

SENATE AMENDMENTS

2nd Printing

By: Flores

H.B. No. 2701

A BILL TO BE ENTITLED

AN ACT

1

2 relating to the regulation of horse and dog racing.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. Section 1.03, Texas Racing Act (Article 179e,
5 Vernon's Texas Civil Statutes), is amended by amending Subdivisions
6 (36) and (53) and adding Subdivision (79) to read as follows:

7 (36) "Trainer" means a person who is licensed by the
8 commission to train racehorses or greyhounds.

9 (53) "Judge" means a racing official with general
10 authority and supervision over:

11 (A) the conduct of a licensed race meeting; and

12 (B) all licensees at a racetrack during a race
13 meeting [an executive official of a greyhound racetrack].

14 (79) "Executive director" means the executive
15 secretary of the Texas Racing Commission.

16 SECTION 2. Section 2.12, Texas Racing Act (Article 179e,
17 Vernon's Texas Civil Statutes), is amended by adding Subsection
18 (a-1) to read as follows:

19 (a-1) The commission and the executive secretary may use the
20 title "executive director" for any purpose in referring to the
21 office of executive secretary.

22 SECTION 3. Section 3.07(e), Texas Racing Act (Article 179e,
23 Vernon's Texas Civil Statutes), is amended to read as follows:

24 (e) To pay the charges associated with the medication or

1 drug testing, an association may use the money held by the
2 association to pay outstanding tickets and pari-mutuel vouchers.
3 If additional amounts are needed to pay the charges, the
4 association shall pay those additional amounts. [~~If the amount~~
5 ~~held exceeds the amount needed to pay the charges, the association~~
6 ~~shall pay the excess to the commission in accordance with Section~~
7 ~~11.08 of this Act.~~]

8 SECTION 4. Section 3.16(b), Texas Racing Act (Article 179e,
9 Vernon's Texas Civil Statutes), is amended to read as follows:

10 (b) The commission [~~may require prerace testing and~~] shall
11 require [~~postrace~~] testing to determine whether a prohibited
12 substance has been used. The testing may be prerace or postrace as
13 determined by the commission. The testing may be by an invasive or
14 noninvasive method. The commission's rules shall require
15 state-of-the-art testing methods.

16 SECTION 5. Section 5.01, Texas Racing Act (Article 179e,
17 Vernon's Texas Civil Statutes), is amended by adding Subsection (d)
18 to read as follows:

19 (d) The commission by rule shall set fees in amounts
20 reasonable and necessary to cover the commission's costs of
21 regulating, overseeing, and licensing live and simulcast racing at
22 racetracks.

23 SECTION 6. Section 5.03(b), Texas Racing Act (Article 179e,
24 Vernon's Texas Civil Statutes), is amended to read as follows:

25 (b) If a complete set of fingerprints is required by the
26 commission, the commission shall, not later than the 10th business
27 [~~next~~] day after the date the commission receives [~~receiving~~] the

1 prints, forward the prints to the Department of Public Safety or the
2 Federal Bureau of Investigation. If the prints are forwarded to the
3 Department of Public Safety, the department shall classify the
4 prints and check them against its fingerprint files and shall
5 report to the commission its findings concerning the criminal
6 record of the applicant or the lack of such a record. A racetrack
7 license may not be issued until the report is made to the
8 commission. A temporary occupational license may be issued before
9 a report is made to the commission.

10 SECTION 7. Section 6.09(c), Texas Racing Act (Article 179e,
11 Vernon's Texas Civil Statutes), is amended to read as follows:

12 (c) On each racing day, the association shall pay[+
13 [~~(1)~~] the fee due the state to the comptroller[~~, and~~
14 [~~(2)~~ the 50 percent of the breakage due the state to
15 the commission].

16 SECTION 8. Section 6.091(a), Texas Racing Act (Article
17 179e, Vernon's Texas Civil Statutes), is amended to read as
18 follows:

19 (a) An association shall distribute from the total amount
20 deducted as provided by Sections 6.08(a) and 6.09(a) of this Act
21 from each simulcast pari-mutuel pool and each simulcast
22 cross-species pool the following shares:

23 (1) [~~(A) until January 1, 1999, an amount equal to 0.25~~
24 ~~percent of each simulcast pari-mutuel pool and each simulcast~~
25 ~~cross-species simulcast pool as the amount set aside to reimburse~~
26 ~~the general revenue fund for amounts that are appropriated for the~~
27 ~~administration and enforcement of this Act and that are in excess of~~

1 ~~the cumulative amount of funds deposited in the Texas Racing~~
2 ~~Commission fund, until the excess amount and interest on the excess~~
3 ~~amount are fully reimbursed,~~

4 ~~[(B)]~~ an amount equal to one percent of each
5 simulcast pool as the amount set aside for the state; ~~[and]~~

6 (2) ~~[(C)]~~ an amount equal to 1.25 percent of each
7 simulcast cross-species ~~[simulcast]~~ pool as the amount set aside
8 for the state;

9 ~~[(2) an amount equal to 0.25 percent of each pool set~~
10 ~~aside to reimburse the general revenue fund for amounts that are~~
11 ~~appropriated for the administration and enforcement of this Act and~~
12 ~~that are in excess of the cumulative amount of funds deposited in~~
13 ~~the Texas Racing Commission fund, until the excess amount and~~
14 ~~interest on the excess amount are fully reimbursed,]~~

15 (3) if the association is a horse racing association,
16 an amount equal to one percent of a multiple two wagering pool or
17 multiple three wagering pool as the amount set aside for the
18 Texas-bred program to be used as provided by Section 6.08(f) of this
19 Act;

20 (4) if the association is a greyhound association, an
21 amount equal to one percent of a multiple two wagering pool or a
22 multiple three wagering pool as the amount set aside for the
23 Texas-bred program for greyhound races, to be distributed and used
24 in accordance with rules of the commission adopted to promote
25 greyhound breeding in this state; and

26 (5) the remainder as the amount set aside for purses,
27 expenses, the sending association, and the receiving location

1 pursuant to a contract approved by the commission between the
2 sending association and the receiving location.

3 SECTION 9. Section 6.13(b), Texas Racing Act (Article 179e,
4 Vernon's Texas Civil Statutes), is amended to read as follows:

5 (b) Each transaction that involves an acquisition or a
6 transfer of a pecuniary interest in the association must receive
7 prior approval from the commission. A transaction that changes the
8 ownership of the association requires submission of updated
9 information of the type required to be disclosed under Subsection
10 (a) of Section 6.03 of this Act and payment of a fee to recover the
11 costs of the criminal background check.

12 SECTION 10. Section 6.16(a), Texas Racing Act (Article
13 179e, Vernon's Texas Civil Statutes), is amended to read as
14 follows:

15 (a) An association may not employ any person who has been a
16 member of the commission, the executive secretary of the
17 commission, or an employee employed by the commission in a position
18 in the state employment classification plan of grade 12 or above, or
19 any person related within the second degree by affinity or the third
20 degree by consanguinity, as determined under Chapter 573,
21 Government Code [~~Article 5996h, Revised Statutes~~], to such a member
22 or employee, during the one-year [~~two-year~~] period immediately
23 preceding the employment by the association.

24 SECTION 11. Section 11.07, Texas Racing Act (Article 179e,
25 Vernon's Texas Civil Statutes), is amended by amending Subsection
26 (a) and adding Subsection (a-1) to read as follows:

27 (a) A person who claims to be entitled to any part of a

1 distribution from a pari-mutuel pool [~~and who fails to claim the~~
2 ~~money due the person before the completion of the race meeting at~~
3 ~~which the pool was formed~~] may, not later than the first anniversary
4 of the [60th] day the ticket was purchased [~~after the closing day of~~
5 ~~the meeting~~], file with the association a claim for the money
6 together with a substantial portion of the pari-mutuel ticket
7 sufficient to identify the association, race, and horse or
8 greyhound involved and sufficient to show the amount wagered and
9 the type of ticket.

10 (a-1) A person who claims to be entitled to money from a
11 pari-mutuel voucher may before the first anniversary of the day the
12 voucher was issued file with the association a claim for the money
13 together with a substantial portion of the pari-mutuel voucher
14 sufficient to identify the association, the serial number, the date
15 issued, and the amount of the voucher.

16 SECTION 12. Sections 6.19 and 11.08, Texas Racing Act
17 (Article 179e, Vernon's Texas Civil Statutes), are repealed.

18 SECTION 13. This Act takes effect September 1, 2007.

ADOPTED

MAY 23 2007

FLOOR AMENDMENT NO. 1

Leta Spaw
Secretary of the Senate

BY:

Lewis

1 Amend H.B. No. 2701 (senate committee printing) as follows:

2 (1) Strike Section 3 of the bill (page 1, lines 28-37).

3 (2) Insert the following appropriately numbered SECTION to
4 the bill and renumber existing SECTIONS accordingly:

5 SECTION __. Section 6.06, Texas Racing Act (Article 179e,
6 Vernon's Texas Civil Statutes), is amended by amending Subsection
7 (h) and adding Subsections (j) and (k) to read as follows:

8 (h) A person may not own more than a five percent interest in
9 more than three [~~two~~] racetracks licensed under this Act.

10 (j) Notwithstanding any other law, a person who owns an
11 interest in two or more racetracks licensed under this Act and who
12 also owns an interest in a license issued under Subtitle B, Title 3,
13 Alcoholic Beverage Code, may own an interest in the premises of
14 another holder of a license or permit under Title 3, Alcoholic
15 Beverage Code, if the premises of that other license or permit
16 holder are part of the premises of a racetrack licensed under this
17 Act.

18 (k) The commission shall review the ownership and
19 management of a license issued under this article every five years
20 beginning on the fifth anniversary of the issuance of the license.
21 In performing the review, the commission may require the license
22 holder to provide any information that would be required to be
23 provided in connection with an original license application under
24 Article 5 of this Act or this article. The commission shall charge
25 fees for the review in amounts sufficient to implement this
26 subsection.

7

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 16, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2701 by Flores (Relating to the regulation of horse and dog racing.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2701, As Engrossed: an impact of \$0 through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>TEXAS RACING COMM ACCT</i> 597	Probable Revenue Gain from <i>TEXAS RACING COMM ACCT</i> 597
2008	(\$2,589,000)	\$2,589,000
2009	(\$2,527,000)	\$2,527,000
2010	(\$2,460,000)	\$2,460,000
2011	(\$2,408,000)	\$2,408,000
2012	(\$2,338,000)	\$2,338,000

Fiscal Analysis

The bill would amend the Texas Racing Act to restructure the way the Texas Racing Commission (TRC) is funded.

Currently, a portion of moneys from outstanding tickets and pari-mutuel vouchers are turned over to TRC. The bill would allow the race tracks to keep all moneys from outstanding tickets and pari-mutuel vouchers to cover their costs for medication and drug testing. TRC would still be required to test for prohibited substances.

The bill would change the time limit for cashing a winning wagering ticket from the 60th day after the race meeting to the first anniversary from the date of ticket purchase.

The bill would remove expired language related to the percentage of simulcast pari-mutuel pools that go to the state but would make no fiscal change in the simulcast percentage reserved for the state.

Currently, 50 percent of the greyhound breakage must be paid to TRC from the racetrack. The bill would remove this requirement and would allow TRC to replace this funding by setting fees to cover its costs in regulating, overseeing, and licensing both live and simulcast racing at racetracks.

The bill would take effect September 1, 2007.

Methodology

The bill would remove two revenue sources, outstanding wagering tickets that are not redeemed and greyhound breakage, and would allow TRC to set fees to replace this lost revenue. The actual fee level is not specified in law and would be set by TRC rules.

Based on the analysis of the Comptroller of Public Accounts (CPA), it is assumed that there would be no net impact on state revenues because increases in fees would match the losses in revenue from outstanding wagering tickets and greyhound breakage.

It is also assumed that increasing the length of time that a winning ticket remained valid would have a small impact on the amount of outstanding ticket revenue. The bill provides all of the outstanding ticket revenue would stay at the racetracks so this small impact would not be a fiscal impact to the state.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 476 Racing Commission

LBB Staff: JOB, KJG, JRO, MW, SK

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 26, 2007

TO: Honorable Kino Flores, Chair, House Committee on Licensing & Administrative Procedures

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2701 by Flores (Relating to the regulation of horse and dog racing.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2701. As Introduced: an impact of \$0 through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

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