

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3514

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Requires Oregon Racing Commission to investigate reports of Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub licensees that, in violation of statute, permit greyhound wagering accounts to be opened by individuals in jurisdictions where greyhound racing is unlawful.

Government Unit(s) Affected:

Oregon Racing Commission, Judicial Department

Summary of Fiscal Impact:

Costs related to the measure are indeterminate, but may require budgetary action - See analysis.

Analysis:

House Bill 3514 directs the Oregon Racing Commission (ORC) to investigate reports of Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub licensees that that permit greyhound wagering accounts to be opened by individuals in jurisdictions where greyhound racing is unlawful. The measure prohibits licensees from accepting wagers on races that take place outside the United States, and it prohibits the establishment of an account for wagering on greyhound racing if greyhound racing is unlawful in the jurisdiction of the wagering individual's residence. The measure requires ORC to suspend the license of violators until the licensee implements appropriate controls. The measure takes effect on January 1, 2024.

Oregon Racing Commission

The measure is anticipated to have a fiscal impact on ORC; however, the impact is indeterminate. While ORC would need to conduct new rulemaking to prevent Advance Deposit Wagering Hubs (ADW) from offering the prohibited wagers, the measure would not increase ORC's expenditures. The measure is anticipated to have an adverse impact on ORC's revenues.

Currently, there are nine ADW licensees in Oregon: five that offer greyhound wagering and four that offer horse race wagering. ORC anticipates that the measure would cause most, if not all, ADW licensees to discontinue their operations in the state and thereby decrease ORC's revenues, though the exact amount is unknown. Assuming three to five of the ADW licensees that offer greyhound wagering discontinue their operations in the state, the measure would decrease ORC's revenues from ADW licensing revenue, share of the handle (amounts wagered), and individual licensees by an estimated \$2.9 to \$3.4 million per biennium. Since 25% of the ADW share of the handle is transferred to the General Fund each biennium, the measure is anticipated to reduce transfers to the General Fund by an estimated \$650,000, though the amount of lost revenue would depend on how many ADW licensees discontinue their operations in the state. While these lost revenue projections are based on the 2023-25 biennium, this would represent a recurring, permanent loss to ORC and the General Fund.

It should also be noted that ORC's expenditure limitation is \$7.3 million Other Funds in the 2023-25 biennium, of which \$2.9 million is allocated for special payments of Hub funds to the fair meets. Depending on the extent of the projected lost revenues, the measure may prevent ORC from being able to make these special payments, or possibly decrease ORC's operating reserves.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact to the State's General Fund and ORC's biennial budget.

Judicial Department

The measure is anticipated to have a minimal fiscal impact on the Judicial Department.