Oregon

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SB 76 Exchange Wagering

The bill would create a new section in ORS 462 titled the "Exchange Wagering Act". The "Act" would authorize ADW licensees to offer this form of pari-mutuel wagering provided they met certain criteria imposed by the ORC. This form of wagering essentially allows participants to place wagers against each other by using a market to offer and accept identical opposing wagers on the outcome of races. The "market" would be managed by the licensed ADW provider and be conducted pursuant to and in compliance with the Interstate Horse Racing Act of 1978, 15 U.S.C. sections 3001-3007, as amended. This form of wagering is popular in Europe. In the United States exchange wagering is lawful in New Jersey and California although currently operational only in New Jersey. The exchange allows bettors to lock in fixed odds on a racing animal which distinguishes it from the traditional pari-mutuel model in which odds are calculated at the conclusion of the closing of the betting pools.

This measure would require the ORC to adopt rules governing all aspects of the exchange. Rules are in place in other jurisdictions and a thorough review of these sources would be undertaken by agency staff to determine optimal draft rules to facilitate this wagering option. The approval of a license that includes the right to offer exchange wagering would require the ORC to adopt additional policies, audit, and compliance standards. These reviews would be necessary in part because the tote systems would not be used to process the wagers. The internal systems designed and managed by the ADW licensee to provide the betting exchange and settlements would have to be monitored by the ORC. The ORC has the experience and expertise to regulate exchange wagers without additional staff. Limited audit training may be required to familiarize staff with the new processes and systems that would be in use. The new offering would be assessed a fee by the ORC based on an as yet to be determined formula. The takeout from these wagers is substantially less than the takeout from traditional pari-mutuel wagers so a new fee structure would have to be imposed. Exchange wagers would be deemed separate from the pari-mutuel wagers currently processed so existing cap limits would not apply. This would guarantee that exchange wagering would produce some revenue to the agency and by extension the state. The popularity of the wager would determine the extent of that revenue and that is difficult to assess at this time. The need for legislative authorization in other jurisdictions could also impact the growth of this type of wager.