assessed fees on live racing handle, and historic horse racing fees. The remaining \$5.2 million in lost revenue from advanced deposit wagering is based on a 0.125% fee of total wagers and would reduce transfers to the General Fund (25%) and payments ORC makes to support Oregon's horse racing industry (75%). The actual number of licensees that choose to leave the state will likely be unknown until later in the 2021-23 biennium and the amount of revenue lost could vary from the numbers put forward by the agency. However, if several ADW licensees do move out of state, it is unclear if there is an alternate source of funding available to the agency.

The Oregon Judicial Department, Department of Corrections, and Oregon Public Defense Services Commission estimate a minimal fiscal impact. There is no fiscal impact for Oregon State Police, Oregon Criminal Justice Commission, Department of Justice, District Attorneys, or counties.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means due to its impact on the ORC budget.