

Senate Government Operations March 11, 1991 Page These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks

report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

March 11, 1991Hearing Room "B" 3:00 p.m. Tapes 39 - 40

MEMBERS PRESENT:Sen. Jane Cease, Vice-Chair Sen. Jim Bunn Sen. Ron Gensky Sen. Tricia Smith Sen. Dick Springer

MEMBERS EXCUSED:Sen. Glenn Otto, Chair Sen. John Kitzhaber

STAFF PRESENT: John Houser, Committee Administrator Joan Green, Committee Assistant

MEASURES CONSIDERED: SB 530 - Relating to off-race course mutuel wagering, PH SB 531 - Relating to off-race course mutuel wagering, PH SB 533 - Relating to off-race course parimutuel wagering, PH

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TAPE 39, SIDE A

007 VICE-CHAIR CEASE: Called the meeting to order at 3:15 p.m.

(TAPE 39, SIDE A)

PUBLIC HEARING

SB 's 530, 531, 533, RELATING TO OFF-RACE COURSE MUTUEL/PARIMUTUEL WAGERING

Witnesses:Steve Barham, Oregon Racing Commission, Executive Director George Dewey, Multnomah Kennel Club

014 STEVE BARHAM, OREGON RACING COMMISSION, EXECUTIVE DIRECTOR: Discusses annual report, pg. 5, Exhibit A.

027 CEASE: Out of a total of \$4,516,562, \$2.7 million went to the general fund and the rest went to the listed entities?

029 BARHAM: Correct.

030 CEASE: Listed under Oregon Counties is a partial breakdown. Those would not be the only counties receiving that?

033 BARHAM: No, the asterisk states the \$24,000 payable to each county was made to Marion, Hood River and Josephine County after the fiscal year ended. Continues with review of testimony, pg. 10, Exhibit A.

049 CEASE: Is this the same year?

049 BARHAM: Yes.

051 CEASE: Is this the same total? On pg. 11, Exhibit A you show revenue, by type, for a total of \$5.3 million and on pg. 5, Exhibit A it is \$4.5 million.

054 BARHAM: There are several factors involved, the \$4.5 million shows nothing for agency operation. There is also a month lag between receipt of revenue and distribution of revenue. Continues with review of testimony, pg. 12, Exhibit A.

070 CEASE: Requests comments on SB 's 530, 531 or 533?

074 BARHAM: The Commission is neutral to SB 530. The Commission supports SB 531 and would request the -1 amendment, dated 03/08/91, Exhibit C be reworted. We would like within the language of the statute the words "Subject to rules adopted by the commission and". The

Commission is neutral on SB 533.

093 Distributes fiscal impact statement, Exhibit B.

101 GEORGE DEWEY, MULTNOMAH KENNEL CLUB: Discusses the history of the Multnomah Kennel Club (MKC), which is a public company. Discusses MKC's annual report for 1989, Exhibit D, Commission's revenue from pari-mutuel operations, Exhibit E and summary of operations, Exhibit F. Our earnings in 1990 will be \$182,017 on a gross operating revenue of \$11.8 million. Notes comparisons to other years on summary of operations, Exhibit F. With this sort of decline in net income it is almost impossible to pave parking lots, install air conditioning, etc. The State of Oregon receives a sizable amount, off the top, from revenues and we are here to request, as a partner, an investment in the direction we would like to go. Refers to Commission's revenue from pari-mutuel, Exhibit E.

(TAPE 39, SIDE A)

PUBLIC HEARING

SB 530 RELATING TO OFF-RACE COURSE MUTUEL WAGERING

Witnesses:George Dewey, Multnomah Kennel Club Mike Dewey, Multnomah Kennel Club

189 GEORGE DEWEY, MULTNOMAH KENNEL CLUB: Discusses SB 530 which would allow the state 2% of the off-track wagering for greyhounds. Discusses the history of off-track betting. The greyhound industry, in off-track sites, operates exactly and specifically in the same manner as the horse industry in those same sites. Since the state takes only 2% from the horses, we feel it is fair and reasonable that our industry be treated equally. Last session this same bill passed with a sunset provision and an additional 0.43% was added for the benefit of the county fairs. We have been operating under that provision, which is due to sunset October 1, 1991.

230 MIKE DEWEY, MULTNOMAH KENNEL CLUB: Discusses memorandum, Exhibit G. We are not arguing about the formula when we race on our track, but when we race off-track there should be parity. Because of the sunset, if there is not a change in the statute, we will go back to the higher numbers on off-track. If the percentage increase goes into effect we would need to immediately look at the off-track sites and determine whether they are profitable or not. It is a question of equity, the same thing is required of Multnomah Kennel Club (MKC) to operate an off-track facility as is required of Portland Meadows.

290 G. DEWEY: The portion of the memorandum we are addressing are the non-profit race days for both on-track and off-track racing, Exhibit G.

(TAPE 39, SIDE A)

PUBLIC HEARING

SB 531 RELATING TO OFF-RACE COURSE MUTUEL WAGERING

Witnesses:George Dewey, Multnomah Kennel Club Mike Dewey, Multnomah Kennel Club Russ Spencer, Portland Meadows Don Johnson, Oregon Racing, Inc., President

306 GEORGE DEWEY, MULTNOMAH KENNEL CLUB: Discusses SB 531 and common pooling interstate. If our greyhounds were wagered on our signal in Nevada, under the parimutuel system, the amount of money wagered in Nevada plus the amount of money wagered in Oregon would all be one pool.

The payoffs would all be exactly the same. This is being done by California and Florida has a bill that has not been enacted. This would allow pari-mutuel wagering instead of the race book management wagering which now takes place with our satellite signal. It would give an opportunity to better broadcast and promote the greyhound industry and perhaps the horse industry, if they could get a signal down there. I understand amendments have been submitted by Portland Meadows, as well as the Oregon Racing Commission. We are in concurrence with the Commission's amendment.

342 SMITH: Refers to the preliminary staff measure summary, Exhibit H, which indicates payouts to out of state bettors would be higher because of a larger pool. Would payouts be lower to in state bettors? Would you anticipate the number of people betting out of state to increase as a result of the higher payout equalizing that, and bringing the pool up to a point where the in state bettors would come back to where they are now?

352 G. DEWEY: I have not read this report and it is off base. A win pool is all of the money bet for the winning greyhound and out of it comes the state's share and MKC's share, the rest of the money is what is wagered on, with all the people betting to win.

367 SMITH: In state and out of state?

367 G. DEWEY: Presently we can't do it for interstate, but it is done for intrastate. This bill would provide for both, actually making the pool bigger. When pools are bigger the wagering public likes it better.

375 SMITH: Because the payout is higher?

375 G. DEWEY: Not necessarily, the payout is only determined by how those people bet against each other within this pool.

379 SMITH: Why do bettors like it?

380 G. DEWEY: If there is only \$100 in a win pool, someone can come in and bet \$100 and destroy the odds, creating a minus pool. The larger the pools are the more the bettors like it because they know someone cannot destroy the odds on those small pools. This bill would allow Nevada bettors to wager on a parimutuel style of wagering rather than a race book style. This bill has nothing to do with the payouts, it makes the integrity better.

418 SMITH: What does it do in state?

419 G. DEWEY: It would make the pool bigger and make people happier that there are bigger pools to bet on. The real handicappers go to states with big pools.

432 HOUSER: Discusses preliminary staff measure summary, the last paragraph, Exhibit H. My reference was to the scenario of a small mutual pool at a Nevada location where a bettor places a bet with a relatively large payout. The payout on that bet might actually see the total amount of money in the pool, if the same payout were used at MKC. With this bill it would make the pool large enough to compensate the Nevada bettor on an equal basis with the Oregon bettor.

462 G. DEWEY: Presently there are fourteen race books that have gone into the experiment in Nevada and are now doing true parimutuel wagering. The handle has gone up, quite high, compared to ours. There is a tourist promotional program attached where people visit MKC because they wagered on one of our greyhounds elsewhere.

480 M. DEWEY: Refers to the -1 amendment to SB 531, dated 03/08/91, Exhibit C. We have requested additional language to clarify that the Oregon Racing Commission can have the authority to promulgate rules. The Portland Meadows -2 amendment to SB 531, dated 03/08/91, Exhibit I does the opposite of what the bill would do. We are talking about out of state and they are talking about in state. We feel that should be a separate subsection rather than amending this bill because it would make our statute moot.

TAPE 40, SIDE A

040 RUSS SPENCER, PORTLAND MEADOWS: Requests the Committee disregard the -2 amendment, dated 03/08/91, Exhibit I, because in review it does not do what we want.

044 CEASE: Announces that Committee will adjourn at 4:00 p.m. and requests that before the bill comes back to Committee the parties have the amendments worked out.

046 DON JOHNSON, OREGON RACING, INC., PRESIDENT: Discusses the intent of the -2 amendment, dated 03/08/91, Exhibit I. We intended to offer the reciprocal of what MKC is asking for, but the language will not do what we intended. We support the MKC concept, however we are looking at states such as Idaho, Montana, Wyoming, the Dakotas and other small populated areas that have a hard time supporting a parimutuel pool within the state. If they could wager directly into Oregon's pool it would create a large enough pool to make it economical to offer the parimutuel within those states for off-track facilities that are open.

065 CEASE: It does not amend your set of the statute?

066 JOHNSON: Right, we are looking for the reciprocal so we can wager into the Bay area pools.

070 SPENCER: Requests passage of SB 531.

(TAPE 40, SIDE A)

PUBLIC HEARING

SB 533 RELATING TO

Witnesses:George Dewey, Multnomah Kennel Club Mike Dewey, Multnomah Kennel Club

079 M. DEWEY: For clarification we have submitted the hand-engrossed amendments to SB 533, Exhibit J.

093 CEASE: Are you sure?

095 G. DEWEY: The intent is to do what we thought was done in the 1989 legislature when we added the words "live race". We thought the intent was to allow the off-track industry to operate a site in Medford when the Grants Pass horse track is not operating a live race. The Commission has ruled it meant the entire racing season of the race meet. Grants Pass has a long meet, with racing occurring only on weekends. There is now a private business site in Medford for off-track betting, which is closed for some time resulting in loss wages, employment and income. We believe we should be able to operate a simulcast at an off-track site when there is not a live race within the 40 mile jurisdiction. If there is an afternoon live race the off-track site should be able to operate in the evening or if there is no live race on Tuesday the off-track site should be able to operate when there is a signal.

124 CEASE: You need to work with Legislative Counsel on the amendments.

128 M. DEWEY: Because of the interpretation of a live race meet it has become confusing. The license for the track could cover a two month period, but actual racing is done for only ten days of that two months. Under the interpretation of the Commission you could not operate an off-track event during that two month period. It makes operating an off-track site unattractive. The Ways and Means Committee, when they dealt with this, did not define a live race meet.

139 G. DEWEY: Off-track sites currently affected are Medford, Albany, Salem, Bend and Tillamook. As this industry grows others will be affected.

153 CEASE: Two other bills will be up on Wednesday.

156 M. DEWEY: Some of these bills were introduced prior to Ballot Measure 5. However, we are in a situation where revenues are declining and improvements need to be made, so as a partner, we hope you would listen to what we have to say.

162 SPRINGER: Are you saying you would like to have authority, not only to clear up the problem with the Commission's interpretation of live meet, but to work the scheduling so that you could have off-track pari-mutuel the same day in the same approximate location, whenever the actual race in that area is concluded?

174 G. DEWEY: This year in the greyhound business we will have two performances on one day. Off-track sites ought to be able to operate when there is no live racing within that 40 mile area. If we have a matinee and they have a matinee we could not broadcast a signal, but if there is a matinee and a night performance we ought to be able to broadcast the night meet.

188 M. DEWEY: The argument could be made that it could dilute the pool at a live race meet. We have not seen any studies to substantiate that. People generally will attend the live race.

(TAPE 40, SIDE A)

PUBLIC HEARING

SB 530 RELATING TO OFF-RACE COURSE MUTUEL WAGERING

Witnesses:John McCulley, Oregon Fairs Association

196 CEASE: Why isn't the Fair Board testifying on SB 530? Would the Fair Board like to comment?

202 JOHN McCULLEY, OREGON FAIRS ASSOCIATION: We were able last session,

in the Ways and Means Committee, to get a "hold harmless" clause in the reduction of the takeout for off-track wagering which prevented any loss of revenue to county fairs. We are concerned about the potential loss of revenue, but Multnomah Kennel Club (MKC) has made significant contributions to the county fairs over the years. We are concerned that if MKC does not remain healthy it will impact additional revenues to the county fairs in the future. The Board has discussed this and decided that we need to keep MKC healthy even though we may lose money.

229 SMITH: Basically you want MKC to be healthy so if they need a reduction you are willing to go along with that, as long as this bill is amended to hold you harmless from that reduction?

234 McCULLEY: That is what happened last session.

235 SMITH: You are hoping this will happen in Ways and Means this session?

236 McCULLEY: Yes. We don't want to lose money, but we are walking a thin line. We think MKC must continue to operate profitably for our benefit in the future. The bills Wednesday will have additional fiscal impacts that will affect the county fair fund, but MKC is important enough that we will not state strong opposition to those bills either.

251 SMITH: Even if Ways and Means doesn't hold you harmless?

253 McCULLEY: At this point, yes.

256 Meeting adjourned at 4:04 p.m.

Submitted By:

Joan Green
Assistant

Reviewed By:

Jayne Hamilton
Assistant

EXHIBIT LOG

A - Annual report, Oregon Racing Commission, 33 pgs. B - Fiscal analysis SB 530, Staff, 1 pg. C - SB 531-1 amendments, Barham, 1 pg. D - Annual report, Multnomah Kennel Club, 10 pgs. E - Racing Commission revenue from pari-mutuel operations, Dewey, 5 pgs. F - Operation results, Dewey, 1 pg. G - Memorandum, Dewey, 1 pg. H - Preliminary staff measure summary, Staff, 1 pg. I - SB 531-2 amendment, Portland Meadows, 1 pg. J - SB 533 hand-engrossed, Dewey, 1 pg.