

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3514 - A <REVISED>

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:

Prohibits any Oregon resident from wagering on greyhound racing. Allows Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hubs to accept or facilitate mutuel wagers on greyhound racing, except for races held in Mexico. Prohibits all hubs from accepting or facilitating wagers on greyhound races after July 1, 2029.

Government Unit(s) Affected:

Oregon Racing Commission, Counties

Summary of Fiscal Impact:

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

REVISED FISCAL IMPACT STATEMENT

Analysis:

HB 3514 A-engrossed prohibits any Oregon resident from wagering on greyhound racing. However, Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator licensees (Hubs) may continue to accept and facilitate mutuel wagers on greyhound races from persons outside the state, except for mutuel wagers on greyhound races held at courses in Mexico. The measure prohibits all Hubs licensed in Oregon from accepting or facilitating any wagers on any greyhound races after July 1, 2029. The Oregon Racing Commission (ORC) must submit annual reports to the Legislative Assembly on or before February 1st of each year. The measure takes effect on January 1, 2024.

The measure is anticipated to have a fiscal impact on ORC, though the impact is currently indeterminate. While ORC would need to conduct new rulemaking to prevent Advance Deposit Wagering (ADW) Hubs from accepting or facilitating wagers on greyhound races and collect data for the new annual reporting requirement to the Legislative Assembly, the measure would not otherwise increase ORC’s expenditures. However, the measure is anticipated to have an adverse impact on ORC’s revenues.

Currently, there are nine ADW Hubs in Oregon: five that provide wagers on greyhound racing (greyhound ADW Hubs) and four that provide wagers on horse racing. ORC has indicated that at least two greyhound ADW Hubs will discontinue their operations in the state. Assuming these two greyhound ADW Hubs discontinue their operations in the state, the measure would decrease ORC’s revenues from ADW daily licensing fees, individual license fees, affiliate fees, share of the handle (i.e., amounts wagered), off-track betting locations, handicapping sites, and multi-jurisdictional wagers by an estimated \$2.6 million in the 2023-25 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, though the amount of lost revenue would depend on how many ADW Hubs discontinue their operations in the state. While these projected revenue losses would occur in the 2023-25 biennium, this would represent a recurring, permanent loss to ORC and the General Fund.

It should also be noted that \$3.5 million Other Funds is included for special payments in ORC’s 2023-25 current service level budget, which includes \$2 million for the County Fair meets. Assuming the loss of two greyhound ADW Hubs were to decrease ORC’s revenues by \$2.6 million in 2023-25, the measure would substantially limit

ORC's ability to make these special payments to counties, which in turn may prevent some counties from being able to hold County Fair meets. For that reason, the fiscal impact to counties is presently indeterminant.

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.