

The problem is exacerbated at the thoroughbred tracks in South Florida, as both Calder and Gulfstream are owned by companies that operate ADWs. According to Stirling, the television sets at Calder urge patrons to place their bets through an ADW.

Most of the ADW firms have established themselves in Oregon through a hub network. At a time when handle across the country and especially in Florida has been decimated, the ADWs have flourished. Greyhound racing lobbyist Jack Cory said that the greyhounds are hurt much more by the Oregon hubs than horse racing. He noted that at least with horse racing, some of that Oregon-hub money is split with the horsemen. The dog owners get nothing, he said. And, like the thoroughbreds, some greyhound racetracks operate their own ADWs. These greyhound facilities encourage their patrons to place bets on live races through their ADWs, depriving the dog owners of revenues if the bet had been made at the track.

Cory argues the handle is better than that painted by PMW annual reports as those reports fail to capture the Oregon-hub betting and the out-of-state generated handle, which is sizable.

The Oregon hub opened for business in 2000. Its total handle that year was just under \$2 million. In 2012, it had mushroomed to \$2.24 billion. From 2007 to 2012, handle increased 47 percent. During the same time period, total pari-mutuel handle in Florida fell 41 percent and simulcasting handle (where patrons came to a Florida track and wagered on races held at other Florida tracks) fell by 59 percent.¹⁵⁴ Other Florida handle sectors sustained significant declines as well. Live handle at Florida pari-mutuels fell 46 percent from 2007 to 2012.

Kentucky, another major racing state, is looking to tax the ADW companies on bets made in that state. A bill that passed a House subcommittee in February places a tax of 0.5 percent on Internet and telephone wagers made by Kentucky residents. The state will get 15 percent of the revenue, and racetracks and purse accounts would get the remaining 85 percent. Kentucky expects the tax to generate as much as \$400,000 a year.¹⁵⁵

Florida pari-mutuels have also been adversely impacted by wagering through offshore outlets or tribal hubs that are not captured by regulatory agencies at all. With the Oregon hubs, there is some revenue going back to the host thoroughbred and harness track and also to the state. But with the offshore hubs, the pari-mutuels and the state receive nothing. ACRI says there is good evidence that such handle amounted to more than \$1 billion in recent seasons.¹⁵⁶

¹⁵⁴ Oregon Racing Commission, http://www.oregon.gov/Racing/docs/Hub_Data/2013_quarterly_hub_handle_report.pdf (accessed May 17, 2013) and review of Florida PMW Annual Reports.

¹⁵⁵ Tom Lamarra, "Kentucky ADW Bill Clears House Committee," Bloodhorse.com, February 14, 2013, <http://www.bloodhorse.com/horse-racing/articles/76198/kentucky-adw-tax-clears-house-committee>.

¹⁵⁶ Association of Racing Commissioners International, *Pari-Mutuel Racing 2010*, p.1.