

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3514 - 1

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Date: March 28, 2023

Measure Description:

Prohibits a Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub licensee from accepting or facilitating mutuel wagers on greyhound racing.

Government Unit(s) Affected:

Oregon Racing Commission

Summary of Fiscal Impact:

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

Analysis:

House Bill 3514, as amended by the -1 amendments, would prohibit any Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub licensed by the Oregon Racing Commission (ORC) from accepting or facilitating mutuel wagers on greyhound racing. 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 offering or facilitating wagers on greyhound races, the measure is not anticipated to increase ORC's expenditures. However, 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 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 number is unknown. Assuming the five 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 \$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 County Fair meets. Depending on the extent of the projected revenue losses, the measure may prevent ORC from making these special payments and 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.