

SENATE AMENDMENTS

2nd Printing

By: King of Uvalde

H.B. No. 2463

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

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

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

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

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

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

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

24 Sec. 2028.203. REIMBURSEMENT FOR SIMULCAST SIGNAL

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

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

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

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

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

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

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

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

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

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

11 (2) \$50 million.

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

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

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

22 (a) In addition to money allocated under Section 2028.204, a
23 horse racetrack association operating a racetrack that is located
24 not more than 75 miles from a greyhound racetrack that offers
25 wagering on a cross-species simulcast signal and that sends the
26 cross-species simulcast signal to the greyhound racetrack may apply
27 to the commission for an allocation of up to 20 percent of the money

1 in the escrowed [~~purse~~] account that is attributable to the
2 wagering on a cross-species simulcast signal at the greyhound
3 racetrack.

4 (b) If the applying horse racetrack association can prove to
5 the commission's satisfaction that the racetrack association's
6 handle has decreased directly due to wagering on an interstate
7 cross-species simulcast signal at a greyhound racetrack located not
8 more than 75 miles from the applying racetrack association, the
9 commission shall allocate amounts from the escrowed [~~purse~~] account
10 as the commission considers appropriate to compensate the racetrack
11 association for the decrease. The amounts allocated may not exceed
12 20 percent of the money in the escrowed [~~purse~~] account that is
13 attributable to the wagering on the interstate cross-species
14 simulcast signal at the greyhound racetrack.

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

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

22 (c-3) Subject to the limitation imposed under Section
23 2028.2041, Occupations Code, an amount equal to the proceeds from
24 the collection of the taxes imposed by this chapter on the sale,
25 storage, or use of horse feed, horse supplements, and horse tack
26 shall be deposited to the credit of the escrow account administered
27 by the Texas Racing Commission and established under Section

1 2028.204, Occupations Code.

2 (d) The comptroller shall determine the amount to be
3 deposited to the highway fund under Subsection (b) according to
4 available statistical data indicating the estimated average or
5 actual consumption or sales of lubricants used to propel motor
6 vehicles over the public roadways. The comptroller shall
7 determine the amounts to be deposited to the funds or accounts under
8 Subsection (c) according to available statistical data indicating
9 the estimated or actual total receipts in this state from taxable
10 sales of sporting goods. The comptroller shall determine the
11 amount to be deposited to the fund under Subsection (c-2) according
12 to available statistical data indicating the estimated or actual
13 total receipts in this state from taxes imposed on sales at retail
14 of fireworks. The comptroller shall determine the amount to be
15 deposited to the account under Subsection (c-3) according to
16 available statistical data indicating the estimated or actual total
17 receipts in this state from taxable sales of horse feed, horse
18 supplements, and horse tack. If satisfactory data are not
19 available, the comptroller may require taxpayers who make taxable
20 sales or uses of those lubricants, of sporting goods, [~~or~~] of
21 fireworks, or of horse feed, horse supplements, or horse tack to
22 report to the comptroller as necessary to make the allocation
23 required by Subsection (b), (c), [~~or~~] (c-2), or (c-3).

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

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

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

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

9 SECTION 10. This Act takes effect September 1, 2019.

ADOPTED

MAY 21 2019

Leta Spaul
Secretary of the Senate

By: Kolkhorst

H.B. No. 2463

Substitute the following for H.B. No. 2463:

By: *Jose Rodriguez*

C.S. H.B. No. 2463

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AN ACT

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3 industry escrow account and to the maximum balance of that account.

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8 greyhound racetrack association that receives an interstate
9 cross-species simulcast signal shall distribute the following
10 amounts from each pari-mutuel pool wagered on the signal at the
11 racetrack:

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

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

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

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

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

24 Sec. 2028.203. REIMBURSEMENT FOR SIMULCAST SIGNAL

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

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

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

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

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

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

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

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

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

9 (1) the amount appropriated to the commission for the
10 purposes of Section 2028.204 for that fiscal biennium; or
11 (2) \$50 million.

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

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

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

22 (a) In addition to money allocated under Section 2028.204, a
23 horse racetrack association operating a racetrack that is located
24 not more than 75 miles from a greyhound racetrack that offers
25 wagering on a cross-species simulcast signal and that sends the
26 cross-species simulcast signal to the greyhound racetrack may apply
27 to the commission for an allocation of up to 20 percent of the money

1 in the escrowed [~~purse~~] account that is attributable to the
2 wagering on a cross-species simulcast signal at the greyhound
3 racetrack.

4 (b) If the applying horse racetrack association can prove to
5 the commission's satisfaction that the racetrack association's
6 handle has decreased directly due to wagering on an interstate
7 cross-species simulcast signal at a greyhound racetrack located not
8 more than 75 miles from the applying racetrack association, the
9 commission shall allocate amounts from the escrowed [~~purse~~] account
10 as the commission considers appropriate to compensate the racetrack
11 association for the decrease. The amounts allocated may not exceed
12 20 percent of the money in the escrowed [~~purse~~] account that is
13 attributable to the wagering on the interstate cross-species
14 simulcast signal at the greyhound racetrack.

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

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

22 (c-3) Subject to the limitation imposed under Section
23 2028.2041, Occupations Code, an amount equal to the proceeds from
24 the collection of the taxes imposed by this chapter on the sale,
25 storage, or use of horse feed, horse supplements, and horse tack
26 shall be deposited to the credit of the escrow account administered
27 by the Texas Racing Commission and established under Section

1 2028.204, Occupations Code.

2 (d) The comptroller shall determine the amount to be
3 deposited to the highway fund under Subsection (b) according to
4 available statistical data indicating the estimated average or
5 actual consumption or sales of lubricants used to propel motor
6 vehicles over the public roadways. The comptroller shall
7 determine the amounts to be deposited to the funds or accounts under
8 Subsection (c) according to available statistical data indicating
9 the estimated or actual total receipts in this state from taxable
10 sales of sporting goods. The comptroller shall determine the
11 amount to be deposited to the fund under Subsection (c-2) according
12 to available statistical data indicating the estimated or actual
13 total receipts in this state from taxes imposed on sales at retail
14 of fireworks. The comptroller shall determine the amount to be
15 deposited to the account under Subsection (c-3) according to
16 available statistical data indicating the estimated or actual total
17 receipts in this state from taxable sales of horse feed, horse
18 supplements, and horse tack. If satisfactory data are not
19 available, the comptroller may require taxpayers who make taxable
20 sales or uses of those lubricants, of sporting goods, [~~or~~] of
21 fireworks, or of horse feed, horse supplements, or horse tack to
22 report to the comptroller as necessary to make the allocation
23 required by Subsection (b), (c), [~~or~~] (c-2), or (c-3).

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

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

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

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

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

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

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

ADOPTED

MAY 21 2019

FLOOR AMENDMENT NO. 1

Henry Spaw BY: *L. W. Keller*
Secretary of the Senate

1 Amend C.S.H.B. No. **2463** (senate committee printing) as
2 follows:

3 (1) In SECTION 7 of the bill, in added Section 151.801(c-3),
4 Tax Code (page 2, line 60), strike "and horse tack" and substitute
5 "horse tack, horse bedding and grooming supplies, and other taxable
6 expenditures directly related to horse ownership, riding, or
7 boarding".

8 (2) In SECTION 7 of the bill, in amended Section 151.801(d),
9 Tax Code (page 3, line 11), strike "and horse tack" and substitute
10 "horse tack, horse bedding and grooming supplies, and other taxable
11 expenditures directly related to horse ownership, riding, or
12 boarding".

13 (3) In SECTION 7 of the bill, in amended Section 151.801(d),
14 Tax Code (page 3, line 14), strike "or horse tack" and substitute
15 "horse tack, horse bedding and grooming supplies, or other taxable
16 expenditures directly related to horse ownership, riding, or
17 boarding".

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 22, 2019

TO: Honorable Dennis Bonnen, Speaker of the House, House of Representatives

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB2463 by King, Tracy O. (Relating to the deposit and allocation of certain funds to the horse industry escrow account and to the maximum balance of that account.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2463, As Passed 2nd House: a negative impact of (\$50,000,000) through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$25,000,000)
2021	(\$25,000,000)
2022	(\$25,000,000)
2023	(\$25,000,000)
2024	(\$25,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue Gain from Racing Commission Escrowed Purse Trust Account	Probable Revenue Gain from Texas Racing Comm Acct 597	Probable (Cost) from Texas Racing Comm Acct 597
2020	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)
2021	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)
2022	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)
2023	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)
2024	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)

Fiscal Year	Change in Number of State Employees from FY 2019
2020	1.0
2021	1.0
2022	1.0
2023	1.0
2024	1.0

Fiscal Analysis

The bill would amend Section 151.801 of the Tax Code to require the deposit of state sales and use taxes collected on the sale, storage, or use of horse feed, horse supplements, horse tack, horse bedding and grooming supplies, or other taxable expenditures directly related to horse ownership, riding, or boarding into Racing Commission Escrowed Purse Trust Account. The bill would require the Comptroller to determine the amount of taxes collected on these items according to the best available data. The Comptroller, in making the determination, could require taxpayers who make taxable sales or uses of these items to report as necessary.

This bill would instruct the Comptroller to deposit sales and use taxes collected from the sale of horse feed, horse supplements, horse tack, horse bedding and grooming supplies, or other taxable expenditures directly related to horse ownership, riding, and boarding into Escrowed Purse Trust Account 0876, until the amount deposited into the account for a biennium equals the greater of \$50 million or the legislative appropriation to the Racing Commission for the allocation of escrowed purses. After determining and depositing the amount into account 0876, the Comptroller would be required to deposit any additional amount into the General Revenue Fund 0001.

This bill would limit the balance in Escrowed Purse Trust Account to \$50 million.

This bill would amend Section 2028.204 of the Occupations Code to authorize any of the five state horse breed registries designated in Section 2030.002, to apply for receipt of money in Escrowed Purse Trust Account 0876 for events promoting the horse industry. The Texas Racing Commission would be required to limit the allocation of money to horse racetrack associations for use as purses to no more than 70 percent of total deposits annually.

The bill would take effect September 1, 2019.

Methodology

Data from a report by the Texas A&M Equine Initiative and the Texas A&M AgriLife Extension Service on the number of Texas horses not used for ranching and on expenditures per horse on tack was used to estimate pertinent taxable expenditures, and multiplied by the state sales tax rate to estimate revenue potentially subject to allocation under provisions of the bill.

As appropriations to the Racing Commission of amounts from the escrow account are unknown it is assumed for the purposes of this analysis that \$50 million would be the pertinent limit in a biennium on the amount to be deposited into Escrowed Purse Trust Account. It is also assumed for the purposes of this analysis that \$25 million would be deposited into the account each fiscal year, subject to sufficient expenditures each year to preclude reduction of the amounts deposited to the account due to the \$50 million balance limit for the account.

Due to the projected increase in administrative duties, the Racing Commission estimates a need

for 1.0 full-time equivalent to administer the program. This analysis assumes that any increased cost to the Racing Commission, which is statutorily required to generate sufficient revenue to cover its costs of operation, would be offset by an increase in fee generated revenue.

The provisions in Section 10 and Section 11 of the bill would have no effect on the deposit of sales tax revenue to the Escrowed Purse Trust Account, since those deposits do not require an appropriation to implement.

The legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature.

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: WP, SZ, SD, KK, CLo, MB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 20, 2019

TO: Honorable Charles Perry, Chair, Senate Committee on Water & Rural Affairs

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB2463 by King, Tracy O. (Relating to the deposit and allocation of certain funds to the horse industry escrow account and to the maximum balance of that account.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2463, Committee Report 2nd House, Substituted: a negative impact of (\$50,000,000) through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$25,000,000)
2021	(\$25,000,000)
2022	(\$25,000,000)
2023	(\$25,000,000)
2024	(\$25,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue Gain from Racing Commission Escrowed Purse Trust Account	Probable Revenue Gain from Texas Racing Comm Acct 597	Probable (Cost) from Texas Racing Comm Acct 597
2020	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)
2021	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)
2022	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)
2023	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)
2024	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)

Fiscal Year	Change in Number of State Employees from FY 2019
2020	1.0
2021	1.0
2022	1.0
2023	1.0
2024	1.0

Fiscal Analysis

The bill would amend Section 151.801 of the Tax Code to require the deposit of state sales and use taxes collected on the sale, storage, or use of horse feed, horse supplements, and horse tack into Racing Commission Escrowed Purse Trust Account. The bill would require the Comptroller to determine the amount of taxes collected on these items according to the best available data. The Comptroller, in making the determination, could require taxpayers who make taxable sales or uses of these items to report as necessary.

This bill would instruct the Comptroller to deposit sales and use taxes collected from the sale of horse feed, horse supplements, and horse tack into Escrowed Purse Trust Account 0876, until the amount deposited into the account for a biennium equals the greater of \$50 million or the legislative appropriation to the Racing Commission for the allocation of escrowed purses. After determining and depositing the amount into account 0876, the Comptroller would be required to deposit any additional amount into the General Revenue Fund 0001.

This bill would limit the balance in Escrowed Purse Trust Account to \$50 million.

This bill would amend Section 2028.204 of the Occupations Code to authorize any of the five state horse breed registries designated in Section 2030.002, to apply for receipt of money in Escrowed Purse Trust Account 0876 for events promoting the horse industry. The Texas Racing Commission would be required to limit the allocation of money to horse racetrack associations for use as purses to no more than 70 percent of total deposits annually.

The bill would take effect September 1, 2019.

Methodology

Data from a report by the Texas A&M Equine Initiative and the Texas A&M AgriLife Extension Service on the number of Texas horses not used for ranching and on expenditures per horse on tack was used to estimate pertinent taxable expenditures, and multiplied by the state sales tax rate to estimate revenue potentially subject to allocation under provisions of the bill.

As appropriations to the Racing Commission of amounts from the escrow account are unknown it is assumed for the purposes of this analysis that \$50 million would be the pertinent limit in a biennium on the amount to be deposited into Escrowed Purse Trust Account. It is also assumed for the purposes of this analysis that \$25 million would be deposited into the account each fiscal year, subject to sufficient expenditures each year to preclude reduction of the amounts deposited to the account due to the \$50 million balance limit for the account.

Due to the projected increase in administrative duties, the Racing Commission estimates a need for 1.0 full-time equivalent to administer the program. This analysis assumes that any increased cost to the Racing Commission, which is statutorily required to generate sufficient revenue to

cover its costs of operation, would be offset by an increase in fee generated revenue.

The provisions in Section 10 and Section 11 of the bill would have no effect on the deposit of sales tax revenue to the Escrowed Purse Trust Account, since those deposits do not require an appropriation to implement.

The legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

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

LBB Staff: WP, SZ, SD, KK, CLo, MB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 17, 2019

TO: Honorable Charles Perry, Chair, Senate Committee on Water & Rural Affairs

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: HB2463 by King, Tracy O. (Relating to the deposit and allocation of certain funds to the horse industry escrow account and to the maximum balance of that account.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2463, As Engrossed: a negative impact of (\$50,000,000) through the biennium ending August 31, 2021.
 The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$25,000,000)
2021	(\$25,000,000)
2022	(\$25,000,000)
2023	(\$25,000,000)
2024	(\$25,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue Gain from Racing Commission Escrowed Purse Trust Account	Probable Revenue Gain from Texas Racing Comm Acct 597	Probable (Cost) from Texas Racing Comm Acct 597
2020	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)
2021	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)
2022	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)
2023	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)
2024	(\$25,000,000)	\$25,000,000	\$59,500	(\$59,500)

Fiscal Year	Change in Number of State Employees from FY 2019
2020	1.0
2021	1.0
2022	1.0
2023	1.0
2024	1.0

Fiscal Analysis

The bill would amend Section 151.801 of the Tax Code to require the deposit of state sales and use taxes collected on the sale, storage, or use of horse feed, horse supplements, and horse tack into Racing Commission Escrowed Purse Trust Account. The bill would require the Comptroller to determine the amount of taxes collected on these items according to the best available data. The Comptroller, in making the determination, could require taxpayers who make taxable sales or uses of these items to report as necessary.

This bill would instruct the Comptroller to deposit sales and use taxes collected from the sale of horse feed, horse supplements, and horse tack into Escrowed Purse Trust Account 0876, until the amount deposited into the account for a biennium equals the greater of \$50 million or the legislative appropriation to the Racing Commission for the allocation of escrowed purses. After determining and depositing the amount into account 0876, the Comptroller would be required to deposit any additional amount into the General Revenue Fund 0001.

This bill would limit the balance in Escrowed Purse Trust Account to \$50 million.

This bill would amend Section 2028.204 of the Occupations Code to authorize any of the five state horse breed registries designated in Section 2030.002, to apply for receipt of money in Escrowed Purse Trust Account 0876 for events promoting the horse industry. The Texas Racing Commission would be required to limit the allocation of money to horse racetrack associations for use as purses to no more than 70 percent of total deposits annually.

The bill would take effect September 1, 2019.

Methodology

Data from a report by the Texas A&M Equine Initiative and the Texas A&M AgriLife Extension Service on the number of Texas horses not used for ranching and on expenditures per horse on tack was used to estimate pertinent taxable expenditures, and multiplied by the state sales tax rate to estimate revenue potentially subject to allocation under provisions of the bill.

As appropriations to the Racing Commission of amounts from the escrow account are unknown it is assumed for the purposes of this analysis that \$50 million would be the pertinent limit in a biennium on the amount to be deposited into Escrowed Purse Trust Account. It is also assumed for the purposes of this analysis that \$25 million would be deposited into the account each fiscal year, subject to sufficient expenditures each year to preclude reduction of the amounts deposited to the account due to the \$50 million balance limit for the account.

Due to the projected increase in administrative duties, the Racing Commission estimates a need for 1.0 full-time equivalent to administer the program. This analysis assumes that any increased cost to the Racing Commission, which is statutorily required to generate sufficient revenue to

cover its costs of operation, would be offset by an increase in fee generated revenue.

The legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature.

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: WP, SZ, SD, KK, CLo, MB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 10, 2019

TO: Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: **HB2463** by King, Tracy O. (Relating to the deposit and allocation of certain funds to the horse industry escrow account.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2463, Committee Report 1st House, Substituted: a negative impact of (\$50,000,000) through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$48,200,000)
2021	(\$1,800,000)
2022	(\$48,600,000)
2023	(\$1,400,000)
2024	(\$49,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue Gain from Racing Commission Escrowed Purse Trust Account	Probable Revenue Gain from Texas Racing Comm Acct 597	Probable (Cost) from Texas Racing Comm Acct 597
2020	(\$48,200,000)	\$48,200,000	\$59,500	(\$59,500)
2021	(\$1,800,000)	\$1,800,000	\$59,500	(\$59,500)
2022	(\$48,600,000)	\$48,600,000	\$59,500	(\$59,500)
2023	(\$1,400,000)	\$1,400,000	\$59,500	(\$59,500)
2024	(\$49,000,000)	\$49,000,000	\$59,500	(\$59,500)

Fiscal Year	Change in Number of State Employees from FY 2019
2020	1.0
2021	1.0
2022	1.0
2023	1.0
2024	1.0

Fiscal Analysis

The bill would amend Section 151.801 of the Tax Code to require the deposit of state sales and use taxes collected on the sale, storage, or use of horse feed, horse supplements, and horse tack into Racing Commission Escrowed Purse Trust Account. The bill would require the Comptroller to determine the amount of taxes collected on these items according to the best available data. The Comptroller, in making the determination, could require taxpayers who make taxable sales or uses of these items to report as necessary.

This bill would instruct the Comptroller to deposit sales and use taxes collected from the sale of horse feed, horse supplements, and horse tack into Escrowed Purse Trust Account, until the amount deposited into the account for a biennium equals the lesser of \$50 million or the legislative appropriation to the Racing Commission for the allocation of escrowed purses. After determining and depositing the amount into the account, the Comptroller would be required to deposit any additional amount into the General Revenue Fund.

This bill would amend Section 2028.204 of the Occupations Code to authorize any of the five state horse breed registries designated in Section 2030.002, to apply for receipt of money in Escrowed Purse Trust Account 0876 for events promoting the horse industry. The Texas Racing Commission would be required to limit the allocation of money to horse racetrack associations for use as purses to no more than 70 percent of total deposits annually.

The bill would take effect September 1, 2019.

Methodology

Data from a report by the Texas A&M Equine Initiative and the Texas A&M AgriLife Extension Service on the number of Texas horses not used for ranching and on expenditures per horse on feed, supplements, and tack was used to estimate pertinent taxable expenditures, multiplied by the state sales tax rate to estimate revenue potentially subject to allocation under provisions of the bill and extrapolated through 2024.

As appropriations to the Racing Commission are unknown and could equal or exceed the total sales and use tax collected from the sale of horse feed, horse supplements, and horse tack, it is assumed for the purposes of this analysis that \$50 million would be the lesser amount in a biennium to be deposited into Escrowed Purse Trust Account.

Due to the projected increase in administrative duties, the Racing Commission estimates a need for 1.0 full-time equivalent to administer the program. This analysis assumes that any increased cost to the Racing Commission, which is statutorily required to generate sufficient revenue to cover its costs of operation, would be offset by an increase in fee generated revenue.

The legislation would do one or more of the following: create or recreate a dedicated account in

the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature.

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: WP, CLo, SD, KK, MB

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 25, 2019

TO: Honorable Tracy O. King, Chair, House Committee on Licensing & Administrative Procedures

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB2463 by King, Tracy O. (Relating to the deposit and allocation of certain funds to the horse industry escrow account.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2463, As Introduced: a negative impact of (\$96,600,000) through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$48,200,000)
2021	(\$48,400,000)
2022	(\$48,600,000)
2023	(\$48,800,000)
2024	(\$49,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue Gain from Racing Commission Escrowed Purse Trust Account	Probable Revenue Gain from Texas Racing Comm Acct 597	Probable (Cost) from Texas Racing Comm Acct 597
2020	(\$48,200,000)	\$48,200,000	\$59,500	(\$59,500)
2021	(\$48,400,000)	\$48,400,000	\$59,500	(\$59,500)
2022	(\$48,600,000)	\$48,600,000	\$59,500	(\$59,500)
2023	(\$48,800,000)	\$48,800,000	\$59,500	(\$59,500)
2024	(\$49,000,000)	\$49,000,000	\$59,500	(\$59,500)

Fiscal Year	Change in Number of State Employees from FY 2019
2020	1.0
2021	1.0
2022	1.0
2023	1.0
2024	1.0

Fiscal Analysis

The bill would amend Section 151.801 of the Tax Code to require the deposit of state sales and use taxes collected on the sale, storage, or use of horse feed, horse supplements, and horse tack into Racing Commission Escrowed Purse Trust Account. The bill would require the Comptroller to determine the amount of taxes collected on these items according to the best available data. The Comptroller, in making the determination, could require taxpayers who make taxable sales or uses of these items to report as necessary .

The bill would instruct the Comptroller to deposit sales and use taxes collected from the sale of horse feed, horse supplements, and horse tack into Escrowed Purse Trust Account, until the amount deposited into the account for a biennium equals the greater of \$50 million or the legislative appropriation to the Racing Commission for the allocation of escrowed purses. After determining and depositing the amount into the account, the Comptroller would be required to deposit any additional amount into the General Revenue Fund.

The bill would amend Section 2028.204 of the Occupations Code to authorize any of the five state horse breed registries designated in Section 2030.002, to apply for receipt of money in Escrowed Purse Trust Account for events promoting the horse industry. The Texas Racing Commission would be required to limit the allocation of money to horse racetrack associations for use as purses to no more than 70 percent of total deposits annually.

The bill would take effect September 1, 2019.

Methodology

Data on the number of Texas horses not used for ranching and per horse expenditures on horse feed, horse supplements, and horse tack are from a report issued by the Texas A&M Equine Initiative and the Texas A&M AgriLife Extension Service. Total expenditures were multiplied by the sales tax rate to estimate the applicable sales tax, and extrapolated through 2024.

As appropriations to the Racing Commission are unknown, for the purposes of this analysis it is assumed that all sales and use tax collected from the sale of horse feed, horse supplements, and horse tack will be appropriated to the Racing Commission.

Due to the projected increase in administrative duties, the Racing Commission estimates a need for 1.0 full-time equivalent to administer the program. This analysis assumes that any increased cost to the Racing Commission, which is statutorily required to generate sufficient revenue to cover its costs of operation, would be offset by an increase in fee generated revenue.

The legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication

included in the bill would be subject to funds consolidation review by the current Legislature.

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: WP, CLo, SD, KK, MB