By:  King of Uvalde (Senate Sponsor - Kolkhorst) H.B. No. 2463

(In the Senate - Received from the House May 13, 2019; May 13, 2019, read first time and referred to Committee on Water & Rural Affairs; May 20, 2019, reported adversely, with favorable Committee Substitute by the following vote: Yeas 5, Nays 1; May 20, 2019, sent to printer.)

COMMITTEE VOTE

               Yea Nay Absent  PNV

Perry           X

Creighton           X

Alvarado        X

Johnson         X

Kolkhorst       X

Rodríguez       X

Taylor                    X

COMMITTEE SUBSTITUTE FOR H.B. No. 2463 By:  Rodríguez

A BILL TO BE ENTITLED

AN ACT

relating to the deposit and allocation of certain funds to the horse industry escrow account and to the maximum balance of that account.

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

SECTION 1.  Section 2028.202(b), Occupations Code, is amended to read as follows:

(b)  From the total amount deducted under Subsection (a), a greyhound racetrack association that receives an interstate cross-species simulcast signal shall distribute the following amounts from each pari-mutuel pool wagered on the signal at the racetrack:

(1)  a fee of 1.5 percent to be paid to the racetrack in this state sending the signal;

(2)  a purse in the amount of 0.75 percent to be paid to the official state horse breed registry for Thoroughbred horses for use as purses at racetracks in this state;

(3)  a purse in the amount of 0.75 percent to be paid to the official state horse breed registry for quarter horses for use as purses at racetracks in this state; and

(4)  a purse of 4.5 percent to be escrowed with the commission [~~for purses~~] in the manner provided by Section 2028.204.

SECTION 2.  Section 2028.203, Occupations Code, is amended to read as follows:

Sec. 2028.203.  REIMBURSEMENT FOR SIMULCAST SIGNAL COST.  If a racetrack association purchases an interstate simulcast signal and the signal cost exceeds five percent of the pari-mutuel pool, the commission, from the escrowed [~~purse~~] account under Section 2028.202(b)(4), shall reimburse the racetrack association an amount equal to one-half of the signal cost that exceeds five percent of the pari-mutuel pool.

SECTION 3.  The heading to Section 2028.204, Occupations Code, is amended to read as follows:

Sec. 2028.204.  ALLOCATION OF MONEY IN ESCROW ACCOUNTS [~~ESCROWED PURSES~~].

SECTION 4.  Section 2028.204(b), Occupations Code, is amended to read as follows:

(b)  Any horse racetrack association in this state may apply to the commission for receipt of money in the horse industry escrow [~~all or part of the escrowed purse~~] account for use as purses. Any state horse breed registry listed in Section 2030.002(a) may apply for receipt of money in the account for any event that furthers the horse industry. The commission:

(1)  shall determine the horse racetrack associations and state horse breed registries to be allocated money from the [~~escrowed purse~~] account and the percentages to be allocated, taking into consideration purse levels, racing opportunities, and the financial status of the requesting racetrack association or requesting breed registry; and

(2)  may not annually allocate more than 70 percent of the amount deposited into the account to horse racetrack associations for use as purses.

SECTION 5.  Subchapter E, Chapter 2028, Occupations Code, is amended by adding Section 2028.2041 to read as follows:

Sec. 2028.2041.  ALLOCATION OF CERTAIN FUNDS. (a) In each state fiscal biennium, the comptroller shall deposit the amounts allocated under Section 151.801(c-3), Tax Code, into the escrow account established under Section 2028.204(b), until the comptroller determines the amount deposited into the account in that fiscal biennium equals the greater of:

(1)  the amount appropriated to the commission for the purposes of Section 2028.204 for that fiscal biennium; or

(2)  $50 million.

(b)  Once the comptroller determines the greater of the amount described by Subsection (a)(1) or (2) has been deposited during a state fiscal biennium into the escrow account established under Section 2028.204(b), for the remainder of that fiscal biennium the comptroller shall deposit the amounts allocated under Section 151.801(c-3), Tax Code, into the general revenue fund.

(c)  The balance of the escrow account established under Section 2028.204(b) shall not exceed $50 million.

SECTION 6.  Sections 2028.205(a) and (b), Occupations Code, are amended to read as follows:

(a)  In addition to money allocated under Section 2028.204, a horse racetrack association operating a racetrack that is located not more than 75 miles from a greyhound racetrack that offers wagering on a cross-species simulcast signal and that sends the cross-species simulcast signal to the greyhound racetrack may apply to the commission for an allocation of up to 20 percent of the money in the escrowed [~~purse~~] account that is attributable to the wagering on a cross-species simulcast signal at the greyhound racetrack.

(b)  If the applying horse racetrack association can prove to the commission's satisfaction that the racetrack association's handle has decreased directly due to wagering on an interstate cross-species simulcast signal at a greyhound racetrack located not more than 75 miles from the applying racetrack association, the commission shall allocate amounts from the escrowed [~~purse~~] account as the commission considers appropriate to compensate the racetrack association for the decrease. The amounts allocated may not exceed 20 percent of the money in the escrowed [~~purse~~] account that is attributable to the wagering on the interstate cross-species simulcast signal at the greyhound racetrack.

SECTION 7.  Section 151.801, Tax Code, is amended by amending Subsections (a) and (d) and adding Subsection (c-3) to read as follows:

(a)  Except for the amounts allocated under Subsections (b), (c), [~~and~~] (c-2), and (c-3), all proceeds from the collection of the taxes imposed by this chapter shall be deposited to the credit of the general revenue fund.

(c-3)  Subject to the limitation imposed under Section 2028.2041, Occupations Code, 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 shall be deposited to the credit of the escrow account administered by the Texas Racing Commission and established under Section 2028.204, Occupations Code.

(d)  The comptroller shall determine the amount to be deposited to the highway fund under Subsection (b) according to available statistical data indicating the estimated average or actual consumption or sales of lubricants used to propel motor vehicles over the public roadways.  The comptroller shall determine the amounts to be deposited to the funds or accounts under Subsection (c) according to available statistical data indicating the estimated or actual total receipts in this state from taxable sales of sporting goods.  The comptroller shall determine the amount to be deposited to the fund under Subsection (c-2) according to available statistical data indicating the estimated or actual total receipts in this state from taxes imposed on sales at retail of fireworks. The comptroller shall 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. If satisfactory data are not available, the comptroller may require taxpayers who make taxable sales or uses of those lubricants, of sporting goods, [~~or~~] of fireworks, or of horse feed, horse supplements, or horse tack to report to the comptroller as necessary to make the allocation required by Subsection (b), (c), [~~or~~] (c-2), or (c-3).

SECTION 8.  Section 151.801(e), Tax Code, is amended by adding Subdivisions (4) and (5) to read as follows:

(4)  "Horse feed" means a product clearly packaged and labeled as feed for a horse.

(5)  "Horse supplement" means a product clearly packaged and labeled as a supplement for a horse, including a vitamin, mineral, or other nutrient intended to supplement horse feed.

SECTION 9.  As soon as practicable after the effective date of this Act, the Texas Racing Commission shall revise existing rules or adopt new rules as necessary to comply with Subtitle A-1, Title 13, Occupations Code (Texas Racing Act), as amended by this Act.

SECTION 10.  The comptroller of public accounts is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the comptroller may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

SECTION 11.  The Texas Racing Commission is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the commission may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

SECTION 12.  This Act takes effect September 1, 2019.

\* \* \* \* \*