

SENATE COMMITTEE ON GENERAL GOVERNMENT

February 25, 1999 Hearing Room C

3:00 p.m. Tapes 28 - 30

MEMBERS PRESENT: Sen. Verne Duncan, Chair

Sen. Cliff Trow, Vice-Chair

Sen. Marylin Shannon

Sen. Frank Shields

MEMBER EXCUSED: Sen. John Lim

STAFF PRESENT: Marjorie Taylor, Administrator

Patrick Brennan, Administrative Support

MEASURE/ISSUES HEARD: Introduction of Committee Measures

SB 568 Public Hearing and Work Session

SB 229 Public Hearing

SB 228 Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 28, A		
003	Chair Duncan	Calls the meeting to order at 3:07 p.m. Opens a work session for the purpose of introducing a committee bill.
<u>INTRODUCTION OF COMMITTEE MEASURES</u>		
008	Sen. Trow	MOTION: Moves LC 3025 dated 2/22/99 BE

		INTRODUCED as a committee bill.
012	Marjorie Taylor	Committee Administrator. Gives a brief description of the LC draft.
017		VOTE: 3-0-2 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Lim, Shannon
	Chair Duncan	The motion CARRIES.
		LC 3025 becomes SB 837.
021	Chair Duncan	Closes the work session and opens a public hearing on SB 568.
<u>SB 568 PUBLIC HEARING</u>		
025	Dave Henderson	Legislative Administrator. Testifies in support of SB 568. States that the bill will increase the Oregon State Capital Foundation from nine members to as many as 25. States that the increase is necessary to include individuals who were considered important for inclusion to the Foundation.
051	Sen. Trow	Asks if there is any opposition to the bill.
053	Henderson	Replies that he knows of no opposition.
057	Chair Duncan	Closes the public hearing on SB 568 and opens a work session on SB 568.
<u>SB 568 WORK SESSION</u>		
061	Sen. Trow	MOTION: Moves SB 568 to the floor with a DO PASS recommendation.
064		VOTE: 3-0-2 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Lim, Shannon

	Chair Duncan	<p>The motion CARRIES.</p> <p>SEN. DUNCAN will lead discussion on the floor.</p>
068	Chair Duncan	Closes the work session on SB 568 and opens a public hearing on SB 229.
<u>SB 229 PUBLIC HEARING</u>		
070	Marjorie Taylor	Committee Administrator. Gives a brief description of SB 229.
076	Steve Barham	Executive Director, Oregon Racing Commission (ORC). Testifies in support of SB 229 (EXHIBIT A). States that the bill, which is provided for in the Governor's budget, would consider simulcasting as an alternative source of revenue for the racing commission. Provides an overview of simulcasting for the committee. States that racing revenues have dropped significantly, enough that the racing industry cannot sustain itself off of the "handle" alone.
120	Sen. Trow	Asks for a definition of the term "handle."
125	Barham	Replies that the "handle" is the money that is wagered at a race track. States that the track share is the percentage of the handle that is apportioned to the track through pari-mutuel wagering. States that the state receives a percentage of track share from the racing commission.
140	Chair Duncan	States that most of the money taken in by Portland Meadows and Multnomah Greyhound Park appear to be from simulcasting.
148	Barham	Concurs and states that about 70 percent of money wagered on racing in Oregon is wagered on simulcasting.
151	Chair Duncan	Asks how the ORC is involved in simulcasting.
154	Barham	Replies that the ORC writes the regulations that govern simulcasting, monitors and approves the broadcasts, and audits the results of the wagering. States that the ORC has determined that the racing industry should try to maintain the viability of the two largest racing venues through simulcasting.
188	Chair Duncan	Asks if the racing season is organized by the ORC.
190	Barham	Replies that the ORC did so originally but that the season is currently set by statute.
200	Sen. Trow	Asks if it was the ORC that set the goals for simulcasting.

204	Barham	Replies that it was. Says that simulcasting is designed to sustain live racing in Oregon.
215	Sen. Trow	Asks if it is the role of the ORC to be concerned with the health of the racing industry in the state.
218	Barham	Replies that statute allows promotion of racing by the ORC but that the primary goal is regulation of the industry.
228	Sen. Trow	States that he was unaware that the ORC was to be involved in the economics of maintaining the health of the racing industry.
231	Tom Tauslee	Representative, ORC. Says that the revenues cannot support the industry in its current form. Says that the two largest venues (Portland Meadows and Multnomah Greyhound Park) have traditionally given a portion of their simulcast revenues to smaller venues. States that the revenues can no longer support the industry in its current form and that there must be a reallocation of simulcast funds. States that the maintenance of at least one of the large venues is critical to the survival of racing in Oregon. Says that to continue sharing simulcast funds with the fair circuit is to jeopardize Oregon's entire racing industry.
260	Sen. Trow	Asks if the industry would survive without "artificial stimulation."
265	Tauslee	Replies that he is not sure. States that there are simply fewer people wagering on racing in Oregon and that more or less regulation will not bring more people to the tracks. Says that it is difficult to believe that, were the market allowed to determine which tracks would survive, the smaller fair meets would outlast the large venues.
278	Sen. Shannon	Says that the industry should have the right to fail rather than to be kept alive artificially.
282	Tauslee	Says that only the major venues have simulcasting. States that if all of the simulcast funds are allocated to the tracks at which the bets are placed then the market would probably eliminate the smaller venues.
295	Chair Duncan	Asks what would happen to simulcasting if the State Fair and Portland Meadows were to end racing.
303	Tauslee	Replies that the large amount of money to be made by simulcast wagering would attract new investors. States that taking away any simulcast dollars to support small fair racing would be to put Portland Meadows into financial jeopardy.
312	Barham	Discusses the alternatives available to simulcasting in Oregon. States that there is no consensus within the industry regarding which alternative should be implemented. States that there are some advocates for maintaining the status quo.

348	Sen. Trow	Asks for the distribution of funds within the status quo.
350	Barham	Replies that currently Portland Meadows receives simulcasting from mid-October to April and Multnomah Greyhound Park receives simulcasting from May through mid-October.
353	Chair Duncan	Asks how the State Fair is involved in simulcasting.
355	Barham	Replies that the State Fair runs 11 racing days in August. States that the fair had previously taken simulcast for 24 days, but that it is no longer the case.
365	Sen. Trow	Asks if the county fairs have simulcasting.
366	Barham	Replies that county fairs can broadcast their races to other venues but that they cannot bring in out-of-state simulcast. States that E-Board money has been useful in the broadcasting of small fair racing to other venues.
380	Sen. Shields	Asks for a description of the E-Board money mentioned by Mr. Barham.
384	Barham	States that a bill vetoed by the Governor from the 1997 Session would have given lottery money to various county fair race meets and Portland Meadows. States that the reason it was vetoed was that the Governor did not wish to maintain the major tracks with E-Board money.
TAPE 29, A		
010	Sen. Shields	Asks if E-Board and General Fund money is subsidizing the racing industry and, if so, if the state loses money by doing so.
015	Chair Duncan	Replies that it appears so.
017	Tauslee	Concurs with Chair Duncan. States that the racing industry needs to be subsidized in order to survive in its current form. States that SB 229 does not propose a state subsidy but rather a reallocation of funds already generated by the industry. States that, if there needs to be a choice made between the small fairs and the large venues, the ORC would choose the latter. Says that without Portland Meadows there is effectively no live horse racing industry in Oregon.
047	Dave Nelson	Representative, Portland Meadows; breeder of quarter-horses (EXHIBIT B) . States that the problem facing the racing industry is the proliferation of gaming throughout the United States, operated largely by states through lottery programs. Says that horse racing has been a prominent part of human society throughout history. States that the Governor's gaming task force determined that the racing industry has a significant social and economic value. States that the non-wagering economic impact of horse racing is about \$140 million annually in Oregon.

100	Nelson	Discusses the impact of the gaming industry, specifically the proliferation of Indian Casinos, on the handle of the racing industry. States that racing revenues have continued to drop as casinos and gaming revenues have increased. Says that video and casino gaming have built-in advantages over the racing industry in regards to revenue generation.
160	Nelson	States that a 1995 survey showed that Oregon had the most gaming options of any state in the nation, all of which make money for the state. Says that the state should provide some mitigation to alleviate the intrusion of gaming into the racing industry's profits. Mentions that racing was predominant from the 1930s until the advent of lottery gaming in Oregon in 1984.
212	Nelson	Says that internet gaming poses a serious threat not only to the racing industry but also other gaming opportunities in the state. Says that the large racing venues are "surrounded" by video poker machines. Says that the racing industry bottomed out in 1998 and is currently making a comeback. Says that the racing industry provides a valuable economic and entertainment service and should be protected.
260	Sen. Trow	Asks if Mr. Nelson supports or opposes SB 229.
261	Chair Duncan	Replies that Mr. Nelson indicated on the witness registration form that he opposes passage of SB 229.
262	John McCulley	Representative, Oregon Fairs Association (OFA). Testifies against SB 229. States that there are other racing bills being drafted on behalf of the OFA. States that there are several fairs that have racetracks on their grounds. States that the fact that the small race meets are considered to be an expendable element by the ORC is not looked upon favorably by the communities that hold those fairs.
305	Sen. Trow	States that the ORC simply testified that simulcast money should go solely to the large racing venues.
308	McCulley	Replies that the removal of simulcast funds would mean the end of many of the small fair races. Says that the state is not likely to continue to subsidize the racing industry in order to keep the small fair races alive.
321	Allan Westhoff	Manager, Josephine County Fairgrounds; Chairman, Racing Committee, OFA. Discusses the impact of short season racing on the local economies of Grants Pass and other rural areas. States that the races provide a significant financial benefit as well as a major part of social life in small communities. States that simulcast is not allowed for the small fairs, meaning that the only revenues are generated by the live handle, which has continued to drop over the last several years throughout the industry. Says that without simulcast revenues many of the small races will need to shut down.
398	Carey Theil	Resident, Eugene, Oregon. Testifies against SB 229 (EXHIBIT C). States that SB 229 would allow the ORC to control simulcast dollars. Says that the bill would also repeal the limit on simulcast organizations within the state. States that the limit on simulcasting is important as a curb on the proliferation of gambling

		in Oregon.
TAPE 28, B		
038	Carey Theil	Discusses the effects of gambling addiction on families. Says that the bill would allow expansion of gambling and its related problems. Discusses previous gambling legislation.
095	Connie Theil	Resident, Portland, Oregon. Testifies in opposition to SB 229. States that the dog racing industry is suffering in comparison to horse racing primarily due to public backlash resulting from media coverage of widespread abuses of greyhounds within the racing industry. States that greyhound breeding in the state is not regulated. States that the industry should be allowed to die off rather than being subsidized or supported by simulcasting from states with a history of abuse.
140	Greg Martin	Resident, Portland, Oregon. Testifies against SB 229. Says that the racing commission is trying to expand gambling. Says that the ORC should be trying to reduce its gaming competition. States that greyhound racing is banned in many neighboring states.
152	Chair Duncan	Asks if greyhound racing is banned in those states or if it simply does not exist there.
155	Martin	Replies that it is banned by state law, for different reasons in each state. Says that Oregon must decide if it wants to further subsidize the gambling industry. Says that he is concerned as to whether the ORC is too involved in promoting racing.
177	Brian Carlson	Small business owner, Newberg, Oregon. Testifies against SB 229. States that the ORC is in the business of perpetuating its own welfare through the maintenance of the racing industry. States that industries come and go and that Oregon should allow them to do so. Says that people would be better off if they did not spend their money at race tracks.
210	Chair Duncan	Closes the public hearing on SB 229 and opens a public hearing on SB 228.
		Letters were sent to the committee regarding SB 229 for the members' consideration (EXHIBIT D).
<u>SB 228 PUBLIC HEARING</u>		
215	Marjorie Taylor	Committee Administrator. Gives a brief description of SB 228.
220	Steve Barham	Executive Director, ORC. Testifies in support of SB 228 (EXHIBIT E). Says that the bill would allow, but not require, greyhound racing at the Oregon State Fair. States that the bill corrects an oversight within statute. States that HB 2104 (1997) allows the ORC to grant licenses for greyhound racing but that statute prevents the ORC from exercising that authority at the State Fair.

238	Chair Duncan	Asks if the State Fair Commission has requested this legislation.
240	Barham	Replies that it did not. Says that the bill is simply designed to create uniformity between the major racing venues within the state.
244	Sen. Trow	Asks for a brief history of HB 2104 (1997).
247	Barham	Replies that the bill was sponsored by the ORC and, as an omnibus bill, created numerous small changes.
257	Sen. Trow	Asks if the greyhound racing sections of HB 2104 (1997) were included at the behest of the ORC.
261	Barham	The allowance of the ORC to permit both horse and dog racing at a given venue was done at the behest of the ORC. States that the intent was to include the State Fair but that no provisions were made to amend existing statute that currently prohibits dog racing at the State Fair.
268	Sen. Trow	Asks if the ORC has requested the change because the State Fair has shown interest in greyhound racing.
270	Barham	Replies that the State Fair has not requested greyhound racing but that they do not object to the inclusion.
276	Sen. Trow	Asks why the ORC wants to include the State Fair as a possible greyhound racing venue.
280	Barham	Replies that there is the potential for closure of one or more of the major racing venues. States that, should Multnomah Greyhound Park and Portland Meadows close at some point in the future, it would be necessary to have the ability to hold greyhound racing at the State Fair in order to give the ORC flexibility.
300	Sen. Trow	Asks if it is the responsibility of the ORC to establish alternative racing venues in the event that the major venues close.
307	Barham	Replies that it is not, but that it is the responsibility of the ORC to grant licenses to venues. States that there must be the ability to grant a license in the event that one is requested.
315	Sen. Trow	Asks why the ORC believes that it is necessary to be able to grant a greyhound license at the State Fair.
320	Barham	Replies that it is simply a matter of consistency with HB 2104 (1997).

327	Dave Nelson	Representative, Portland Meadows. Testifies in opposition to SB 228. Says that horse racing at the State Fair is traditional, which is why the prohibition against greyhound racing exists. Says that the status quo should be maintained.
349	Carey Theil	Resident, Eugene, Oregon. Testifies in opposition to SB 228 (EXHIBIT F). States that he is concerned with regards to proliferation of gambling at the State Fair. States that the law contains a distinction between horse and dog racing that SB 228 would eliminate.
TAPE 29, B		
020	Carey Theil	Reads a letter that describes the inhumane treatment of some greyhounds within the racing industry.
045	Connie Theil	Resident, Portland, Oregon. Testifies in opposition to SB 228 (EXHIBIT G). States that there is a dangerous virus that is killing and injuring greyhounds at several race tracks and breeding facilities across the nation. States that the virus has posed a great danger to the lives of racing dogs, causing most open tracks to place quarantines on their kennel facilities. Reads passages from two newspaper articles that describe the virus.
087	Chair Duncan	Asks if Portland Meadows has had an outbreak of the virus.
088	Connie Theil	Replies that Portland Meadows is relatively safe, since it is not currently in operation. Says that every other track in the nation was affected.
090	Sen. Trow	Asks if the virus has spread to other breeds of dogs.
094	Connie Theil	Replies that it has not spread to other breeds, due in part to quarantine measures. Says that the risk to animals at the State Fair would be greater, since quarantine procedures would be next to impossible there.
104	Greg Martin	Resident, Portland, Oregon. Testifies in opposition to SB 228. Says that there have been over a million greyhounds killed across the country. States that it is unclear whether there have been any killed in Oregon.
110	Chair Duncan	Asks how the animals are killed.
112	Martin	Replies that the animals are often killed if they do not have a promising racing career in front of them, or after their racing careers end. States that gambling could bring problems to small towns that choose to bring dog racing to their county fairs.
130	Brian Carlson	Resident, Newberg, Oregon. Testifies in opposition to SB 228. Says that the State Fair is not an appropriate place for breeding a new generation of gamblers. Says that states have spent a great deal of money to combat gambling addiction. Discusses the problems associated with trying to find adoptive homes for non-

		<p>racing greyhounds.</p>
163	Laurie Loun	<p>Testifies in opposition to SB 228 (EXHIBIT H). States that it is estimated that there are 25,000 greyhounds killed annually, with 175,000 unaccounted for between 1993 and 1997. States that "The simple truth is this: fast dogs live, slow dogs die." Says that Idaho, Washington, and Nevada have banned greyhound racing during the past five years. Quotes Idaho Governor Phil Batt as saying that "Dog racing depends upon selecting a few highly competitive dogs out of a large group. It hardly seems worth it to me to go through the process of killing the ones that can't compete just to have the sport." Gives several documented cases of greyhound slayings and abuses.</p>
212	Sen. Shields	<p>Asks when the statement quoted from Governor Batt was made.</p>
215	Loun	<p>Replies that the statement was made in 1996, upon his signing into law legislation outlawing greyhound racing in Idaho.</p>
224	Mary Theil	<p>Resident, Portland, Oregon. Testifies in opposition to SB 228 (EXHIBIT I). States that the State Fair is a family event. Says that greyhound racing would bring a family-unfriendly element to the State Fair.</p>
247	Rob Douglas	<p>Representative, Oregon Thoroughbred Breeders Association (OTBA). Testifies in opposition to BB 228. Says that the OTBA has been involved with the State Fair for a long time. States that the prohibition on greyhound racing at the State Fair is not an oversight but a tradition.</p>
285	Chair Duncan	<p>Asks Mr. Barham about the virus that was mentioned by Ms. Theil in her testimony. Asks if the ORC is aware of the problem and if it is dealing with it in any way.</p>
292	Barham	<p>Replies that he has heard of the virus issue and says that there are actually two distinct viruses (EXHIBIT J). States that there are medicines that can treat the viruses. Gives a brief history of the progression of the viruses throughout the nation.</p>
345	Barham	<p>Discusses the North American Pari-mutuel Regulators Association (NAPRA) and its efforts towards quarantining sick animals.</p>
360	Chair Duncan	<p>Asks if the quarantine has prevented greyhounds from being brought into Oregon. Asks if the ORC has the authority to prevent greyhounds from coming into the state.</p>
365	Barham	<p>Replies that there is currently a voluntary quarantine in place. States that the ORC can work in agreement with the State Department of Agriculture to enforce the quarantine.</p>
386	Chair Duncan	<p>Asks if Mr. Barham has heard about the alleged inhumane treatment of greyhounds.</p>

390	Barham	Replies that Oregon is the most progressive state in the nation with regards to looking after the welfare of its racing animals.
400	Chair Duncan	Asks if the higher standards in Oregon are a result of ORC regulations.
404	Barham	Replies that the regulations have been a result of concerns raised in other states about abuses. States that the ORC has set out to prevent animal abuse from becoming an issue in Oregon. Provides a list of rules regarding greyhound welfare (EXHIBIT K). States that the ORC tracks dogs after they leave Multnomah Greyhound Park for other race tracks throughout the United States.
TAPE 30, A		
010	Chair Duncan	Asks if the ORC has any authority over greyhounds once they leave the state.
015	Barham	Replies that the ORC has broad authority over the animals while they are in the state but that they have no authority over them once they leave the state's borders.
023	Sen. Shields	Says that he has heard that all greyhounds get adopted in Oregon. Asks if it is common for greyhounds to be "over-bred" within the racing industry and Oregon.
030	Barham	Replies that Oregon has a breeding registry that is a model for other states. States that he does not believe that over-breeding is an issue.
		Letters were sent to the committee regarding SB 228 for the members' consideration (EXHIBIT L).
045	Chair Duncan	Closes the public hearing on SB 228. Adjourns the meeting at 4:57 p.m.

Submitted By, Reviewed By,

Patrick Brennan, Marjorie Taylor,
Administrative Support Administrator

EXHIBIT SUMMARY

A ñ SB 229, report, Steve Barham, 12 pp.

B ñ SB 229, report, Dave Nelson, 16 pp.

C ñ SB 229, written testimony, Carey Theil, 1 p.

D ñ SB 229, letters, various authors, 17 pp.

E ñ SB 228, letter, Steve Barham, 1 p.

F ñ SB 228, written testimony, Carey Theil, 3 pp.

G ñ SB 228, news articles, Connie Theil, 2 pp.

H ñ SB 228, report, Laurie Loun, 1 p.

I ñ SB 228, written testimony, Mary Theil, 1 p.

J ñ SB 228, news articles, Steve Barham, 5 pp.

K ñ SB 228, report, Steve Barham, 2 pp.

L ñ SB 228, letters, various authors, 47 pp.