

Enrolled Senate Bill 76

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CHAPTER

AN ACT

Relating to exchange wagering; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Sections 2 to 15 of this 2019 Act are added to and made a part of ORS chapter 462.

SECTION 2. As used in sections 2 to 15 of this 2019 Act:

- (1) “Back” means to wager on a selected outcome occurring in a given market.
- (2) “Exchange” means a system operated by an exchange wagering licensee in which the exchange wagering licensee maintains one or more markets in which persons may back or lay a selected outcome.
- (3) “Exchange revenues” means all charges and fees assessed or collected by an exchange wagering licensee in connection with the submission of any exchange wagers to the exchange wagering licensee.
- (4) “Exchange wagering” means a form of pari-mutuel wagering in which two or more persons place identically opposing wagers in a given market.
- (5) “Exchange wagering account” means an account held by a person participating in exchange wagering and managed by an exchange wagering licensee, and may include an account established with a Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub pursuant to ORS 462.725.
- (6) “Exchange wagering licensee” means a person that holds an exchange wagering license issued under section 6 of this 2019 Act.
- (7) “Exchange wagering system” means a system through which exchange wagers are processed.
- (8) “Exchange wagers” means wagers submitted to an exchange wagering licensee to be posted in a market on an exchange.
- (9) “Identically opposing wagers” means wagers that one or more persons offer to lay on a selected outcome at the same price at which one or more persons offer to back that same outcome, with the amount subject to the lay being proportionately commensurate to the amount subject to the back.
- (10) “Interstate exchange pool” means an exchange wagering system established in this state or in another jurisdiction and that combines unmatched wagers on one or more horse races in order to form identically opposing wagers.
- (11) “Lay” means to wager on a selected outcome not occurring in a given market.

(12) "Market" means, in relation to a given horse race or set of horse races, a particular outcome that is subject to exchange wagering as determined by an exchange wagering licensee.

(13) "Matched wager" means the wager that is formed when two or more persons are confirmed by an exchange wagering licensee as having placed identically opposing wagers in a given market on an exchange.

(14) "Net winnings" means the aggregate amounts payable to a person as a result of that person's winning matched wagers in a pool less the aggregate amount paid by that person as a result of that person's losing matched wagers in that pool.

(15) "Pari-mutuel" means any system in which wagers with respect to the outcome of a horse race are placed with, or in, a wagering pool conducted by an authorized person, and in which the participants are wagering with each other and not against the person conducting the wagering pool.

(16) "Pool" means the total of all matched wagers in a given market.

(17) "Price" means the odds for a given exchange wager.

(18) "Unmatched wager" means a wager or portion of a wager placed in a given market on an exchange that does not become part of a matched wager.

SECTION 3. (1) The Legislative Assembly finds and declares that the horse racing industry is economically important to this state and that the general welfare of the residents of this state will be promoted by the advancement of horse racing and related projects and facilities in this state.

(2) It is the intent of the Legislative Assembly, by authorizing exchange wagering in this state, to:

(a) Promote the economic future of the horse racing industry in this state;

(b) Foster the potential for increased commerce, employment and recreational opportunities in this state;

(c) Preserve the state's open spaces;

(d) Permit exchange wagers to be taken in person, by telephone or by communication through other electronic means; and

(e) Subject to the relevant federal law, permit exchange wagers to be taken from residents of jurisdictions other than this state.

(3) The Legislative Assembly has determined that the Oregon Racing Commission is best suited to oversee, license and regulate exchange wagering in this state.

SECTION 4. Notwithstanding any other provision of law or rule to the contrary, exchange wagering by residents of this state and other jurisdictions on the results of horse races conducted in this state or other jurisdictions are lawful, provided that:

(1) Exchange wagering may be conducted only by an exchange wagering licensee through an exchange wagering system pursuant to an exchange wagering license issued under section 6 of this 2019 Act;

(2) Exchange wagering must be conducted pursuant to and in compliance with the provisions of the Interstate Horseracing Act of 1978, 15 U.S.C. 3001 to 3007, as amended, and sections 2 to 15 of this 2019 Act and the rules adopted pursuant to sections 2 to 15 of this 2019 Act; and

(3) Exchange wagers must be submitted to and accepted by an exchange wagering licensee in person, by telephone or by communication through other electronic means.

SECTION 5. (1) A person may not open an exchange wagering account or place an exchange wager except in accordance with federal law, sections 2 to 15 of this 2019 Act and the rules adopted pursuant to sections 2 to 15 of this 2019 Act.

(2) Only a person with a valid exchange wagering account may place wagers through an exchange.

(3) To establish an exchange wagering account, a person must be:

(a) At least 18 years of age; and

(b) A resident of this state or of another jurisdiction in which the placement of exchange wagers is allowed under federal law or the law of that jurisdiction.

(4) An exchange wagering account may be established with an exchange wagering licensee in person, by telephone, by mail or through electronic means.

SECTION 6. (1) The Oregon Racing Commission may issue an exchange wagering license to an applicant that meets the requirements of this section and the rules adopted by the commission pursuant to this section.

(2) An applicant shall submit an application in a form and manner determined by the commission by rule and shall include information about the applicant's security policies and safeguards designed to ensure player protection and integrity, including but not limited to provisions regarding:

(a) The acceptance of electronic applications for the establishment of exchange wagering accounts;

(b) Verification of location and age of applicants for the establishment of exchange wagering accounts;

(c) The use of identifying factors to ensure security of individual exchange wagering accounts; and

(d) The requirements for the management of moneys in exchange wagering accounts.

(3) An applicant may be located inside this state or in another jurisdiction.

SECTION 7. (1) An exchange wagering licensee may not accept an exchange wager, or series of exchange wagers, from an exchange wagering account holder if the results of the exchange wager or series of exchange wagers would create a liability for the holder in excess of moneys on the deposit in the holder's exchange wagering account.

(2) An exchange wagering licensee may suspend or close an exchange wagering account at the discretion of the exchange wagering licensee.

SECTION 8. Subject to the approval of the Oregon Racing Commission, an exchange wagering licensee may collect exchange revenues in the manner and amounts determined by the exchange wagering licensee, including but not limited to assessing a surcharge on any person's net winnings.

SECTION 9. An exchange wagering licensee may cancel or allow to be cancelled any unmatched wagers, without cause, at any time.

SECTION 10. The Oregon Racing Commission may adopt rules to regulate when an exchange wagering licensee may cancel or void a matched wager or part of a matched wager, and the actions that an exchange wagering licensee may take when all or part of a matched wager is canceled or voided.

SECTION 11. An exchange wager may be posted in a market after the start of a race if so authorized by the Oregon Racing Commission by rule and agreed to by the race track or fair that is conducting the race on which the exchange wager is made.

SECTION 12. Subject to applicable federal law, an exchange wagering licensee may post exchange wagers submitted by residents of this state in an interstate exchange pool in order to form identically opposing wagers, and may treat any resulting matched wager as part of one or more common pools with any other matched wagers in the interstate exchange pool.

SECTION 13. (1) The Oregon Racing Commission may require an exchange wagering licensee to:

(a) Pay a fee to the commission of not more than two percent of the exchange wagering licensee's exchange revenue; and

(b) Pay a portion of the exchange wagering licensee's exchange revenues as may be required by section 4 of this 2019 Act.

(2) Moneys collected under this section shall be deposited in the General Fund in the State Treasury to the credit of the Oregon Racing Commission Account.

SECTION 14. The Oregon Racing Commission may not require an exchange wagering licensee to:

- (1) Retain, withhold or take out any amounts from exchange wagers; or
- (2) Assure any minimum payoff amount for an exchange wager or to calculate payoffs of winning exchange wagers in a manner inconsistent with exchange wagering authorized by sections 2 to 15 of this 2019 Act.

SECTION 15. The Oregon Racing Commission may:

(1) Adopt rules:

(a) To regulate exchange wagering in this state, including the manner in which exchange wagers may be accepted and the requirements for a person to participate in exchange wagering;

(b) Regarding the issuance, renewal, revocation and suspension of exchange wagering licenses;

(c) To require an annual audit of an exchange wagering licensee's books and records pertaining to exchange wagering; and

(d) As otherwise necessary to carry out the provisions of sections 2 to 15 of this 2019 Act; and

(2) Require licensure or registration of the officers or directors of an exchange wagering licensee.

SECTION 16. (1) Sections 2 to 15 of this 2019 Act become operative on January 1, 2020.

(2) The Oregon Racing Commission may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the commission to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the commission by sections 2 to 15 of this 2019 Act.

SECTION 17. This 2019 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2019 Act takes effect on its passage.

Passed by Senate February 21, 2019

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Lori L. Brocker, Secretary of Senate

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Peter Courtney, President of Senate

Passed by House May 30, 2019

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Tina Kotek, Speaker of House

Received by Governor:

.....M.,....., 2019

Approved:

.....M.,....., 2019

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M.,....., 2019

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Bev Clarno, Secretary of State