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MODERNIZING FINANCIAL SUPPORT FOR OREGON HORSE ORGANIZATIONS



Oregon Quarter Horse
RACING ASSOCIATION, INC.
America's Fastest Athletes



OTOBA

Legislative proposal

The Oregon horse racing community has come together to support modernizing how one portion of horse racing revenues are distributed to organizations representing and promoting the industry. Our legislative proposal relates only to revenues from wagers made through “Historic Racing Machines”, by moving from percentage allocations to a fixed payout to Oregon horse racing organizations. Revenue distribution from live horse racing and from Off Track Betting locations in the state remains the same. This statutory change will provide financial certainty, and long term stability, for Oregon’s horse organizations and Grants Pass Downs.

Background

Grants Pass Downs (GPD) holds the only commercial horse racing license issued by the State of Oregon. GPD secured this license when Portland Meadows closed in 2019.

With this commercial racing license comes certain privileges:

- Running live horse racing meets – currently held at GPD/Josephine County fairgrounds;
- Managing Off Track Betting (OTB) facilities that allow wagering on live simulcast horse racing meets nationwide – currently 10 OTBs throughout the state;
- Offering on-site Historic Racing Machines, which are video terminals that allow pari-mutuel betting on horse races run in the past (authorized by the legislature in 2013).

A portion of revenues from all of these activities are directed by statute to several horse racing related organizations:

- Oregon Racing Commission (ORC), the state agency which oversees the industry;
- Oregon Thoroughbred Owners and Breeders Association;
- Oregon Quarter Horse Racing Association;
- Oregon Horsemen’s Benevolent Protection Association.

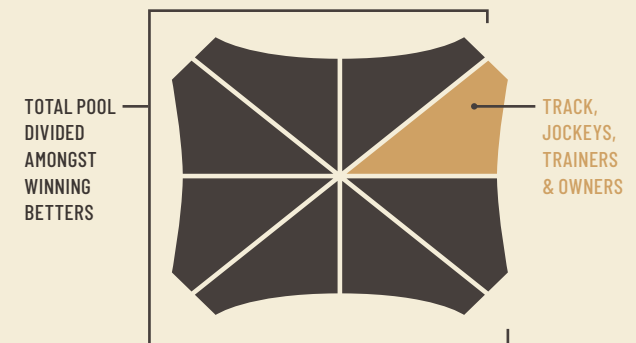
The statute says these private organizations are allowed to use these supplemental funds for “operating expenses and other benefits for horsemen” in the state. Grants Pass Downs is committed to keeping horse racing alive in the



Allyssa Morales horse #5

Grants Pass Downs, Grants Pass Oregon

Commercial Race Track



Definition: Pari-Mutuel bet

A bet where the total amount bet is divided between winning bettors less a fee for the track, jockeys, trainers and owners.

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state. These horse racing associations are key partners and share race revenues to promote their important work to support the industry.

The overall amount wagered on a horse race is called the “handle.” After paying out winning bettors, the amount left over is the “take out” rate which is used to pay winning horse owners and jockeys (the “purse”) and to pay the costs of operating a race track.

While take out rates for live racing and OTBs is 20 percent, the take out rate for bets made through Historic Racing Machines is only eight percent.

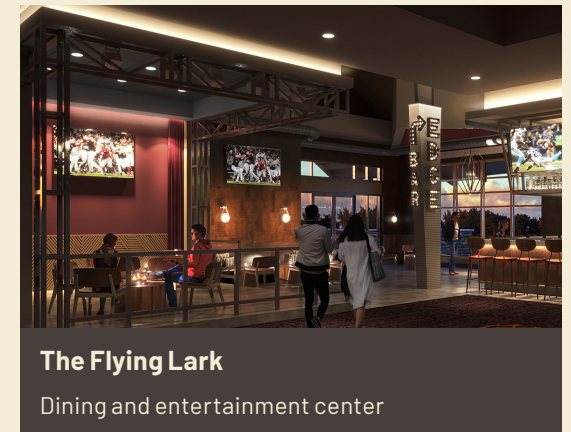
These Historic Racing Machines will be placed in the soon-to-built “Flying Lark” restaurant and entertainment center. The Flying Lark, which will be adjacent to Grants Pass Downs, will boast a full service family restaurant, a grab-and-go restaurant, sports bar, gaming floor, banquet facilities and art pieces by regional artists that celebrate the magic, power and beauty of horses.

While we hope this entertainment center will be successful, it is extremely difficult to estimate the amount that will be wagered on historical horse races, especially since these Historic Racing Machines will be based in Grants Pass, and not in the larger Portland metropolitan area. The current rates in statute for the Historic Racing Machines does not make it financially viable for Grants Pass Downs as the operator given the uncertainty that exists.

Need for legislation

It is expensive to run a quality horse racing facility that places a priority on the well-being and safety of the horses, jockeys, racing staff, trainers, owners, horsewomen and horsemen.

Our legislative solution is simple. For revenue from Historic Racing Machines, we ask the legislature to change the law to move from percentage allocations to a fixed payout model directed toward the various Oregon horse racing organizations. The fixed amounts are more than what these organizations have secured in the past, and would include an annual escalation factor.



The Flying Lark

Dining and entertainment center

\$10M Investment in Track and Equine Facility

GP Downs is deeply supportive of Oregon Horse Organizations.



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This modification, for just one portion of betting, gives more certainty to horse organizations and GPD. The percentages in the statute sent to the horse racing organizations would remain the same for live horse racing and OTBs.

We want to see a robust horse racing industry in Oregon that can be sustainable for the long run. A modification in the payout model will give greater certainty to Oregon's horse associations and to Grants Pass Downs as we work collaboratively to promote a strong horse racing industry in the state.

Fixed Payout Model - Historic Racing Machine Revenues

	Statute Guarantee + Annual 3% Increase		
	2022	2027	2029
Oregon Racing Commission	\$200,000	\$232,000	\$246,000
Oregon Supplement Fund	\$20,000	\$23,200	\$24,600
OTOBA	\$150,000	\$174,000	\$184,500
OQHRA	\$50,000	\$58,000	\$61,500
Backside Fund	\$50,000	\$58,000	\$61,500

The fixed model provides certainty, an annual escalation and larger payouts.



Female Jockey Stars on the rise

3 of the top 5 Jockeys at GP downs in 2020 are rising female stars.

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