

HB 5035 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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**Oregon Racing Commission
2025-27**

Budget Summary*

	2023-25 Legislatively Approved Budget ⁽¹⁾	2025-27 Current Service Level	2025-27 Committee Recommendation	Committee Change from 2023-25 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 7,482,263	\$ 7,988,147	\$ 7,662,147	\$ 179,884	2.4%
Total	\$ 7,482,263	\$ 7,988,147	\$ 7,662,147	\$ 179,884	2.4%

Position Summary

Authorized Positions	15	14	14	(1)
Full-time Equivalent (FTE) positions	10.39	10.39	10.39	0.00

⁽¹⁾ Includes adjustments through January 2025

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Racing Commission (ORC) is supported with Other Funds derived from live horse racing, simulcast wagering and offtrack betting sites, participation licenses, business licenses, fines and “outs” – uncollected winning tickets purged from the system after 90 days and paid to the Commission. Revenue derived from fees paid on “handle” – amount of daily, weekly, monthly, or annual wagering totals—from Oregon licensed Advance Deposit Wagering companies (ADWs) are split between the agency’s Racing Development Account (75%) and the General Fund (25%). These are referred to as Hub funds and are used to promote a healthy and stable racing industry in Oregon.

The Subcommittee recommended budget includes an increase in revenue associated with Senate Bills 853, 854, and 855. Senate Bill 853 increases the annual cap on individual licenses and daily fees charged to ADWs to be established by ORC in rule. The increase in fees allowed by Senate Bill 853 is expected to generate \$270,200 Other Funds. Senate Bill 854 authorizes ORC to impose civil penalties for certain violations of animal racing laws and is expected to generate \$10,000; and Senate Bill 855, which increases the cap on certain other civil penalties ORC may impose for racing meets, is expected to generate \$40,000. Total revenue increases recommended by the Subcommittee total \$320,200 Other Funds.

Summary of Transportation and Economic Development Subcommittee Action

Established in 1933 as part of the Pari-Mutuel Wagering Act, ORC regulates all aspects of the pari-mutuel industry in Oregon, including racing and on- and off-track wagering, for the benefit of citizens, licensees, participants, and the State of Oregon. Pari-mutuel wagering is a system of betting through which winners divide the total amount bet for that specific type of wager after management expenses have been deducted. The Commission also regulates multi-jurisdictional account wagering hubs licensed in Oregon. By statute, 25% of the fees on wagering through

these hubs goes to the state General Fund; the remaining 75 percent is used to support racing industry activities, such as the commercial race meet in Grants Pass and the summer race meets in communities throughout the state.

The Commission oversees horse racing at four county fair race sites, including Union, Grants Pass, Prineville, and Tillamook. To provide a safe and fair racing environment, the Commission oversees licensing of race participants (jockeys, trainers, and owners), pari-mutuel wagering operations, and specific rules on horseracing. The Commission also regulates all aspects of on-track and off-site wagering operations, including the simulcast of races and hubs. There are approximately 2,800 licensed race meet participants, seven multi-jurisdictional hubs, and eight off-track betting locations in Oregon.

The Subcommittee recommended a budget of \$7,662,147 Other Funds expenditure limitation and 14 positions (10.39 FTE). This represents an increase of 2.4% from 2023-25 legislatively approved budget. The agency position count and full-time equivalent positions are unchanged from the 2025-27 current service level (CSL).

General Program

The Commission promotes horseracing in Oregon while ensuring the integrity of the sport and the safety of the contestants, public, and animals. The program is entirely funded from fees charged to licensees, as well as taxes on wagering hubs. The following provides information on the agency's programs:

- Commission – The Commission approves licenses, acts in a quasi-judicial capacity, and sets policy.
- Administration – Administration handles the day-to-day agency operations and ensures commission policies are implemented.
- Stewards – Stewards provide onsite monitoring of race meets and ensure fair competition; stewards have the authority to overrule race officials and can impose fines and license suspensions for violation of the rules.
- Veterinarians and test barn – Staff work to ensure racehorses are “racing sound” and are not exposed to an unnecessary risk of injury. Additionally, blood and urine samples are collected to test for banned substances.
- Investigations and Licensing – Commission investigators are responsible for conducting investigations of alleged violations of racing statutes and rules, as well as surveillance of activities of participants and patrons. Investigators also conduct background investigations on all individuals applying for licensees and oversee chemical testing of human race meet participants. Licensing oversees the process of mandatory licensing for all aspects of race participants.
- Supervisor of Account Wagering Hubs – The Supervisor of Multi-Jurisdictional Hub Operations is responsible for the oversight of the multijurisdictional hubs.
- Pari-Mutuels - This unit is responsible for the auditing of Pari-Mutuel transactions. The Pari-Mutuel auditing component is responsible for ensuring wagered money is properly accounted for in the Totalizator System, the payouts to the winning wagers are correct, the

distribution of the take-out is done accurately and timely, as well as evaluating proposed wagers by the race meet licensee and evaluating simulcast contracts.

The Subcommittee recommended a budget of \$7,662,147 Other Funds expenditure limitation, and 14 positions (10.39 FTE). The Subcommittee recommended the following packages:

Package 070, Revenue Shortfalls: This package reduces Other Funds expenditure limitation by \$998,420 by reducing the full-time equivalent on six positions (1.80 FTE) along with cuts to services and supplies to address a revenue shortfall identified in the current service level budget in order to increase the Commission's ending balance.

Package 101, Increase Licensing Fees: This is a revenue-only package that aligns with Senate Bill 853, which increases the annual cap on licensing fees to increase the Commission's revenue and better align fees with neighboring states. The Commission's individual license fee cap will increase from \$30 to \$150 annually, with a tiered fee structure based on license type. Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hub fees will rise from \$200 to \$225 per operating day. Future increases may be considered to further align with regional standards and ensure revenue stability. The package includes \$142,450 in projected revenue from individual fee increases and \$127,750 in additional Hub fee revenue.

Package 103, Increase Maximum Fines: This is a revenue-only package that aligns with Senate Bill 855, which increases the maximum statutory amount for existing civil penalties under ORS 462.405 from \$500 to \$5,000. Increasing the maximum fee provides an incentive for licensees to follow the Commission's laws and rules. The package includes \$40,000 in new revenue associated with the proposed increase in fines.

Package 104, Fine Illegal Wagering: This is a revenue-only package that aligns with Senate Bill 854, which authorizes the Commission to issue fines for certain animal racing law violations, including unauthorized wagering. The Commission will establish rules for these fines, with a maximum penalty of \$25,000. Estimated revenue for 2025-27 is \$10,000.

Package 801, LFO Analyst Adjustments: This package increases the Other Funds expenditure limitation by \$672,420 to correct an overstatement of the revenue shortfall in Package 070 and accounts for the additional estimated revenue in Packages 101, 103, and 104 totaling \$320,200. The package also adds back the fractions of FTE (1.80 FTE) reduced in Package 070 and reduces services and supplies by \$40,000 to ensure sufficient funding to maintain a three-month operational ending balance for the commission.

Summary of Performance Measure Action

See attached Legislatively Adopted 2025-27 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Racing Commission
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DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2023-25 Legislatively Approved Budget at Jan 2025 *	\$ -	\$ -	\$ 7,482,263	\$ -	\$ -	\$ -	\$ 7,482,263	15	10.39
2025-27 Current Service Level (CSL)*	\$ -	\$ -	\$ 7,988,147	\$ -	\$ -	\$ -	\$ 7,988,147	14	10.39
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 010 - General Program									
Package 070: Revenue Shortfalls									
Personal Services	\$ -	\$ -	\$ (712,420)	\$ -	\$ -	\$ -	\$ (712,420)	0	(1.80)
Services and Supplies	\$ -	\$ -	\$ (286,000)	\$ -	\$ -	\$ -	\$ (286,000)		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ 712,420	\$ -	\$ -	\$ -	\$ 712,420	0	1.80
Services and Supplies			\$ (40,000)				\$ (40,000)		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ (326,000)	\$ -	\$ -	\$ -	\$ (326,000)	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 7,662,147	\$ -	\$ -	\$ -	\$ 7,662,147	14	10.39
% Change from 2023-25 Leg Approved Budget	0.0%	0.0%	2.4%	0.0%	0.0%	0.0%	2.4%	(6.7%)	0.0%
% Change from 2025-27 Current Service Level	0.0%	0.0%	(4.1%)	0.0%	0.0%	0.0%	(4.1%)	0.0%	0.0%

*Excludes Capital Construction Expenditures

Legislatively Approved 2025 - 2027 Key Performance Measures

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Agency: Oregon Racing Commission

Mission Statement:

The Mission of the Oregon Racing Commission is to regulate and to facilitate all aspects of the pari-mutuel industry in the State of Oregon for the benefit of the citizenry, the licensees, the participants and the economy of the State of Oregon.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2026	Target 2027
1. Animal Safety - This measure tracks the number of horse fatalities in regulated races. The Legislature's target is no more than 1 fatality per 1,000 starters. A lower percentage indicates that actual fatalities exceeded the target.		Approved	41.60%	100%	100%
2. Horse welfare - This measure tracks the percentage of equine drug tests that exceed approved thresholds for controlled substances, with a goal of no more than 1 positive result per 250 tests. Performance is reported as a percentage of the target met, where 100% means the threshold was not exceeded. A lower percentage indicates that the rate of positive tests was higher than the targeted 1 positive in 250 tests.		Approved		100%	100%
3. Equine safety - Injuries - This measure tracks the number of horses that sustain injuries during regulated races, expressed per 1,000 starts. The Legislature's target is no more than 3 injuries per 1,000 starts. Performance is reported as a percentage of the target met, with 100% indicating the injury rate was at or below the target. A lower percentage means the number of injuries exceeded the target.		Approved		100%	100%
4. License Turnaround Time - This measure tracks the average number of workdays from receipt of a complete individual application and questionnaire to the completion of the criminal background check. Oregon's target is a 5-day turnaround. Performance is reported as a percentage of the target met, with 100% indicating the process was completed within the 5-day goal. A lower percentage means the turnaround time exceeded the 5-day target.		Approved	95	100	100
5. Best Practices - Percent of total best practices met by the Board.		Approved	93%	100%	100%
6. Excellent Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	a) Timeliness	Approved	94%	80%	80%
	b) Accuracy		92%	80%	80%
	c) Overall		85%	80%	80%
	d) Expertise		80%	80%	80%
	e) Helpfulness		89%	80%	80%
	f) Availability of Information		87%	80%	80%

LFO Recommendation:

The Legislative Fiscal Office recommends changing the target in KPM #1 from no more than 1.5 horse fatalities per 1,000 starts to no more than 1 horse fatality per 1,000 starts.

The Legislative Fiscal Office recommends adjusting the target in the proposed KPM #4 from no more than 5 injuries per 1,000 starts to no more than 3 injuries per 1,000 starts.

It should be noted that last reported result for KPM #1 represents an above target number in horse fatalities. Because reporting for the measure can be - depending on your perspective - counterintuitive, below is a description of how this figure is calculated based on the previous target.

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The Legislature's target was 1.5 fatalities per 1000. So, $1.5 = 100\%$ of goal. Anything above 100% is better than reaching goal.

Last year there were 5 equine fatalities out of 1,387 starters. So, divide 5 by 1,387 = 0.0036. Multiply that by 1000 (because calculation is based on 1000 starters) = 3.6. So, 1.5 (target) divided by 3.6 (actual) = $.416 \times 100$ (to make percentage) = 41.6%

The Legislative Fiscal Office recommends approval of key performance measures and targets as presented.

SubCommittee Action:

The Transportation and Economic Development Subcommittee approved the key performance measures and targets.

PRELIMINARY