

Public Hearing & Work Session: HB 3676
Tapes 108-109 A/B

HOUSE COMMITTEE ON
HOUSE REVENUE AND SCHOOL
FINANCE
PROPERTY TAX SUBCOMMITTEE

J U N 17, 1993 8:00 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Representative Tom Brian, Chair
Representative Mike Burton
Representative Margaret Carter
Representative Fred Girod
Representative Delna Jones
Member Excused: Representative Jim

Whitty

Witnesses Present: Mike Dewey, Multnomah Kennel Club
Mark Wilson, Executive Vice President, Hubbard
Enterprises
Bruce Rimbo, President, Hubbard Enterprises
Arnold Laible, Oregon Greyhound Breeders
Association
Dave Nelson, Portland Meadows; Chairman of the Racing Division, Oregon
Quarterhorse Association
John McCulley, Oregon Fairs Association
Charlie Williamson, Oregon Greyhound
Breeder ts Association
Kristi Crombie, Oregon Greyhound
Breeders Association
Cary Barnett, Governor's Legal Counsel
Staff: James Scherzinger, Legislative Revenue
Officer
Steve Meyer, Legislative Revenue Office
Paula McBride, Committee Assistant

TAPE 108 SIDE A

006 CHAIR BRIAN called the meeting to order at 7:39.
007 CHAIR BRIAN opened the Public Hearing on HB 3676.
009 STEVE MEYER explained the many provisions of HB 3676, which dealt with
fees from horse and greyhound racing.

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meeting. Text enclosed in quotation marks reports the speaker's exact
words. For complete context of proceedings, please refer to the tape
recording.

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Questions and
discussion

049 STEVE MEYER confirmed that HB 3676 had a subsequent referral to the
House Appropriations Committee.
050 MIKE DEWEY referred to the handouts he gave members. The first outlined
the major changes in HB 3676, and the second was a set of amendments. He
introduced others who would testify in support of HB 3676, and he talked
about his association with the Multnomah Kennel Club. Exhibits 1 and 2
070 MIKE DEWEY stated emphatically that HB 3676 was critical to the racing

industry, which was suffering financially. He talked about initial attempts to resolve the problems, which turned out not to be "politically feasible." He believed it was no longer fair for the industry to pay a gross receipts tax, and he urged members to "rethink" making the industry pay this tax. HB 367 6 would also alleviate the fees this industry has to pay to county fairs, to special shows, and to the Oregon Veterinarian School. He also spoke about provisions in HB 3676 that dealt with unclaimed winning tickets. -

099 MIKE DEWEY gave support to another set of amendments presented by greyhound breeders. Exhibit 3

Discussion

113 MARK WILSON testified in support of HB 3676, which he believed was significant for the continued existence of greyhound racing in Oregon. He talked about the effects of the lottery, specifically video poker, on racing, and he showed members a graph that charts this impact. Exhibit 4

148 MIKE DEWEY gave members the financial statement related to the charts shown by MARK WILSON. Exhibit 5

152 MARK WILSON related that from 1991 to 1992, during the time video poker was implemented, their revenues declined more than 44% and attendance declined 39%. He talked about other aspects of greyhound racing to support his contention of the disastrous effects of video poker on his industry.

Questions and discussion

191 MARK WILSON explained the table in his exhibit that showed attendance levels at greyhound racing. He mentioned that even when

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people attend racing events, they often spend more money and time at the video poker machines. He spoke about why greyhound racing has not been able to compete with video poker, and he explained betting procedures with the racing. He related that the gross income on racing was only 18 cents to the dollar, and he explained what has to be paid with that 18 cents. Exhibit 4

Discussion

302 MARK WILSON explained another table that depicted the revenues of greyhound racing in Oregon, both from past years, and projected into the future. The solution he proposed was that racing could continue to support its regulation through the Oregon Racing Commission, but it would no longer fund county fairs. He talked about another chart that demonstrated how the funding for county fairs should come from lottery proceeds. Exhibit 4

Questions and discussion

372 MARK WILSON concluded by stating that the racing industry was important to Oregon, and he talked about the number of employees associated with the industry. He believed these people were single-skilled and not easily retrainable. The racing industry also provides about \$55 million of direct economic impact to the state, which makes the racing industry good for Oregon.

396 MIKE DEWEY urged members to support HB 3676. He talked briefly about the amendments he supported (HB 3676-3). Exhibit 2

TAPE 109 SIDE A

002 MIKE DEWEY continued his explanation of the amendments (HB 3676-3) presented by the Multnomah Kennel Club. Exhibit 2

012 CHAIR BRIAN tentatively labeled the proposed amendments HB 3676-3. Exhibit 2

014 MIKE DEWEY continued his explanation of his submitted amendments. Exhibit 2

Questions and discussion

040 MIKE DEWEY presented another handout to the members that showed the taxes and fees on the racing industry for the last fiscal year. Exhibit 6

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Questions and discussion

074 BRUCE RIMBO explained that unclaimed prize money was sent to the state 120 days after a race day was completed, and he explained the rationale for this.

Questions and discussion

087 MIKE DEWEY wanted to add additional language conceptually to HB 3676 related to the raising the number of off-track sites in Oregon (page 8, line 30 of HB 3676).

Questions and discussion

105 MIKE DEWEY mentioned another conceptual amendment, suggested by the Racing Commission (for HB 3676-3) related to a 5% surcharge for off-track wagers. He thought this surcharge could be either on the wager or on the winnings, and the racing licensee could make the choice. Exhibit 2

Questions and discussion

126 MIKE DEWEY spoke to the issue of eliminating contributions to the county fairs and the Oregon Veterinarian School from racing and finding another sources of revenue for these activities.

Discussion

138 MIKE DEWEY supported HB 3676-1, but he hadn't yet read HB 3676-2. Exhibits 3 and 7

Discussion

162 CHAIR BRIAN conducted administrative business.

179 ARNOLD LAIBLE testified in support of HB 3676. His testimony was verbatim. Exhibit 8

215 CHAIR BRIAN recessed the meeting at 8:21 and reconvened at 3:28. He noted the Public Hearing on HB 3676 was still open.

222 DAVE NELSON testified in support of HB 3676, and he discussed his experience with horse racing, breeding, and training in Oregon. He talked about revenue issues with Portland Meadows for past years, and he enumerated factors that have contributed in the decline of these revenues.

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Questions and
discussion

293 JOHN MCCULLEY testified for HB 3676 provisionally. He spoke about the long-standing relationship between county fairs and the racing industry. He recognized the problems racing has had as a result of video poker in Oregon, which has also impacted county fairs. He referred to a table that delineated the funds state county fairs receive from the racing industry and how these funds have been spent. He urged members to consider replacement funding, language for which was contained in amendments HB 367 6-2, and he stipulated the provisions in these amendments. Exhibits 7 and 9

Questions and
discussion

404 JOHN MCCULLEY mentioned that there was a bill before the Legislature that would use lottery money to back fill the funding for county fairs up to the amount received during the last biennium.

420 CHARLIE WILLIAMSON shared with the members his firsthand experience of the impact of video poker machines on the racing industry. He urged the members to adopt the amendments HB 3676-1, which he explained. He thought his industry desperately needed HB 3676. Exhibit 3

Questions and
discussion

TAPE 108 SIDE B

002 Questions and discussion continued with CHARLIE WILLIAMSON.

045 KRISTI CROMBIE thanked members for considering the testimony from the Oregon Greyhound Breeders Association.

Discussion
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071 CHAIR BRIAN closed the Public Hearing on HB 3676 and opened the Work Session on HB 3676. He asked for comments on the proposed amendments.

Discussion

112 MIKE DEWEY explained the amendments HB 3676-3, specifically how the amendments would restore language on page 4 of HB 3676 to ensure that the Racing Commission would receive revenue sufficient

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to pay for its administrative operation. The amendments would also restore language on pages 4-5, resulting in the current law remaining the same.

Exhibit 2

Questions and discussion

151 MIKE DEWEY continued his explanation of amendments HB 3676-3, beginning on page 7 and deleting subsection (b). He summarized this change by stating that unclaimed tickets could be utilized for the expenses of the Racing Commission under certain circumstances. Money not needed would continue to revert to the General Fund. This would involve a budgetary process every two years. Language dealing with the surcharge on off-track wagering, on

page 9 of HB 3676, would be added. Exhibit 2

Questions and discussion

207 MOTION REP. GIROD moved to adopt the amendments HB 3676-3 to HB 3676.

NO DISCUSSION

221 ORDER There being no objection, CHAIR BRIAN so ordered.

223 MOTION REP. CARTER moved to adopt the amendments HB 3676-1 to HB 3676.

NO DISCUSSION

222 ORDER There being no objection, CHAIR BRIAN so ordered.

226 MOTION REP. WHITTY moved to adopt the amendments HB 3676-1 to HB 3676.

DISCUSSION

236 CHAIR BRIAN mentioned some concerns he had with HB 3676-1, which he concluded could be dealt with in the House Appropriations Committee.

Discussion

258 ORDER There being no objection, CHAIR BRIAN so ordered.

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258 MOTION REP. GIROD moved to conceptually amend HB 3676, as follows: On Page 8, the number of off-site wagering places be changed from "36" to "24."

DISCUSSION

269 CHAIR BRIAN informed the members that the Governor's Office had recommended the number of off-site wagering places be changed to "18."

278 DAVE NELSON explained the rationale for the selection of the number "24" to be substituted for "36" on page 8 of HB 3676. He talked about the state of transition horse and dog racing were in across the nation resulting for competition for the "entertainment" and "wagering" dollar. He mentioned Oregon's Lottery video poker terminals as one such competition. He believed the number was just an arbitrary one, based on the number of counties in Oregon (as Washington state had done). He briefly discussed the request from the Governor's Office to lower the number to "18. n

325 CARY BARNETT also believed the number in HB 3676 for off-site wagering places was arbitrary, but was a matter of deciding "what was a sensible cap." He thought HB 3676 represented a "good faith effort" to give assistance to an industry that had been suffering during the last years, and he delineated the provisions in the bill that especially would help the industry.

Questions and discussion

433 CHAIR BRIAN restated the MOTION (see meter 258 above).

414 VOTE The motion passed 3-1. Ayes:
REPS. GIROD, WHITTY, and CHAIR
BRIAN. Nays: REP. CARTER.

Absent: REP. BURTON.
TAPE 109 SIDE B
009 MOTION REP. GIROD moved HB 3676 as
amended to the full Committee,
with a subsequent referral to
the House Appropriations

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Committee, with a do-pass recommendation.
NO DISCUSSION

014 VOTE The motion passed 3-1. Ayes:
REP. GIROD, WHITTY, and CHAIR
BURTON. Nays: REP. CARTER.
Absent: REP. BURTON.

018 CHAIR BRIAN closed the Work Session on HB 3676.
018 CHAIR BRIAN adjourned the meeting at 4:09

Paula K. McBride, Committee Assistant
Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Key Elements of HB 3676, As Amended by Sponsors MKC, TNPM & HB PA, Mike Dewey, Multnomah Kennel Club.
2. Proposed Amendments to HB 3676 (HB 3676-3), Mike Dewey, Multnomah Kennel Club.
3. HB 3676-1, Oregon Greyhound Breeders' Association, Inc.,
4. Testimony of Mark D. Wilson, in support of HB 3676, Hubbard Enterprises.
5. Multnomah Kennel Club, Inc., Financial Statements, 12/31/92, prepared by KPMG Peat Marwick, Mike Dewey.
6. Oregon Total Racing Taxes and Fees Fiscal Year Ended, Mike Dewey, Multnomah Kennel Club.
7. HB 3676-2, John McCulley, Oregon Fairs Association.
8. Testimony of Arnold Laible, Oregon Greyhound Association.
9. Information on County Fair Revenues, from County Fair Commission Reports, Oregon Racing Commission, presented by John McCulley, Oregon Fairs Association.

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