

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1971
By: Kolkhorst; Buckingham
Agriculture, Water & Rural Affairs
4/25/2017
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1971 establishes an economic incentive fund to be administered by the Officially Recognized Texas Horsemen's Organization and the Officially Recognized Texas Breed Registries, as designated by the Texas Racing Act. The intent of the program is to foster a strong Texas racing industry that would, in turn, allow the preservation of a historic Texas institution. The amount of the fund would be equal to the previous year's earned purses paid. These incentive funds would be paid to owners and breeders earning purses in Texas in a manner to strengthen the Texas racing industry and invigorate the Texas breeding industry. The Officially Recognized Texas Organization, as defined in the Texas Racing Act, would distribute these supplemental bonuses based on the purses paid.

S.B. 1971 directs general revenue (GR) funds collected by the Texas comptroller of public accounts from the tax revenue generated from the sale of horse feed, horse supplements, and horse tack into a purse enhancement fund to "match" the current year's purses. S.B. 1971 creates a matching fund for purses from the state's GR. The fund is expected to increase purses by \$25 million. The value of purses is a key factor to keep the state's horse and dog racing industry competitive with surrounding states. The money in purses flows directly to horse owners, trainers, and breeders. Each of the states neighboring Texas have elected to boost horse racing purses with money from additional forms of revenue. This has resulted in Texas purses falling significantly behind purses in neighboring states. Purses in Texas continue to fall each year, which has resulted in many horse owners and breeders moving their operations to other states. S.B. 1971 creates a purse matching fund to incentivize economic development in the horse and dog racing industries. (Original Author's / Sponsor's Statement of Intent)

C.S.S.B. 1971 amends current law relating to the deposit and allocation of certain funds to the Texas Racing Commission escrow account for purses.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Racing Commission in SECTION 9 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 12.020(r), Agriculture Code, to require the commissioner of agriculture (commissioner) to transfer money paid as a penalty and collected to the Texas Racing Commission (TRC) for deposit in the escrow account for purses under Section 6.091(e), Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes (V.T.C.S.)), rather than requiring a penalty collected under this section to be deposited in the state treasury to the credit of the general revenue (GR) fund.

SECTION 2. Amends Section 6.091(a), Texas Racing Act (Article 179e, V.T.C.S.), as follows:

- (a) Requires a certain association to distribute the following shares from the certain total amount deducted from each simulcast pari-mutuel pool and each simulcast cross-species pool:

(1) as the amount set aside for the Texas-bred program to be paid to TRC for deposit as provided by Section 6.0912 of this Act:

(A) an amount equal to one percent of each simulcast pool, rather than of each simulcast pool as the amount set aside for the state. Creates this paragraph from existing text;

(B) an amount equal to 1.25 percent of each simulcast cross-species pool, rather than of each simulcast cross-species pool as the amount set aside for the state. Redesignates existing Subdivision (2) as Paragraph (B); and

(C) if the association is a horse racing association, an amount equal to one percent of a multiple two wagering pool or multiple three wagering pool, rather than of a multiple two wagering pool or multiple three wagering pool as the amount set aside for the Texas-bred program to be used as provided by Section 6.08(f) of this Act. Redesignates existing Subdivision (3) as Paragraph (C);

(2) and (3) redesignates existing Subdivisions (4) and (5) as Subdivisions (2) and (3) and makes no further changes to these subdivisions.

SECTION 3. Amends Article 6, Texas Racing Act (Article 179e, V.T.C.S.), by adding Section 6.0912, as follows:

Sec. 6.0912. DEPOSITS INTO ESCROW ACCOUNT FOR PURSES. Requires TRC to deposit into the escrow account for purses established under Section 6.091(e), certain amounts collected or received by TRC.

SECTION 4. Amends Section 11.04(e), Texas Racing Act (Article 179e, V.T.C.S.), to require TRC to deposit the collected fees in accordance with Section 6.0912 of this Act, rather than requires TRC to deposit the fee to the credit of the GR fund.

SECTION 5. Amends Section 151.801, Tax Code, by amending Subsections (a) and (d) and adding Subsections (c-3), as follows:

(a) Creates an exception for the amounts allocated under Subsection (c-3).

(c-3) Requires that an amount equal to the proceeds from the collection of the taxes imposed by this chapter on the sale, storage, or use of horse feed, horse supplements, and horse tack be deposited to the credit of the escrow account for purses administered by TRC and established under Section 6.091, Texas Racing Act (Article 179e, V.T.C.S.).

(d) Requires the Texas comptroller of public accounts (comptroller) to determine the amount to be deposited to the account under Subsection (c-3) according to available statistical data indicating the estimated or actual total receipts in this state from taxable sales of horse feed, horse supplements, and horse tack. Authorizes the comptroller, if satisfactory data are not available, to require taxpayers who make taxable sales or uses of those lubricants, of sporting goods, of fireworks, or of horse feed, horse supplements, or horse tack to report to the comptroller as necessary to make the allocation required by certain subsections, including Subsection (c-3).

SECTION 6. Amends Section 151.801(e), Tax Code, by adding Subdivisions (4) and (5) to define "horse feed" and "horse supplement."

SECTION 7. Repealer: Section 6.091(b) (relating to providing that Section 6.09(b)(1) does not apply to the amounts deducted from a simulcast pari-mutuel pool in a greyhound race), Texas Racing Act (Article 179e, V.T.C.S.).

SECTION 8. Provides that the change in law made by this Act to Section 12.020(r), Agriculture Code, applies to a penalty collected on or after the effective date of this Act, regardless of when the underlying conduct giving rise to the penalty occurred.

SECTION 9. (a) Provides that the changes in law made by this Act to the Texas Racing Act (Article 179e, V.T.C.S.), apply to the deduction from a pari-mutuel pool for a race conducted by a racetrack association or a fee collected for an automatic banking machine transaction on or after the effective date of this Act.

(b) Requires TRC, as soon as practicable after the effective date of this Act, to revise existing rules or adopt new rules as necessary to comply with the Texas Racing Act (Article 179e, V.T.C.S.), as amended by this Act.

SECTION 10. Provide that this Act takes effect only if a specific appropriation for the implementation of the Act is provided in a general appropriations Act of the 85th Legislature.

SECTION 11. Effective date: September 1, 2017.