By:  Buckingham, et al. S.B. No. 704

A BILL TO BE ENTITLED

AN ACT

relating to the transfer of the regulation of racing to the Texas Department of Licensing and Regulation, the abolishment of the Texas Racing Commission, and the creation of the Texas Racing Advisory Board, following recommendations of the Sunset Advisory Commission.

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

ARTICLE 1. GENERAL PROVISIONS

SECTION 1.01.  Subchapter C, Chapter 51, Occupations Code, is amended by adding Section 51.1041 to read as follows:

Sec. 51.1041.  PEACE OFFICERS. (a) The department may commission as a peace officer an employee who has been certified as qualified to be a peace officer by the Texas Commission on Law Enforcement.

(b)  A peace officer commissioned by the department may enforce any provision of this chapter relating to the regulation of racing or any law establishing a program regulated by the department under Subtitle A-1, Title 13, related to the regulation of racing.

(c)  A peace officer commissioned under this section has the powers, privileges, and immunities of a peace officer while carrying out duties authorized by this chapter or a law establishing a program regulated by the department.

SECTION 1.02.  Section 2021.003, Occupations Code, is amended by amending Subdivisions (2), (8), (9), (14), (20), (21), (24), (35), and (54) and adding Subdivisions (2-a) and (12-a) to read as follows:

(2)  "Active license" means a racetrack license designated by the department [~~commission~~] as active.

(2-a)  "Advisory board" means the Texas Racing Advisory Board.

(8)  "Commission" means the Texas [~~Racing~~] Commission of Licensing and Regulation.

(9)  "Concessionaire" means a person licensed by the department [~~commission~~] to sell refreshments or souvenirs at a racetrack.

(12-a) "Department" means the Texas Department of Licensing and Regulation.

(14)  "Executive director" means the executive director of the department [~~commission~~].

(20)  "Horsemen's organization" means an organization recognized by the department [~~commission~~] that:

(A)  represents horse owners and trainers in negotiating and contracting with racetrack associations on subjects relating to racing; and

(B)  represents and advocates the interests of horse owners and trainers before administrative, legislative, and judicial forums.

(21)  "Inactive license" means a racetrack license designated by the department [~~commission~~] as inactive.

(24)  "Maiden" means a horse that has never won a race at a race meeting authorized by the department [~~commission~~] or by another racing jurisdiction.

(35)  "Performance" means the consecutive running of a specified number of greyhound races as determined by the department [~~commission~~].

(54)  "Trainer" means a person who is licensed by the department [~~commission~~] to train horses or greyhounds.

SECTION 1.03.  Sections 2021.004(1) and (5), Occupations Code, are amended to read as follows:

(1)  "Authorized agent" means a person appointed by an owner of a horse to represent the owner. The term is limited to a person who is appointed by a written instrument that the department [~~commission~~] acknowledges and approves.

(5)  "Jockey" or "apprentice jockey" means a professional rider licensed by the department [~~commission~~] to ride in horse races.

SECTION 1.04.  Section 2021.006, Occupations Code, is amended to read as follows:

Sec. 2021.006.  RELEASE OF CIVIL LIABILITY. A commission member, the executive director, a department [~~commission~~] employee, a steward or judge, a racetrack association, a horsemen's organization, or any other person regulated under this subtitle is not liable for a cause of action that arises out of that person's performance or exercise of discretion in the implementation or enforcement of this subtitle or a rule adopted under this subtitle if the person has acted in good faith.

SECTION 1.05.  Sections 2021.008(a), (b), (c), and (d), Occupations Code, are amended to read as follows:

(a)  The advisory board [~~commission~~] is subject to Chapter 325, Government Code (Texas Sunset Act). The advisory board shall be reviewed during the period in which the commission and department are reviewed under Section 51.002. Unless the advisory board is continued in existence and the commission and department are continued in existence as provided by that section, [~~chapter,~~] and except as provided by Subsections (b) and (c), [~~the commission is abolished and~~] this subtitle expires on the date provided by that section [~~September 1, 2021~~].

(b)  If, at the time the commission, department, and advisory board would be abolished under Subsection (a), a racetrack association has outstanding long-term liabilities:

(1)  the racetrack association may continue to operate for a period not to exceed one year after those liabilities are satisfied; and

(2)  the commission, the department, and this subtitle are continued in effect for the purpose of regulating that racetrack association under this subtitle.

(c)  If the commission, the department, and this subtitle are continued in effect under Subsection (b), the commission and the department are [~~is~~] abolished and this subtitle expires on the first day of the state fiscal year following the state fiscal year in which the commission certifies to the secretary of state that no racetrack associations are operating under the terms of Subsection (b).

(d)  A racetrack association that continues to operate under Subsection (b) may not incur any new liability without commission or department approval. At the beginning of that period, the commission or department shall:

(1)  review the outstanding liabilities of the racetrack association; and

(2)  set a specific date by which the racetrack association must retire its outstanding liabilities.

ARTICLE 2. TEXAS RACING ADVISORY BOARD; DEPARTMENT RECORDS AND INFORMATION

SECTION 2.01.  The heading to Chapter 2022, Occupations Code, is amended to read as follows:

CHAPTER 2022. TEXAS RACING ADVISORY BOARD [~~COMMISSION~~]

SECTION 2.02.  The heading to Section 2022.001, Occupations Code, is amended to read as follows:

Sec. 2022.001.  ADVISORY BOARD [~~COMMISSION~~] MEMBERSHIP.

SECTION 2.03.  Section 2022.001(a), Occupations Code, is amended to read as follows:

(a)  The Texas Racing Advisory Board [~~commission~~] consists of nine[~~:~~

[~~(1)  seven~~] members appointed by the presiding officer of the commission, with commission approval, as follows:

(1)  one member who is a representative of a racetrack association holding a class 1 racetrack license;

(2)  one member who is a representative of a racetrack association holding a class 2 racetrack license;

(3)  one member who is a representative of a racetrack association holding a class 3 racetrack license;

(4)  one member who is:

(A)  a representative of a racetrack association holding a greyhound racetrack license; or

(B)  a representative of the Texas Horsemen's Partnership;

(5)  one member who is a representative of the Texas Thoroughbred Association;

(6)  one member who is a representative of the Texas Quarter Horse Association;

(7)  one member who is a veterinarian; and

(8)  two members of the public [~~governor with the advice and consent of the senate; and~~

[~~(2)  two ex officio members who have the right to vote~~].

SECTION 2.04.  Subchapter A, Chapter 2022, Occupations Code, is amended by adding Section 2022.0011 to read as follows:

Sec. 2022.0011.  DUTIES OF ADVISORY BOARD. The advisory board shall provide advice and recommendations to the department on technical matters relevant to the administration of this subtitle.

SECTION 2.05.  The heading to Section 2022.002, Occupations Code, is amended to read as follows:

Sec. 2022.002.  TERM OF OFFICE; VACANCIES.

SECTION 2.06.  Section 2022.002, Occupations Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

(a)  Advisory board [~~Appointed commission~~] members hold office for staggered terms of six years with the terms of [~~two or~~] three members expiring February 1 of each odd-numbered year.

(c)  If a vacancy occurs during a member's term, the presiding officer of the commission, with commission approval, shall appoint a member to fill the vacancy for the remainder of the unexpired term.

SECTION 2.07.  Section 2022.008, Occupations Code, is amended to read as follows:

Sec. 2022.008.  PRESIDING OFFICER. (a) The presiding officer of the commission [~~governor~~] shall designate a [~~public~~] member of the advisory board [~~commission~~] as the presiding officer of the advisory board [~~commission~~] to serve in that capacity for a one-year term [~~at the pleasure of the governor~~].

(b)  The presiding officer of the advisory board may vote on any matter before the advisory board.

SECTION 2.08.  The heading to Section 2022.009, Occupations Code, is amended to read as follows:

Sec. 2022.009.  ADVISORY BOARD [~~COMMISSION~~] MEETINGS[~~; RECORD OF COMMISSION VOTES~~].

SECTION 2.09.  Section 2022.009(a), Occupations Code, is amended to read as follows:

(a)  The advisory board [~~commission~~] shall meet at the call of the presiding officer of the commission or the executive director [~~hold at least six regular meetings each year on dates fixed by the commission~~].

SECTION 2.10.  The heading to Section 2022.052, Occupations Code, is amended to read as follows:

Sec. 2022.052.  [~~EMPLOYEES;~~] RESTRICTIONS ON EMPLOYMENT.

SECTION 2.11.  The heading to Section 2022.103, Occupations Code, is amended to read as follows:

Sec. 2022.103.  DEPARTMENT [~~COMMISSION~~] INVESTIGATIVE FILES CONFIDENTIAL.

SECTION 2.12.  Sections 2022.103(a), (b), and (c), Occupations Code, are amended to read as follows:

(a)  The contents of the investigatory files of the department [~~commission~~] are not public records and are confidential except:

(1)  in a criminal proceeding;

(2)  in a hearing conducted by the commission;

(3)  on court order; or

(4)  with the consent of the party being investigated.

(b)  Except as otherwise provided by this subtitle, the files, records, information, compilations, documents, photographs, reports, summaries, and reviews of information and related matters that are collected, retained, or compiled by the Department of Public Safety in the discharge of the Department of Public Safety's [~~department's~~] duties under this subtitle are confidential and are not subject to public disclosure, but are subject to discovery by a person who is the subject of the files, records, information, compilations, documents, photographs, reports, summaries, and reviews of information and related matters that are collected, retained, or compiled by the Department of Public Safety [~~department~~] in the discharge of the Department of Public Safety's [~~department's~~] duties under this subtitle.

(c)  An investigation report or other document submitted by the Department of Public Safety to the department [~~commission~~] becomes part of the investigative files of the department [~~commission~~] and is subject to discovery by a person who is the subject of the investigation report or other document submitted by the Department of Public Safety [~~department~~] to the department [~~commission~~] that is part of the investigative files of the department [~~commission~~].

SECTION 2.13.  Section 2022.105(a), Occupations Code, is amended to read as follows:

(a)  The department [~~commission~~] shall require racetrack associations, managers, totalisator license holders, and concessionaires to keep books and records and to submit financial statements to the commission.

ARTICLE 3. COMMISSION, DEPARTMENT, AND RACE MEETING OFFICIAL POWERS AND DUTIES

SECTION 3.01.  The heading to Chapter 2023, Occupations Code, is amended to read as follows:

CHAPTER 2023. COMMISSION, DEPARTMENT, AND RACE MEETING OFFICIAL POWERS AND DUTIES

SECTION 3.02.  Section 2023.001, Occupations Code, is amended to read as follows:

Sec. 2023.001.  LICENSING, REGULATION, AND SUPERVISION OF HORSE RACING AND GREYHOUND RACING. (a) Notwithstanding any contrary provision in this subtitle, the department under the direction of the commission may license and regulate all aspects of horse racing and greyhound racing in this state, regardless of whether that racing involves pari-mutuel wagering.

(b)  The commission[~~,~~] in adopting rules and the department in the supervision and conduct of racing[~~,~~] shall consider the effect of a proposed [~~commission~~] action on the state's agricultural, horse breeding, horse training, greyhound breeding, and greyhound training industry.

SECTION 3.03.  Section 2023.002, Occupations Code, is amended to read as follows:

Sec. 2023.002.  REGULATION AND SUPERVISION OF WAGERING AT RACE MEETINGS. (a) The department [~~commission~~] shall regulate and supervise each race meeting in this state that involves wagering on the result of horse racing or greyhound racing. Each person and thing relating to the operation of a race meeting is subject to regulation and supervision by the department [~~commission~~].

(b)  The commission shall adopt rules on the issuance of licenses and other rules necessary to regulate horse racing and greyhound racing and the department shall[~~,~~] issue licenses[~~,~~] and take any other necessary action relating [~~exclusively~~] to the regulation of horse racing or greyhound racing.

SECTION 3.04.  Section 2023.003(b), Occupations Code, is amended to read as follows:

(b)  The department [~~commission~~] may charge in the amount set by the commission an annual fee for licensing and regulating a track that does not offer pari-mutuel wagering or a training facility in a reasonable amount that may not exceed the actual cost of enforcing rules adopted by the commission for the licensing and regulation of races and workouts at such a facility.

SECTION 3.05.  Section 2023.004(d), Occupations Code, is amended to read as follows:

(d)  The commission shall post at each racetrack notice of a meeting [~~under Subsection (c)~~] that includes an agenda of the meeting and a summary of the proposed rule.

SECTION 3.06.  Section 2023.006, Occupations Code, is amended to read as follows:

Sec. 2023.006.  CONSIDERATION OF PAST PERFORMANCE OF RACETRACK ASSOCIATION. In considering a pleading of a racetrack association, the department [~~commission~~] shall take into account the operating experience of the racetrack association in this state, including:

(1)  the financial condition of the racetrack;

(2)  the regulatory compliance and conduct; and

(3)  any other relevant matter concerning the operation of a racetrack.

SECTION 3.07.  Section 2023.007, Occupations Code, is amended to read as follows:

Sec. 2023.007.  RIGHT OF ENTRY. A department employee [~~commission member~~], an authorized department [~~commission~~] agent or peace officer, a commissioned officer of the Department of Public Safety, or a peace officer of the local jurisdiction in which a racetrack association maintains a place of business may enter any part of a racetrack or any other place of business of a racetrack association at any time to enforce and administer this subtitle.

SECTION 3.08.  Section 2023.008, Occupations Code, is amended to read as follows:

Sec. 2023.008.  TESTIMONY AND SUBPOENA POWER. (a) For purposes of this section, "agent" means an appointed agent of the department [~~commission~~].

(b)  A department employee [~~commission member~~] or an agent, while involved in carrying out functions under this subtitle, may:

(1)  take testimony;

(2)  require by subpoena the attendance of a witness; and

(3)  require the production of books, records, papers, correspondence, and other documents that the commission considers advisable.

(c)  A subpoena must be issued under the signature of the executive director or the executive director's designee [~~commission or an agent~~]. A person designated by the executive director [~~commission~~] must serve the subpoena.

(d)  A department employee [~~commission member~~] or an agent may administer an oath to a witness appearing before the department [~~commission~~] or an agent.

(e)  If a subpoena issued under this section is disobeyed, the department [~~commission~~] or an agent may invoke the aid of a Travis County district court in requiring compliance with the subpoena. A Travis County district court may issue an order requiring the person to appear and testify and to produce books, records, papers, correspondence, and documents. Failure to obey the court order shall be punished by the court as contempt.

SECTION 3.09.  Sections 2023.051 and 2023.052, Occupations Code, are amended to read as follows:

Sec. 2023.051.  RECOGNITION OF ORGANIZATION. (a) The commission by rule shall adopt criteria to recognize an organization to represent members of a segment of the racing industry, including owners, breeders, trainers, kennel operators, or other persons involved in the racing industry, in any interaction between the members of the organization and a racetrack association or the department [~~commission~~].

(b)  The department [~~commission~~] may recognize an organization that meets the criteria adopted under Subsection (a).

Sec. 2023.052.  SECURITY FOR FEES AND CHARGES. The department [~~commission~~] may require a racetrack association to post security in an amount and form determined by the department [~~commission~~] to adequately ensure the payment of any fee or charge due to this state or the department [~~commission~~] relating to pari-mutuel racing, including a charge for drug testing.

SECTION 3.10.  Section 2023.053(f), Occupations Code, is amended to read as follows:

(f)  This section does not apply to:

(1)  money deposited into the Texas-bred incentive fund established under Section 2028.301; or

(2)  an administrative penalty remitted to the comptroller for deposit in the general revenue fund under Section 2033.058.

SECTION 3.11.  The heading to Section 2023.054, Occupations Code, is amended to read as follows:

Sec. 2023.054.  [~~COMMISSION~~] STANDARDS ON GREYHOUND FARMS AND FACILITIES.

SECTION 3.12.  Sections 2023.056, 2023.057, 2023.058, 2023.059, and 2023.061, Occupations Code, are amended to read as follows:

Sec. 2023.056.  COOPERATION WITH LAW ENFORCEMENT. (a) The department [~~commission~~] shall cooperate with a district attorney, a criminal district attorney, a county attorney, the Department of Public Safety, the attorney general, or a peace officer in enforcing this subtitle.

(b)  The department [~~commission~~], under department [~~commission~~] authority to obtain criminal history record information under Section 2023.057, shall maintain and exchange pertinent intelligence data with other states and agencies.

Sec. 2023.057.  ACCESS TO CRIMINAL HISTORY RECORDS. The department [~~commission~~] may obtain criminal history record information that relates to each applicant for [~~employment by the commission and to each applicant for~~] a license issued under this subtitle by the department, including an occupational license described by Section 2025.251(c), [~~commission~~] and that is maintained by the Department of Public Safety or the Federal Bureau of Investigation Identification Division. The department [~~commission~~] may refuse to issue a license to [~~recommend~~] an applicant who fails to provide a complete set of fingerprints.

Sec. 2023.058.  COST OF CRIMINAL HISTORY RECORD CHECK. (a) The commission shall, in determining the amount of a license fee, set the fee in at least an amount necessary to cover the cost to the department of conducting a criminal history record check on a license applicant.

(b)  The department [~~commission~~] shall reimburse the Department of Public Safety for the cost of conducting a criminal history record check under this subtitle.

Sec. 2023.059.  DISTANCE LEARNING. The department [~~commission~~] may provide assistance to members of the racing industry who are attempting to develop or implement adult, youth, or continuing education programs that use distance learning.

Sec. 2023.061.  BIENNIAL [~~ANNUAL~~] REPORT. (a) Not later than January 31 of each odd-numbered year, the department [~~commission~~] shall file a report with the governor, lieutenant governor, and speaker of the house of representatives.

(b)  The report must cover the operations of the department under this subtitle [~~commission~~] and the condition of horse breeding and racing and greyhound breeding and racing during the preceding two-year period [~~previous year~~].

(c)  The department [~~commission~~] shall obtain from the Department of Public Safety a comprehensive report of any organized crime activities in this state [~~that the department may wish to report~~] and information concerning illegal gambling that may be related to this subtitle known to exist in this state. The department [~~commission~~] shall include in the biennial [~~annual~~] report the Department of Public Safety's [~~department's~~] report and any recommendations the department [~~commission~~] considers appropriate.

SECTION 3.13.  Sections 2023.101(b), (c), and (d), Occupations Code, are amended to read as follows:

(b)  The department [~~commission~~] shall employ or contract with each steward and judge for the supervision of a horse race or greyhound race meeting.

(c)  The department [~~commission~~] shall designate one steward or judge, as appropriate, as the presiding steward or judge for each race meeting.

(d)  Following the completion of a race meeting, a racetrack association may submit to the department [~~commission~~] for the department's [~~commission's~~] review written comments regarding the job performance of the stewards and judges. A racetrack association's comments submitted under this section are not binding, in any way, on the department [~~commission~~].

SECTION 3.14.  Section 2023.102(a), Occupations Code, is amended to read as follows:

(a)  The department [~~commission~~] shall require each steward or judge to annually take and pass a written examination and a medical examination.

SECTION 3.15.  Section 2023.103, Occupations Code, is amended to read as follows:

Sec. 2023.103.  [~~EMPLOYMENT OF~~] STATE VETERINARIANS. For each race meeting, the department [~~commission~~] shall employ or contract for at least one state veterinarian.

SECTION 3.16.  Section 2023.104(b), Occupations Code, is amended to read as follows:

(b)  The fee amount for compensating each steward, judge, and state veterinarian must be reasonable according to industry standards for the compensation of those officials at other racetracks and may not exceed the actual cost to the department [~~commission~~] for compensating the officials.

SECTION 3.17.  Section 2023.105, Occupations Code, is amended to read as follows:

Sec. 2023.105.  EMPLOYMENT OF OTHER RACETRACK OFFICIALS. The racetrack association shall appoint, with the department's [~~commission's~~] approval, all racetrack officials other than the officials listed in Section 2023.104. Compensation for officials not compensated by the department [~~commission~~] is determined by the racetrack association.

SECTION 3.18.  Section 2023.106(b), Occupations Code, is amended to read as follows:

(b)  The commission shall adopt rules that specify:

(1)  the power and duties of each race meeting official, including the power of a steward or judge to impose penalties for unethical practices or violations of racing rules; and

(2)  procedures for hearings conducted under this section.

SECTION 3.19.  Section 2023.109, Occupations Code, is amended by adding Subsection (c) to read as follows:

(c)  The commission may adopt rules specifying the requirements for appealing a decision and eligibility of orders for consideration under this section.

ARTICLE 4. POWERS AND DUTIES OF COMPTROLLER

SECTION 4.01.  Section 2024.002(a), Occupations Code, is amended to read as follows:

(a)  The comptroller may inspect all books, records, and financial statements required by the commission or obtained by the department under Section 2022.105.

SECTION 4.02.  Sections 2024.053(a) and (b), Occupations Code, are amended to read as follows:

(a)  The comptroller shall certify to the department [~~commission~~] the fact that a racetrack association or totalisator company:

(1)  does not comply with a rule adopted by the comptroller under this chapter;

(2)  refuses to allow access to or inspection of any of the racetrack association's or totalisator company's required books, records, or financial statements;

(3)  refuses to allow access to or inspection of the totalisator system; or

(4)  becomes delinquent for:

(A)  the state's share of a pari-mutuel pool; or

(B)  any other tax collected by the comptroller.

(b)  With regard to the state's share of a pari-mutuel pool and any penalty related to the state's share, the comptroller, acting independently of the department [~~commission~~], may take any collection or enforcement action authorized under the Tax Code against a delinquent taxpayer.

ARTICLE 5. LICENSING

SECTION 5.01.  Sections 2025.001 and 2025.002, Occupations Code, are amended to read as follows:

Sec. 2025.001.  COMMISSION AND DEPARTMENT LICENSING DUTIES. (a) To preserve and protect the public health, welfare, and safety, the commission shall adopt rules relating to license applications and the financial responsibility[~~, moral character,~~] and ability of applicants.

(b)  The department [~~commission~~] shall prescribe application forms for licenses issued under this subtitle and shall provide each occupational license holder with a credential.

(c)  The commission shall [~~annually~~] prescribe reasonable license fees for each category of license issued under this subtitle.

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

Sec. 2025.002.  LICENSE AS PRIVILEGE. The operation of a racetrack and the participation in racing are privileges, not rights, granted only by the department [~~commission~~] by license and subject to reasonable and necessary conditions set by the commission and department.

SECTION 5.02.  Sections 2025.003(a), (c), (d), and (e), Occupations Code, are amended to read as follows:

(a)  An applicant for a license or license renewal under this subtitle must, except as otherwise provided by Section 2025.261, submit to the department [~~commission~~] a complete set of fingerprints for:

(1)  the applicant; or

(2)  if the applicant is not an individual, each officer or director of, and each person who owns at least a five percent interest in, the applicant.

(c)  A peace officer of any state[~~,~~] or any department employee designated by the executive director [~~district office of the commission,~~] shall take the fingerprints of an applicant for a license or license renewal on forms approved and furnished by the Department of Public Safety and immediately deliver the forms to the department [~~commission~~].

(d)  If a complete set of fingerprints is required by the department [~~commission~~], the department [~~commission~~] shall, not later than the 10th business day after the date the department [~~commission~~] receives the fingerprints, forward the fingerprints to the Department of Public Safety or the Federal Bureau of Investigation. If the fingerprints are forwarded to the Department of Public Safety, the Department of Public Safety [~~department~~] shall:

(1)  classify the fingerprints and check the fingerprints against the Department of Public Safety's [~~department's~~] fingerprint files; and

(2)  report to the department [~~commission~~] the Department of Public Safety's [~~department's~~] findings concerning the existence or lack of a criminal record of the applicant.

(e)  The department [~~commission~~] may not issue a racetrack license until the report under Subsection (d) is made to the department [~~commission~~]. The department [~~commission~~] may issue a temporary occupational license before the report is made to the department [~~commission~~].

SECTION 5.03.  Section 2025.051, Occupations Code, is amended to read as follows:

Sec. 2025.051.  RACETRACK LICENSE REQUIRED; CRIMINAL PENALTY. A person may not conduct wagering on a horse or greyhound race meeting without first obtaining a racetrack license issued by the department [~~commission~~]. A person who violates this section commits an offense.

SECTION 5.04.  Sections 2025.052(a) and (b), Occupations Code, are amended to read as follows:

(a)  The department [~~commission~~] shall require each applicant for an original racetrack license to submit an application, on a form prescribed by the department [~~commission~~], containing the following information:

(1)  if the applicant is an individual:

(A)  the individual's full name;

(B)  the individual's date of birth;

(C)  the individual's physical description;

(D)  the individual's current address and telephone number; and

(E)  a statement by the individual disclosing any arrest or conviction for a felony or for a misdemeanor, except a misdemeanor under Subtitle C, Title 7, Transportation Code, or a similar misdemeanor traffic offense;

(2)  if the applicant is a corporation:

(A)  the state of incorporation;

(B)  the names and addresses of the corporation's agents for service of process in this state;

(C)  the name and address of each officer and director of the corporation;

(D)  the name and address of each stockholder of the corporation;

(E)  for each individual named under this subdivision, the information required by Subdivision (1); and

(F)  identification of:

(i)  any other beneficial owner of a share in the applicant that has absolute or contingent voting rights;

(ii)  any other person who directly or indirectly exercises any participation in the applicant; and

(iii)  any other ownership interest in the applicant that the applicant making its best effort is able to identify;

(3)  if the applicant is an unincorporated business association:

(A)  the name and address of each member of the association and, for each individual named under this subdivision, the information required by Subdivision (1); and

(B)  identification of:

(i)  any other person who exercises voting rights in the applicant or directly or indirectly exercises any participation in the applicant; and

(ii)  any other ownership interest in the applicant that the applicant making its best effort is able to identify;

(4)  the exact location at which a race meeting is to be conducted;

(5)  if the racetrack is in existence, whether it is owned by the applicant and, if leased to the applicant:

(A)  the name and address of the owner; and

(B)  if the owner is a corporation or unincorporated business association, the name and address of each officer and director, any stockholder or member, and each agent for service of process in this state;

(6)  if construction of the racetrack has not been initiated, whether it is to be owned by the applicant and, if it is to be leased to the applicant:

(A)  the name and address of the prospective owner; and

(B)  if the owner is a corporation or unincorporated business association, the information required by Subdivision (5)(B);

(7)  identification of:

(A)  any other beneficial owner of a share that has absolute or contingent voting rights in the owner or prospective owner of the racetrack;

(B)  any other person that directly or indirectly exercises any participation in the owner or prospective owner; and

(C)  all other ownership interest in the owner or prospective owner that the applicant making its best effort is able to identify;

(8)  a detailed statement of the applicant's assets and liabilities;

(9)  the type of racing to be conducted and the dates requested;

(10)  proof of residency as required by Section 2025.201; and

(11)  any other information required by the department [~~commission~~].

(b)  An application must be attested [~~sworn~~] to:

(1)  by the applicant; or

(2)  if the applicant is a corporation or association, by its chief executive officer.

SECTION 5.05.  Sections 2025.053(a) and (c), Occupations Code, are amended to read as follows:

(a)  The department [~~commission~~] shall require each applicant for an original racetrack license to pay the required application fee. The fee must accompany the application and be paid in the form of a cashier's check, [~~or~~] certified check, or other form of payment acceptable to the department.

(c)  Notwithstanding this section, if a licensed racetrack petitions for a higher racetrack classification, the department [~~commission~~] shall impose fees equal to the difference between the fees previously paid and the fees required for the higher classification.

SECTION 5.06.  Sections 2025.054(a) and (b), Occupations Code, are amended to read as follows:

(a)  The department [~~commission~~] shall require each applicant for an original racetrack license to submit with the application for inspection and review by the department [~~commission~~] a copy of each management, concession, and totalisator contract associated with the proposed license at the proposed location in which the applicant has an interest.

(b)  An applicant or license holder shall:

(1)  advise the department [~~commission~~] of any change in any management, concession, or totalisator contract; and

(2)  at the request of the department, provide any information the department considers necessary to review the change.

SECTION 5.07.  Sections 2025.055 and 2025.056, Occupations Code, are amended to read as follows:

Sec. 2025.055.  CONFIDENTIALITY OF APPLICATION DOCUMENTS. Documents submitted to the department [~~commission~~] under Sections 2025.051-2025.054 by an applicant are subject to discovery in a suit brought under this subtitle but are not public records and are not subject to Chapter 552, Government Code.

Sec. 2025.056.  BACKGROUND CHECK. (a) The department [~~commission~~] shall require a complete personal, financial, and business background check of the applicant or of any person who owns an interest in or exercises control over an applicant for a racetrack license, including the partners, stockholders, concessionaires, management personnel, management firms, and creditors.

(b)  The department may [~~commission shall~~] refuse to issue or renew a license or may revoke a license if[~~, in the commission's sole discretion,~~] the background checks reveal anything that may be detrimental to the public interest or the racing industry. A proceeding under this section is subject to Subchapter G, Chapter 51.

(c)  The executive director [~~commission~~] may not hold a hearing on the application, or any part of the application, of a racetrack license applicant before the 14th day after the date the completed background check of the applicant has been on file with the department [~~commission~~].

SECTION 5.08.  Section 2025.057(a), Occupations Code, is amended to read as follows:

(a)  The department [~~commission~~] may, at any time, require a holder of or applicant for a racetrack license to post security in an amount reasonably necessary, as provided by commission rule, to adequately ensure the license holder's or applicant's compliance with substantive requirements of this subtitle and commission rules.

SECTION 5.09.  Section 2025.058, Occupations Code, is amended to read as follows:

Sec. 2025.058.  NOTIFICATION OF COMPLETED APPLICATION. When all requirements for the applicant's licensure described in this chapter have been satisfied, the department [~~commission~~] shall notify the applicant that the application is complete.

SECTION 5.10.  Sections 2025.101(b), (c), (e), and (f), Occupations Code, are amended to read as follows:

(b)  In considering an application for a horse racetrack license under this chapter, the department [~~commission~~] shall give additional weight to evidence concerning an applicant who has experience operating a horse racetrack licensed under this subtitle.

(c)  The department [~~commission~~] may not issue a license to operate a class 1 or class 2 racetrack or a greyhound racetrack to a corporation unless:

(1)  the corporation is incorporated under the laws of this state; and

(2)  a majority of any of its corporate stock is owned at all times by individuals who meet the residency qualifications prescribed by Section 2025.201 for individual applicants.

(e)  Subsections (c) and (d) and Section 2025.201(a)(10) [~~2025.201(a)(12)~~] do not apply to an applicant for or the holder of a racetrack license if the applicant, the license holder, or the license holder's parent company is a publicly traded company.

(f)  The department [~~commission~~] may condition the issuance of a license under this chapter on the observance of commission rules. [~~The commission may amend the rules at any time and may condition the continued holding of the license on compliance with the rules as amended.~~]

SECTION 5.11.  Section 2025.102, Occupations Code, is amended to read as follows:

Sec. 2025.102.  QUALIFICATIONS FOR ISSUANCE OF RACETRACK LICENSE. (a) The department [~~commission~~] may issue a racetrack license to a qualified person if the department [~~commission~~]:

(1)  determines that the conduct of race meetings at the proposed racetrack and location:

(A)  will be in the public interest;

(B)  complies with all zoning laws; and

(C)  complies with this subtitle and commission rules; and

(2)  determines by clear and convincing evidence that the applicant will comply with all criminal laws of this state.

(b)  In determining whether to grant or deny an application for any class of racetrack license, the department [~~commission~~] may consider:

(1)  the applicant's financial stability;

(2)  the applicant's resources for supplementing the purses for races for various breeds;

(3)  the location of the proposed racetrack;

(4)  the effect of the proposed racetrack on traffic flow;

(5)  facilities for patrons and occupational license holders;

(6)  facilities for race animals;

(7)  availability to the racetrack of support services and emergency services;

(8)  the experience of the applicant's employees;

(9)  the potential for conflict with other licensed race meetings;

(10)  the anticipated effect of the race meeting on the horse or greyhound breeding industry in this state; and

(11)  the anticipated effect of the race meeting on the state and local economy from tourism, increased employment, and other sources.

(c)  The department [~~commission~~] shall make a determination on a pending application not later than the 120th day after the date the department [~~commission~~] provides the notice required under Section 2025.058.

SECTION 5.12.  Sections 2025.103(a), (c), and (d), Occupations Code, are amended to read as follows:

(a)  After a racetrack association has been granted a license to operate a racetrack and before the completion of construction at the designated place for which the license was issued, the department [~~commission~~] may, on application by the racetrack association, issue a temporary license that authorizes the racetrack association to conduct races at a location in the same county until the earlier of:

(1)  the second anniversary of the date of issuance of the temporary license; or

(2)  the completion of the permanent facility.

(c)  The department [~~commission~~] may set conditions and standards for issuance of a temporary license and allocation of appropriate race days.

(d)  The department [~~commission~~] may not issue a new temporary license or an extension of a temporary license to a person or to an individual belonging to a corporation or association that has been granted a temporary license after the temporary license has expired.

SECTION 5.13.  Sections 2025.104(a), (b), and (d), Occupations Code, are amended to read as follows:

(a)  The department [~~commission~~] shall designate each racetrack license as an active license or an inactive license. The department [~~commission~~] may change the designation of a racetrack license as appropriate.

(b)  The department [~~commission~~] shall designate a racetrack license as an active license if the license holder:

(1)  holds live racing events at the racetrack; or

(2)  makes good faith efforts to conduct live racing.

(d)  Before the first anniversary of the date a new racetrack license is issued, the department [~~commission~~] shall conduct an evaluation of the license to determine whether the license is an active or inactive license.

SECTION 5.14.  Section 2025.105, Occupations Code, is amended by amending Subsections (a), (b), (c), (d), and (e) and adding Subsection (g) to read as follows:

(a)  The commission by rule shall establish an annual renewal process for inactive licenses and may require the license holder to provide any information required for an original license application under this subtitle. An inactive license holder must complete the annual renewal process established under this section until the department [~~commission~~]:

(1)  designates the license as an active license; or

(2)  refuses to renew the license.

(b)  In determining whether to renew an inactive license, the department [~~commission~~] shall consider:

(1)  the inactive license holder's:

(A)  financial stability;

(B)  ability to conduct live racing;

(C)  ability to construct and maintain a racetrack; and

(D)  other good faith efforts to conduct live racing; and

(2)  other necessary factors considered in the issuance of the original license.

(c)  The department [~~commission~~] may refuse to renew an inactive license if, after notice and a hearing, the department [~~commission~~] determines that:

(1)  renewal of the license is not in the best interests of the racing industry or the public; or

(2)  the license holder has failed to make a good faith effort to conduct live racing.

(d)  The department [~~commission~~] shall consult with members of the racing industry and other key stakeholders in developing the license renewal process under this section.

(e)  The commission shall set and the department shall collect renewal fees in amounts reasonable and necessary to cover the costs of administering and enforcing this section.

(g)  A proceeding under this section is a contested case for purposes of Chapter 2001, Government Code.

SECTION 5.15.  Section 2025.106, Occupations Code, is amended to read as follows:

Sec. 2025.106.  DEPARTMENT [~~COMMISSION~~] REVIEW OF ACTIVE RACETRACK LICENSE; FEE. (a) The department [~~commission~~] shall review the ownership and management of an active license issued under this chapter every five years beginning on the fifth anniversary of the date of issuance of the license.

(b)  In performing the review, the department [~~commission~~] may require the license holder to provide any information that would be required to be provided in connection with an original license application under this chapter.

(c)  The department [~~commission~~] shall charge fees for the review in amounts set by the commission as sufficient to implement this section.

SECTION 5.16.  Section 2025.107(b), Occupations Code, is amended to read as follows:

(b)  If the death of any person causes a violation of the licensing provisions of this subtitle, the department [~~commission~~] may issue, in accordance with commission rules, a temporary license for a period not to exceed one year.

SECTION 5.17.  Sections 2025.108 and 2025.151, Occupations Code, are amended to read as follows:

Sec. 2025.108.  RACETRACK LICENSE ANNUAL FEE. The commission may prescribe a reasonable annual fee to be paid to the department by each racetrack license holder. The fee must be in an amount sufficient to provide that the total amount of fees imposed under this section, the license fees prescribed under Section 2025.001(c), and the renewal fees prescribed under Section 2025.105(e) are sufficient to cover the costs of administering and enforcing this subtitle.

Sec. 2025.151.  LIMITATION ON NUMBER OF GREYHOUND RACETRACK LICENSES. The department [~~commission~~] may not issue licenses for more than three greyhound racetracks in this state.

SECTION 5.18.  Section 2025.201, Occupations Code, is amended by amending Subsections (a) and (c) and adding Subsection (d) to read as follows:

(a)  The department [~~commission~~] may refuse to issue a racetrack license or may revoke or suspend a license if, after notice and hearing, the department [~~commission~~] finds that the applicant or license holder, as appropriate:

(1)  has been convicted of a violation of this subtitle or a commission rule, or has aided, abetted, or conspired to commit a violation of this subtitle or a commission rule;

(2)  has been convicted of a felony or misdemeanor [~~a crime involving moral turpitude~~], including a conviction for which the punishment received was a suspended sentence, probation, or a nonadjudicated conviction, that is reasonably related to the person's present fitness to hold a license under this subtitle;

(3)  [~~has violated or has caused to be violated this subtitle or a commission rule in a manner that involves moral turpitude, as distinguished from a technical violation of this subtitle or a rule;~~

[~~(4)~~]  is unqualified, by experience or otherwise, to perform the duties required of a license holder under this subtitle;

(4) [~~(5)~~]  failed to answer or falsely or incorrectly answered a question in an application;

(5) [~~(6)~~]  fails to disclose the true ownership or interest in a horse or greyhound as required by commission rules;

(6) [~~(7)~~]  is indebted to this state for any fee or for the payment of a penalty imposed by this subtitle or a commission rule;

(7)  has developed an incapacity that prevents or could prevent the applicant or license holder from conducting the applicant's or license holder's business with reasonable skill and competence and in a manner that does not endanger public safety;

(8)  [~~is not of good moral character or the person's reputation as a peaceable, law-abiding citizen in the community where the person resides is bad;~~

[~~(9)~~]  is not at least the minimum age necessary to purchase alcoholic beverages in this state;

(9) [~~(10)  is in the habit of using alcoholic beverages to an excess or uses a controlled substance as defined by Chapter 481, Health and Safety Code, or a dangerous drug as defined in Chapter 483, Health and Safety Code, or is mentally incapacitated;~~

[~~(11)~~]  may be excluded from an enclosure under this subtitle;

(10) [~~(12)~~]  has not been a United States citizen residing in this state for the 10 consecutive years preceding the filing of the application;

(11) [~~(13)~~]  has improperly used a credential, including a license certificate or identification card, issued under this subtitle;

(12) [~~(14)~~]  resides with a person whose license was revoked for cause during the 12 months preceding the date of the present application;

(13) [~~(15)  has failed or refused to furnish a true copy of the application to the commission's district office in the district in which the premises for which the license is sought are located;~~

[~~(16)~~]  is engaged or has engaged in activities or practices the department [~~commission~~] determines are detrimental to the best interests of the public and the sport of horse racing or greyhound racing; or

(14) [~~(17)~~]  fails to fully disclose the true owners of all interests, beneficial or otherwise, in a proposed racetrack.

(c)  The department [~~commission~~] may refuse to issue a license or may suspend or revoke a license of a license holder under this subchapter who knowingly or intentionally allows access to an enclosure where horse races or greyhound races are conducted to a person:

(1)  who has engaged in bookmaking, touting, or illegal wagering;

(2)  whose income is from illegal activities or enterprises; or

(3)  who has been convicted of a violation of this subtitle.

(d)  A proceeding under this section is a contested case for purposes of Chapter 2001, Government Code.

SECTION 5.19.  Section 2025.202(b), Occupations Code, is amended to read as follows:

(b)  Notwithstanding the requirements of Section 2033.151, if, after notice and hearing as provided by Section 2033.152, the commission finds that a racetrack license holder or a person employed by the racetrack has violated this subtitle or a commission rule, or if the department [~~commission~~] finds during a review or renewal that the racetrack is ineligible for a license under this chapter, the commission may:

(1)  revoke, suspend, or refuse to renew the racetrack license;

(2)  impose an administrative penalty as provided under Section 2033.051; or

(3)  take any other action as provided by commission rule.

SECTION 5.20.  Section 2025.203(a), Occupations Code, is amended to read as follows:

(a)  The executive director [~~commission~~] may summarily suspend a racetrack license if the executive director [~~commission~~] determines that a racetrack at which races or pari-mutuel wagering are conducted under the license is being operated in a manner that constitutes an immediate threat to the health, safety, or welfare of the racing participants or the patrons.

SECTION 5.21.  Section 2025.204(d), Occupations Code, is amended to read as follows:

(d)  At the hearing, the department [~~commission~~] has the burden of proof and must present evidence in support of the order. The license holder requesting the hearing may cross-examine witnesses and show cause why the order should not be affirmed.

SECTION 5.22.  Sections 2025.205, 2025.251, 2025.253, 2025.254, and 2025.255, Occupations Code, are amended to read as follows:

Sec. 2025.205.  SUMMARY SUSPENSION FINAL ORDER. (a)  After the hearing on the suspension of a racetrack license, the commission [~~executive director~~] shall affirm, modify, or set aside, wholly or partly, the summary suspension order. An order affirming or modifying the summary suspension order is final for purposes of enforcement and appeal.

(b)  A final order under this section may be appealed in the manner provided by Subchapter G, Chapter 2001, Government Code.

Sec. 2025.251.  OCCUPATIONAL LICENSE REQUIRED. (a) Except as provided by this section, a person, other than as a spectator or as a person placing a wager, may not participate in racing with pari-mutuel wagering without first obtaining a license from the department [~~commission~~]. A person may not engage in any occupation for which commission rules require a license under this subtitle without first obtaining a license from the department [~~commission~~].

(b)  The commission by rule shall categorize the occupations of racetrack employees and determine the occupations that afford the employee an opportunity to influence racing with pari-mutuel wagering. The rules must require an employee to be licensed under this subtitle if the employee:

(1)  works in an occupation determined by the department [~~commission~~] to afford the employee an opportunity to influence racing with pari-mutuel wagering; or

(2)  will likely have significant access to the backside of a racetrack or to restricted areas of the frontside of a racetrack.

(c)  The commission by rule may require the following persons to hold an occupational license under this subtitle:

(1)  an adoption program employee;

(2)  an announcer;

(3)  an apprentice jockey;

(4)  an assistant farrier, plater, or blacksmith;

(5)  an assistant starter;

(6)  an assistant trainer;

(7)  an assistant trainer/owner;

(8)  an association assistant management employee;

(9)  an association management employee;

(10)  an association officer or director;

(11)  an association staff employee;

(12)  an association employee other than an employee described in this subsection;

(13)  an association veterinarian;

(14)  an authorized agent;

(15)  a chaplain;

(16)  a chaplain assistant;

(17)  an equine dental provider;

(18)  an exercise rider;

(19)  a farrier, plater, or blacksmith;

(20)  a groom/exercise rider;

(21)  a groom/hot walker;

(22)  a groom/pony person;

(23)  a jockey;

(24)  a jockey agent;

(25)  a kennel helper;

(26)  a kennel owner;

(27)  a kennel owner/owner;

(28)  a kennel owner/owner/trainer;

(29)  a kennel owner/trainer;

(30)  a kennel registration employee;

(31)  a lead-out;

(32)  a maintenance employee;

(33)  a medical employee;

(34)  miscellaneous racetrack employees;

(35)  a multiple owner/stable/farm registration employee;

(36)  a mutuel clerk;

(37)  a mutuel employee other than a clerk;

(38)  an owner;

(39)  an owner-trainer;

(40)  a pony person;

(41)  a racing industry representative;

(42)  a racing industry employee;

(43)  a racing official;

(44)  a security officer;

(45)  a stable foreman;

(46)  a tattooer;

(47)  a test technician;

(48)  a trainer;

(49)  a training facility employee;

(50)  a training facility general manager;

(51)  a valet;

(52)  a vendor concessionaire;

(53)  a vendor concessionaire employee;

(54)  a vendor-totalisator company;

(55)  a vendor-totalisator employee;

(56)  a veterinarian; and

(57)  a veterinarian assistant.

Sec. 2025.253.  EXAMINATION NOTIFICATION. (a) If an examination is required for the issuance of a license under this subchapter, the department [~~commission~~] shall notify each examinee of the results of the examination not later than the 30th day after the date the licensing examination is administered under this subtitle.

(b)  If requested in writing by a person who fails a licensing examination administered under this subtitle, the department [~~commission~~] shall furnish the person with an analysis of the person's performance on the examination.

Sec. 2025.254.  ISSUANCE OF LICENSE. The department [~~commission~~] shall issue a license to a qualified person on application and payment of the license fee.

Sec. 2025.255.  ISSUANCE OF IDENTIFICATION CARD. The department [~~commission~~] shall issue a license certificate under this subchapter in the form of an identification card with a photograph and other information as prescribed by the department [~~commission~~].

SECTION 5.23.  Section 2025.256(c), Occupations Code, is amended to read as follows:

(c)  In setting the fee schedule under Subsection (a), the commission shall include the cost of criminal history record information obtained under Section 2023.058. The department [~~commission~~] may determine the best method for recovering this cost and complying with this section, including collecting the costs over an extended period.

SECTION 5.24.  Section 2025.258(a), Occupations Code, is amended to read as follows:

(a)  The department [~~commission~~] shall obtain criminal history record information on each applicant renewing an occupational license under this subchapter.

SECTION 5.25.  Section 2025.259, Occupations Code, is amended to read as follows:

Sec. 2025.259.  LICENSE VALID THROUGHOUT STATE.  A license issued under this subchapter is valid, as determined by the department [~~commission~~], at all race meetings conducted in this state.

SECTION 5.26.  Section 2025.260(a), Occupations Code, is amended to read as follows:

(a)  Pending investigation of an applicant's qualifications to receive an original or renewal license, the department [~~commission~~] may issue a temporary license to an applicant under this subchapter whose application appears to comply with the requirements of law and who has paid the necessary fee.

SECTION 5.27.  Sections 2025.261 and 2025.262, Occupations Code, are amended to read as follows:

Sec. 2025.261.  RECIPROCAL LICENSES; OUT-OF-STATE APPLICANTS. (a) The executive director [~~commission~~] may waive any prerequisite to obtaining a license for an applicant, including any requirement to submit a set of fingerprints, after reviewing the applicant's credentials and determining that the applicant holds a license from another state that has license requirements substantially equivalent to the requirements of this state.

(b)  The executive director [~~commission~~] may waive any prerequisite to obtaining a license, including any requirement to submit a set of fingerprints, for an applicant who holds a license from another state with which this state has a reciprocity agreement. The department [~~commission~~] may enter into agreements with other states to allow for licensing by reciprocity.

Sec. 2025.262.  GROUNDS FOR DENIAL, REVOCATION, AND SUSPENSION OF OCCUPATIONAL LICENSE. (a) The department [~~commission~~] may refuse to issue any original or renewal license under this subchapter or may revoke or suspend the license if, after notice and hearing, the department [~~commission~~] finds that the applicant or license holder, as appropriate:

(1)  has been convicted of a violation of this subtitle or a commission rule or has aided, abetted, or conspired to commit a violation of this subtitle or a commission rule;

(2)  has been convicted of a felony or misdemeanor [~~a crime involving moral turpitude~~] that is reasonably related to the person's present fitness to hold a license under this subtitle;

(3)  [~~has violated or has caused to be violated this subtitle or a commission rule in a manner that involves moral turpitude, as distinguished from a technical violation of this subtitle or a rule;~~

[~~(4)~~]  is unqualified, by experience or otherwise, to perform the duties required of a license holder under this subtitle;

(4) [~~(5)~~]  failed to answer or has falsely or incorrectly answered a question in an original or renewal application;

(5) [~~(6)~~]  fails to disclose the true ownership or interest in a horse or greyhound as required by commission rules;

(6) [~~(7)~~]  is indebted to this state for any fee or for the payment of a penalty imposed by this subtitle or a commission rule;

(7)  has developed an incapacity that prevents or could prevent the applicant or license holder from conducting the applicant's or license holder's business with reasonable skill and competence and in a manner that does not endanger public safety;

(8)  [~~is not of good moral character or the person's reputation as a peaceable, law-abiding citizen in the community where the person resides is bad;~~

[~~(9)  is in the habit of using alcoholic beverages to an excess or uses a controlled substance as defined in Chapter 481, Health and Safety Code, or a dangerous drug as defined in Chapter 483, Health and Safety Code, or is mentally incapacitated;~~

[~~(10)~~]  may be excluded from an enclosure under this subtitle;

(9) [~~(11)~~]  has improperly used a temporary pass, license certificate, credential, or identification card issued under this subtitle;

(10) [~~(12)~~]  resides with a person whose license was revoked for cause during the 12 months preceding the date of the present application;

(11) [~~(13)~~]  has failed or refused to furnish a true copy of the application to the department's [~~commission's~~] district office in the district in which the premises for which the license is sought are located; or

(12) [~~(14)~~]  is engaged or has engaged in activities or practices that are detrimental to the best interests of the public and the sport of horse racing or greyhound racing.

(b)  A proceeding under this section is a contested case for purposes of Chapter 2001, Government Code.

ARTICLE 6. RACETRACK OPERATIONS AND PREMISES

SECTION 6.01.  Section 2026.003, Occupations Code, is amended to read as follows:

Sec. 2026.003.  FINANCIAL DISCLOSURE. (a) The commission by rule shall require that each racetrack association that holds a license for a class 1 racetrack, class 2 racetrack, or greyhound racetrack annually file with the department [~~commission~~] a detailed financial statement that:

(1)  contains the names and addresses of all stockholders, members, and owners of any interest in the racetrack;

(2)  indicates compliance during the filing period with Section 2025.101; and

(3)  includes any other information required by the department [~~commission~~].

(b)  Each transaction that involves an acquisition or a transfer of a pecuniary interest in the racetrack association must receive prior approval from the department [~~commission~~]. A transaction that changes the ownership of the racetrack association requires submission of updated information of the type required to be disclosed under Section 2025.052 and payment of a fee to recover the costs of the criminal background check.

SECTION 6.02.  Section 2026.004(b), Occupations Code, is amended to read as follows:

(b)  If the racetrack or enclosure designated in the license becomes unsuitable for racing because of fire, flood, or other catastrophe, the affected racetrack association, with the prior approval of the executive director [~~commission~~], may conduct a race meeting or any remaining portion of a meeting temporarily at any other racetrack if the other racetrack license holder:

(1)  is licensed by the department [~~commission~~] to conduct the same type of racing as may be conducted by the affected racetrack association; and

(2)  consents to the usage.

SECTION 6.03.  Sections 2026.005 and 2026.006, Occupations Code, are amended to read as follows:

Sec. 2026.005.  CHANGE OF RACING LOCATION. On request of a racetrack association, the department [~~commission~~] shall amend a racetrack license to change the location of the racetrack if the department [~~commission~~] determines that:

(1)  the conduct of race meetings at the proposed new location will be in the public interest;

(2)  there was not a competing applicant for the original license; and

(3)  the racetrack association's desire to change location is not the result of a subterfuge in the original licensing proceeding.

Sec. 2026.006.  LEASE OF RACETRACK PREMISES. (a) The commission by rule may provide for the department to authorize a racetrack association, as lessee, to contract for the lease of a racetrack and the surrounding structures.

(b)  The department [~~commission~~] may not approve a lease if:

(1)  the lease appears to be a subterfuge to evade compliance with Section 2025.101 or 2025.201;

(2)  the racetrack and surrounding structures do not conform to the rules adopted under this subtitle; or

(3)  the lessee, prospective lessee, or lessor is disqualified from holding a racetrack license.

(c)  Each lessor and lessee under this section must comply with the disclosure requirements of Section 2025.052(a)(1). The department [~~commission~~] may not approve a lease if the lessor and lessee do not provide the required information.

SECTION 6.04.  Section 2026.007(e), Occupations Code, is amended to read as follows:

(e)  The commission shall adopt rules implementing this section, including rules:

(1)  requiring the report and correction of:

(A)  an inappropriate condition on the premises of a racetrack, including a failure to properly maintain the premises, that interferes with the administration of this subtitle; and

(B)  a condition on the premises that makes the premises unsafe for a race participant, patron, or animal; and

(2)  determining the methods and manner by which the executive director may determine and remedy inappropriate or unsafe conditions on the premises, including the methods and manner in which the department [~~executive director~~] may conduct inspections of the premises and remedy emergency situations.

SECTION 6.05.  Section 2026.008, Occupations Code, is amended to read as follows:

Sec. 2026.008.  SUPERVISION OF CONSTRUCTION, RENOVATION, AND MAINTENANCE; ENFORCEMENT. (a) The commission by rule shall adopt a method of supervising and approving the construction, renovation, or maintenance of any building or improvement on the premises of a racetrack.

(b)  The commission shall adopt rules relating to:

(1)  the approval of plans and specifications;

(2)  the contents of plans and specifications;

(3)  the maintenance of records to ensure compliance with approved plans and specifications;

(4)  the content and filing of construction progress reports by the racetrack association to the department [~~commission~~];

(5)  the inspection by the department [~~commission~~] or others;

(6)  the method for making a change or amendment to an approved plan or specification; and

(7)  any other method of supervision or oversight necessary.

(c)  If the department [~~commission~~] has grounds to believe that a racetrack association has failed to comply with the requirements of this section, a representative of the racetrack association shall appear before the commission or department to consider the issue of compliance with rules adopted under this section.

(d)  Before a building or improvement may be used by a racetrack association, the department [~~commission~~] shall determine whether:

(1)  the construction, renovation, or maintenance of the building or improvement was completed in accordance with the approved plans and specifications; and

(2)  other [~~commission~~] requirements under this subtitle were met.

(e)  If the department [~~commission~~] determines that the racetrack association failed to comply with a requirement of this section or a rule adopted under this section, the department [~~commission~~] shall initiate an enforcement action against the racetrack association. In addition to any other authorized enforcement action, the department [~~commission~~] may rescind any live or simulcast race date of any racetrack association that has failed to comply with the requirements of this section.

SECTION 6.06.  Section 2026.013(b), Occupations Code, is amended to read as follows:

(b)  The department [~~commission~~] may impose disciplinary action against a racetrack for violations of this subtitle and commission rules by the racetrack's employees as provided by Section 2025.202.

SECTION 6.07.  Section 2026.051, Occupations Code, is amended to read as follows:

Sec. 2026.051.  COMMISSION RULES REGARDING EXCLUSION OR EJECTION.  The commission shall adopt rules providing for the exclusion or ejection from an enclosure where horse or greyhound races are conducted, or from specified portions of an enclosure, of a person:

(1)  who has engaged in bookmaking, touting, or illegal wagering;

(2)  whose income is from illegal activities or enterprises;

(3)  who has been convicted of a violation of this subtitle;

(4)  who has been convicted of theft;

(5)  who has been convicted under the penal law of another jurisdiction for committing an act that would have constituted a violation of any rule described in this section;

(6)  who has committed a corrupt or fraudulent act in connection with horse or greyhound racing or pari-mutuel wagering or who has committed any act tending or intended to corrupt horse or greyhound racing or pari-mutuel wagering;

(7)  who is under suspension or has been excluded or ejected from a racetrack by the department [~~commission~~] or a steward in this state or by a corresponding authority in another state because of corrupt or fraudulent practices or other acts detrimental to racing;

(8)  who has submitted a forged pari-mutuel ticket or has altered or forged a pari-mutuel ticket for cashing or who has cashed or caused to be cashed an altered, raised, or forged pari-mutuel ticket;

(9)  [~~who has been convicted of committing a lewd or lascivious act or other crime involving moral turpitude;~~

[~~(10)~~]  who is guilty of [~~boisterous or~~] disorderly conduct while inside an enclosure;

(10) [~~(11)~~]  who is an agent [~~or habitual associate~~] of a person excludable under this section; or

(11) [~~(12)~~]  who has been convicted of a felony.

SECTION 6.08.  Sections 2026.052(a) and (b), Occupations Code, are amended to read as follows:

(a)  A person who is excluded or ejected from an enclosure under a commission rule may apply to the department [~~commission~~] for a hearing on the question of the applicability of the rule to that person.

(b)  A proceeding [~~An application for a hearing~~] under this section is [~~Subsection (a) constitutes~~] a contested case for purposes of [~~under~~] Chapter 2001, Government Code. If, after a hearing as provided under Subchapter C of that chapter, the commission determines that the exclusion or ejection was proper:

(1)  the commission shall issue an order to that effect [~~and enter the order in the commission's minutes~~]; and

(2)  the person shall continue to be excluded from each racetrack association's enclosure.

SECTION 6.09.  Section 2026.102(a), Occupations Code, is amended to read as follows:

(a)  A class 1 racetrack is a racetrack on which live racing is conducted for a number of days in a calendar year, as determined by the department [~~commission~~] under Subchapter A, Chapter 2029.

SECTION 6.10.  Section 2026.103, Occupations Code, is amended to read as follows:

Sec. 2026.103.  CLASS 2 RACETRACK. (a) A class 2 racetrack is a racetrack on which live racing is conducted for a number of days, as determined by the department [~~commission~~] under Subchapter A, Chapter 2029.

(b)  A class 2 racetrack is entitled to conduct 60 days of live racing in a calendar year. A racetrack association may request additional or fewer days of live racing. If, after receipt of a request from a racetrack association, the department [~~commission~~] determines additional or fewer days to be economically feasible and in the best interest of this state and the racing industry, the department [~~commission~~] shall grant the request.

(c)  The department [~~commission~~] may permit a racetrack association that holds a class 2 racetrack license and that is located in a national historic district to conduct horse races for more than 60 days in a calendar year.

SECTION 6.11.  Section 2026.105(b), Occupations Code, is amended to read as follows:

(b)  A racetrack association that holds a class 4 racetrack license may conduct live races for a number of days not to exceed five days in a calendar year on dates selected by the racetrack association and approved by the department [~~commission~~].

SECTION 6.12.  Section 2026.106, Occupations Code, is amended to read as follows:

Sec. 2026.106.  WAIVER OR DEFERRAL OF CERTAIN STANDARDS FOR CLASS 4 RACETRACK. (a) In considering an application for a class 4 racetrack license, except as provided by Subsection (b), the executive director [~~commission~~] may waive or defer compliance with the department's [~~commission's~~] standards regarding the physical facilities or operations of a horse racetrack.

(b)  The executive director [~~commission~~] may not waive or defer compliance with standards that relate to the testing of horses or license holders for the presence of a prohibited substance, including a prohibited drug or chemical.

(c)  If the executive director [~~commission~~] defers compliance, the department [~~commission~~] shall, when granting the application, establish a schedule under which the license holder must comply with the standards.

SECTION 6.13.  Section 2026.107(b), Occupations Code, is amended to read as follows:

(b)  The number of race dates allowed under this subchapter relates only to live race dates. A racetrack may present simulcast races on other dates as approved by the department [~~commission~~].

SECTION 6.14.  Sections 2026.151 and 2026.152, Occupations Code, are amended to read as follows:

Sec. 2026.151.  DEPARTMENT [~~COMMISSION~~] APPROVAL REQUIRED. (a) All concession, management, and totalisator contracts submitted by an applicant under Section 2025.054 must have the prior approval of the department [~~commission~~].

(b)  The department [~~commission~~] shall refuse to approve a concession or management contract if, in the sole discretion of the department [~~commission~~], the background checks conducted under Section 2025.056 reveal anything that might be detrimental to the public interest or the racing industry.

Sec. 2026.152.  DEPARTMENT [~~COMMISSION~~] REVIEW OF SECURITY PLANS AND CERTAIN CONTRACTS. (a) On receipt of a plan for the security of a racetrack, or a copy of a concession, management, or totalisator contract for review under Section 2026.151, the department [~~commission~~] shall review the security plan or contract [~~in an executive session~~]. Documents submitted by an applicant to the department [~~commission~~] under this section or Section 2025.052 or 2025.054 are subject to discovery in a suit brought under this subtitle but are not public records and are not subject to Chapter 552, Government Code.

(b)  In reviewing and approving contracts under Subsection (a), the department [~~commission~~] shall attempt to ensure the involvement of minority-owned businesses whenever possible.

SECTION 6.15.  Section 2026.153(b), Occupations Code, is amended to read as follows:

(b)  The department [~~commission~~] may not approve a management contract to operate or manage a racetrack owned by a governmental entity unless the racetrack license holder is an owner of the entity that proposes to manage the racetrack.

ARTICLE 7. WAGERING

SECTION 7.01.  Section 2027.001(b), Occupations Code, is amended to read as follows:

(b)  Rules adopted under this subtitle must include rules to:

(1)  regulate wagering by a person licensed under this subtitle;

(2)  prohibit wagering by a department [~~commission~~] employee;

(3)  prohibit a racetrack association from accepting a wager made by telephone; and

(4)  prohibit a racetrack association from accepting a wager made on credit.

SECTION 7.02.  Sections 2027.003 and 2027.004, Occupations Code, are amended to read as follows:

Sec. 2027.003.  WAGERING COMPUTATION EQUIPMENT. (a) Wagering authorized under this chapter may be calculated only by state-of-the-art computational equipment approved by the department [~~commission~~].

(b)  The department [~~commission~~] may not require the use of a particular make of equipment.

Sec. 2027.004.  AUTOMATED TELLER MACHINES: RULES, LIMITATIONS, AND FEES. (a) The commission shall:

(1)  adopt rules providing for the use of automated teller machines in an enclosure; and

(2)  direct the department to limit the use of automated teller machines by allowing a person access only to the person's checking account at a bank or other financial institution.

(b)  A racetrack association that allows an automated teller machine in an enclosure as provided by Subsection (a) shall collect a fee of $1 for each transaction authorized under that subsection and forward the fee to the department [~~commission~~].

(c)  The commission shall:

(1)  adopt rules providing for collection, reporting, and auditing of the transaction fee authorized under Subsection (b); and

(2)  direct the department to deposit the fee collected under Subsection (b) to the credit of the general revenue fund.

SECTION 7.03.  Section 2027.006(d), Occupations Code, is amended to read as follows:

(d)  If the racetrack association refuses to pay a claimant who has established satisfactorily a right to distribution from a pari-mutuel pool, the claimant may appeal to the department [~~commission~~] under procedures prescribed by commission rule.

SECTION 7.04.  Section 2027.052(a), Occupations Code, is amended to read as follows:

(a)  This subtitle may not be construed to allow wagering in this state on simulcast races at any location other than a racetrack licensed under this subtitle that has been granted live race dates by the department [~~commission~~].

SECTION 7.05.  The heading to Section 2027.053, Occupations Code, is amended to read as follows:

Sec. 2027.053.  DEPARTMENT [~~COMMISSION~~] APPROVAL REQUIRED FOR PARI-MUTUEL POOL INCLUSION.

SECTION 7.06.  Section 2027.053(a), Occupations Code, is amended to read as follows:

(a)  With department [~~commission~~] approval:

(1)  wagers accepted on a simulcast race by any out-of-state receiving location may be included in the pari-mutuel pool for the race at the sending in-state racetrack association; and

(2)  wagers accepted by an in-state racetrack association on a race simulcast from out-of-state may be included in the pari-mutuel pools for the race at the out-of-state sending track.

SECTION 7.07.  Section 2027.054(c), Occupations Code, is amended to read as follows:

(c)  The department [~~commission~~] may not approve wagering on an interstate simulcast race unless the receiving location consents to wagering on interstate simulcast races at all other receiving locations in this state.

ARTICLE 8. PARI-MUTUEL POOLS, PURSES, AND FEES

SECTION 8.01.  The heading to Subchapter A, Chapter 2028, Occupations Code, is amended to read as follows:

SUBCHAPTER A. [~~COMMISSION~~] OVERSIGHT OF PARI-MUTUEL RACING FUNDS

SECTION 8.02.  Section 2028.001(a), Occupations Code, is amended to read as follows:

(a)  For any organization that receives funds generated by live or simulcast pari-mutuel racing, the commission shall adopt rules specifying the reporting, monitoring, and auditing requirements or other appropriate performance measures for:

(1)  any funds distributed to or used by the organization; and

(2)  any function or service provided by the expenditure of the funds described by Subdivision (1).

SECTION 8.03.  Sections 2028.002 and 2028.003, Occupations Code, are amended to read as follows:

Sec. 2028.002.  INDEPENDENT AUDIT REPORT; RECORDS REVIEW. (a) An organization that receives funds generated by live or simulcast pari-mutuel racing shall annually file with the department [~~commission~~] a copy of an audit report prepared by an independent certified public accountant. The audit must include a verification of any performance report sent to or required by the department [~~commission~~].

(b)  The department [~~commission~~] may review any record or book of an organization that submits an independent audit to the department [~~commission~~] as the department [~~commission~~] determines necessary to confirm or further investigate the findings of an audit or report.

Sec. 2028.003.  SUSPENSION AND WITHHOLDING OF FUNDS. The commission [~~by rule~~] may adopt rules authorizing the department to suspend or withhold funds from an organization:

(1)  that the department [~~commission~~] determines has failed to comply with the requirements or performance measures adopted under Section 2028.001; or

(2)  for which material questions on the use of funds by the organization are raised following an independent audit or other report to the department [~~commission~~].

SECTION 8.04.  Section 2028.102(e), Occupations Code, is amended to read as follows:

(e)  A horse racetrack association may pay a portion of the revenue set aside under this section to an organization recognized under Section 2023.051, as provided by a contract approved by the department [~~commission~~].

SECTION 8.05.  Sections 2028.103(a) and (a-1), Occupations Code, are amended to read as follows:

(a)  A horse racetrack association shall set aside for the Texas-bred program and pay to the department [~~commission~~] an amount equal to one percent of a live multiple two wagering pool and a live multiple three wagering pool.  From the set-aside amounts:

(1)  two percent shall be set aside for purposes of Subchapter F, Chapter 88, Education Code; and

(2)  the remaining amount shall be allocated as follows:

(A)  10 percent may be used by the appropriate state horse breed registry for administration; and

(B)  the remainder shall be used for awards.

(a-1)  The department [~~commission~~] shall deposit money paid to the commission under Subsection (a) into the Texas-bred incentive fund established under Section 2028.301. The department [~~commission~~] shall distribute the money collected under this section and deposited into the fund to the appropriate state horse breed registries for the Texas-bred program in accordance with rules adopted under Subsection (c).

SECTION 8.06.  Sections 2028.105(b), (d), and (d-1), Occupations Code, are amended to read as follows:

(b)  A horse racetrack association shall pay to the department [~~commission~~] for use by the appropriate state horse breed registry, subject to commission rules, 10 percent of the total breakage from a live pari-mutuel pool or a simulcast pari-mutuel pool. The appropriate state horse breed registries are as follows:

(1)  the Texas Thoroughbred [~~Breeders~~] Association for Thoroughbred horses;

(2)  the Texas Quarter Horse Association for quarter horses;

(3)  the Texas Appaloosa Horse Club for Appaloosa horses;

(4)  the Texas Arabian Breeders Association for Arabian horses; and

(5)  the Texas Paint Horse Breeders Association for paint horses.

(d)  The horse racetrack association shall pay to the department [~~commission~~] for deposit into the Texas-bred incentive fund established under Section 2028.301 and distribution to the appropriate state horse breed registry the remaining 80 percent of the total breakage to be allocated as follows:

(1)  40 percent to the owners of the accredited Texas-bred horses that finish first, second, or third;

(2)  40 percent to the breeders of accredited Texas-bred horses that finish first, second, or third; and

(3)  20 percent to the owner of the stallion standing in this state at the time of conception whose Texas-bred get finish first, second, or third.

(d-1)  The department [~~commission~~] shall deposit the portions of total breakage paid to the department [~~commission~~] under Subsections (b) and (d) into the Texas-bred incentive fund established under Section 2028.301. The department [~~commission~~] shall distribute the money collected under this section and deposited into the fund to the appropriate state horse breed registries in accordance with this section and with rules adopted by the commission under Section 2028.103.

SECTION 8.07.  Section 2028.154(a), Occupations Code, is amended to read as follows:

(a)  A greyhound racetrack association shall pay 50 percent of the breakage to the appropriate state greyhound breed registry.  Of that breakage percentage:

(1)  25 percent is to be used in stakes races; and

(2)  25 percent of that total breakage from a live pari-mutuel pool or a simulcast pari-mutuel pool is to be paid to the department [~~commission~~] for deposit into the Texas-bred incentive fund established under Section 2028.301. The department [~~commission~~] shall distribute the money collected under this section and deposited into the fund to the state greyhound breed registry for use in accordance with this section and commission rules.

SECTION 8.08.  Section 2028.201, Occupations Code, is amended to read as follows:

Sec. 2028.201.  RULES.  (a) The commission shall adopt rules relating to this subchapter and the oversight of the amounts allocated under Sections 2028.202(b)(1), (2), and (3) [~~2028.202(b)~~] and (c).

(b)  The commission shall adopt rules relating to the oversight of the amounts allocated under Section 2028.202(b)(4).

SECTION 8.09.  Sections 2028.202(a), (a-1), and (b), Occupations Code, are amended to read as follows:

(a)  A racetrack association shall distribute from the total amount deducted as provided by Sections 2028.101 and 2028.152 from each simulcast pari-mutuel pool and each simulcast cross-species pari-mutuel pool the following shares:

(1)  an amount equal to one percent of each simulcast pari-mutuel pool to the department [~~commission~~] for the administration of this subtitle;

(2)  an amount equal to 1.25 percent of each simulcast cross-species pari-mutuel pool to the department [~~commission~~] for the administration of this subtitle;

(3)  for a horse racetrack association, an amount equal to one percent 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 2028.103;

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

(5)  the remainder as the amount set aside for purses, expenses, the sending track, and the receiving location under a contract approved by the department [~~commission~~] between the sending track and the receiving location.

(a-1)  A racetrack association shall pay to the department [~~commission~~] for deposit into the Texas-bred incentive fund established under Section 2028.301 the shares to be distributed under Subsections (a)(3) and (a)(4) for the Texas-bred program. The department [~~commission~~] shall distribute the money collected under this section and deposited into the fund to the appropriate state breed registries for use under the Texas-bred program.

(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 deposited in the horse industry escrow account as [~~escrowed with the commission in the manner~~] provided by Section 2028.204.

SECTION 8.10.  Sections 2028.203 and 2028.204, Occupations Code, are 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 department [~~commission~~], from the horse industry escrow [~~escrowed~~] account established under Section 2028.204 [~~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.

Sec. 2028.204.  HORSE INDUSTRY ESCROW ACCOUNT; DEPOSIT AND ALLOCATION OF MONEY [~~IN ESCROW ACCOUNTS~~]. (a) The horse industry escrow account is a trust account in the department's registry composed of money deposited to the account in accordance with this subtitle.

(b)  A greyhound racetrack association shall deposit into the horse industry [~~an~~] escrow account [~~in the commission's registry~~] the purse set aside under Section 2028.202(b)(4).

(c) [~~(b)~~]  Any horse racetrack association in this state may apply to the department [~~commission~~] for receipt of money in the horse industry escrow 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 department [~~commission~~]:

(1)  shall determine the horse racetrack associations and state horse breed registries to be allocated money from the 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 8.11.  Section 2028.2041, Occupations Code, is amended to read as follows:

Sec. 2028.2041.  ALLOCATION OF CERTAIN FUNDS IN HORSE INDUSTRY ESCROW ACCOUNT TO GENERAL REVENUE FUND; MAXIMUM ACCOUNT BALANCE. (a) In each state fiscal biennium, the comptroller shall deposit the amounts allocated under Section 151.801(c-3), Tax Code, into the horse industry escrow account established under Section 2028.204 [~~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 department [~~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 horse industry escrow account established under Section 2028.204 [~~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 horse industry escrow account established under Section 2028.204 [~~2028.204(b)~~] shall not exceed $50 million.

SECTION 8.12.  Section 2028.205, Occupations Code, is amended to read as follows:

Sec. 2028.205.  ADDITIONAL ALLOCATIONS FROM HORSE INDUSTRY ESCROW ACCOUNT FOR CERTAIN RACETRACKS. (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 department [~~commission~~] for an allocation of up to 20 percent of the money in the horse industry escrow [~~escrowed~~] account established under Section 2028.204 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 department's [~~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 department [~~commission~~] shall allocate amounts from the horse industry escrow [~~escrowed~~] account as the department [~~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~~] account that is attributable to the wagering on the interstate cross-species simulcast signal at the greyhound racetrack.

(c)  Money allocated by the department [~~commission~~] under this section may be used by the racetrack association for any purpose.

SECTION 8.13.  Section 2028.301, Occupations Code, is amended to read as follows:

Sec. 2028.301.  TEXAS-BRED INCENTIVE FUND. (a)  The department [~~commission~~] shall deposit money set aside for the Texas-bred program or set aside for use by state breed registries under this chapter into an escrow account in the state treasury in the registry of the department [~~commission~~] to be known as the Texas-bred incentive fund.

(b)  The department [~~commission~~] shall distribute money from the Texas-bred incentive fund in accordance with this chapter and commission rules.

SECTION 8.14.  Chapter 2028, Occupations Code, is amended by adding Subchapter H to read as follows:

SUBCHAPTER H. NATIONAL EVENT INCENTIVES

Sec. 2028.401.  NATIONAL EVENT INCENTIVES. (a) In this section:

(1)  "Breeders' Cup costs" means all costs for capital improvements and extraordinary expenses reasonably incurred for the operation of the Breeders' Cup races, including purses offered on other days in excess of the purses that the host association is required to pay by this subtitle.

(2)  "Breeders' Cup races" means a series of thoroughbred races known as the Breeders' Cup Championship races conducted annually by Breeders' Cup Limited on a day known as Breeders' Cup Championship day.

(3)  "Development organization" means an organization whose primary purpose is the marketing, promotion, or economic development of a city, county, or region of the state, including chambers of commerce, convention and visitors bureaus, and sports commissions.

(4)  "Political subdivision" means a city, county, or other political subdivision of the state and includes any entity created by a political subdivision.

(b)  An association conducting the Breeders' Cup races may apply to the reimbursement of Breeders' Cup costs amounts that would otherwise be set aside by the association for the state under Sections 2028.051 and 2028.202(a)(1) during the year in which the association hosts the Breeders' Cup races, limited to an amount equal to the lesser of the aggregate amount contributed to pay Breeders' Cup costs by political subdivisions and development organizations or $2 million. Beginning on January 1 of the year for which the association has been officially designated to host the Breeders' Cup races, amounts that would otherwise be set aside by the association for the state during that year under Sections 2028.051 and 2028.202(a)(1) shall be set aside, in accordance with procedures prescribed by the comptroller, for deposit into the Breeders' Cup Developmental Account. The Breeders' Cup Developmental Account is an account in the general revenue fund. The department shall administer the account. Money in the account may be appropriated only to the department and may be used only for the purposes specified in this section. The account is exempt from the application of Section 403.095, Government Code.

(c)  The department shall make disbursements from the Breeders' Cup Developmental Account to reimburse Breeders' Cup costs actually incurred and paid by the association, after the association files a request for reimbursement. Disbursements from the account may not at any time exceed the aggregate amount actually paid for Breeders' Cup costs by political subdivisions and development organizations, as certified by the department to the comptroller, or $2 million, whichever is less.

(d)  Not later than January 31 of the year following the year in which the association hosts the Breeders' Cup races, the association shall submit to the department a report that shows:

(1)  the total amount of Breeders' Cup costs incurred and paid by the association;

(2)  the total payments made by political subdivisions and development organizations for Breeders' Cup costs; and

(3)  any other information requested by the commission.

(e)  Following receipt of the report required by Subsection (d), the department shall take any steps it considers appropriate to verify the report. Not later than March 31 of the year following the event, the department shall transfer to the credit of the general revenue fund any balance remaining in the Breeders' Cup Developmental Account after reimbursement of any remaining Breeders' Cup costs authorized under this section.

(f)  In addition to the authority otherwise granted in this subtitle, the commission and the comptroller may adopt rules for the administration of this section as follows:

(1)  the commission may adopt rules relating to:

(A)  auditing or other verification of Breeders' Cup costs and amounts paid or set aside by political subdivisions and development organizations; and

(B)  the disbursement of funds from the Breeders' Cup Developmental Account; and

(2)  the comptroller may adopt rules relating to:

(A)  procedures and requirements for transmitting or otherwise delivering to the treasury the money set aside under this section; and

(B)  depositing funds into the Breeders' Cup Developmental Account.

(g)  The commission may adopt rules to facilitate the conduct of the Breeders' Cup races, including the adoption of rules or waiver of existing rules relating to the overall conduct of racing during the Breeders' Cup races in order to assure the integrity of the races, licensing for all participants, special stabling and training requirements for foreign horses, and commingling of pari-mutuel pools.

(h)  To the extent of any conflict between this section and another provision of this subtitle, this section prevails.

SECTION 8.15.  Section 2029.001, Occupations Code, is amended to read as follows:

Sec. 2029.001.  ALLOCATION OF HORSE RACING DAYS; PROHIBITED RACING DAYS. (a) The department [~~commission~~] shall allocate the live and simulcast horse racing days for the conduct of live and simulcast racing at each racetrack.

(b)  In allocating race dates under this section, the department [~~commission~~] shall consider live race dates separately from simulcast race dates.

(c)  The commission by rule may prohibit racing on Sunday unless the prohibition would conflict with another provision of this subtitle. The commission may delegate to the executive director the commission's authority under this subsection.

ARTICLE 9. ALLOCATION OF RACING DAYS

SECTION 9.01.  Sections 2029.002(a) and (c), Occupations Code, are amended to read as follows:

(a)  The department [~~commission~~] shall grant to each racetrack association additional horse racing days during a horse race meeting to be conducted as charity days. The department [~~commission~~] shall grant to each class 1 racetrack and to each class 2 racetrack at least two and not more than five additional days.

(c)  The department [~~commission~~] shall ensure that races conducted by a racetrack association on a charity day are comparable in all respects, including the generation of revenue, to races conducted by that racetrack association on any other horse racing day.

SECTION 9.02.  Section 2029.003, Occupations Code, is amended to read as follows:

Sec. 2029.003.  ACCESS TO RACES. (a) Each racetrack shall provide reasonable access to races for all breeds of horses as determined by the racetrack association through negotiations with the representative state horse breed registry with the final approval of the department [~~commission~~].

(b)  In granting approval under Subsection (a), the department [~~commission~~] shall consider:

(1)  the availability of competitive horses;

(2)  economic feasibility; and

(3)  public interest.

SECTION 9.03.  Sections 2029.052(a) and (b), Occupations Code, are amended to read as follows:

(a)  The department [~~commission~~] shall grant not less than five additional greyhound racing days during a greyhound race meeting to be conducted as charity days.

(b)  The department [~~commission~~] shall ensure that races conducted by a racetrack association on a charity day are comparable in all respects, including the generation of revenue, to races conducted by that racetrack association on any other greyhound racing day.

SECTION 9.04.  Section 2029.053, Occupations Code, is amended to read as follows:

Sec. 2029.053.  SUBSTITUTE RACING DAYS OR ADDITIONAL RACES. If, for a reason beyond a greyhound racetrack association's control and not caused by the racetrack association's fault or neglect, it is impossible for the racetrack association to conduct a race on a day authorized by the department [~~commission~~], the executive director [~~commission~~] in the executive director's [~~its~~] discretion and at the request of the racetrack association, as a substitute for the race, may:

(1)  specify another day for the racetrack association to conduct racing; or

(2)  add additional races to already programmed events.

ARTICLE 10. TEXAS-BRED HORSES AND GREYHOUNDS

SECTION 10.01.  Section 2030.001(b), Occupations Code, is amended to read as follows:

(b)  Rules adopted under this section are subject to approval by the department [~~commission~~].

SECTION 10.02.  Section 2030.002(b), Occupations Code, is amended to read as follows:

(b)  The appropriate state horse breed registry shall act in an advisory capacity to each racetrack association and to the department [~~commission~~] for the purpose of administering Sections 2030.003 and 2030.004.

SECTION 10.03.  Sections 2030.005 and 2030.006, Occupations Code, are amended to read as follows:

Sec. 2030.005.  EQUITABLE NUMBER OF RACES FOR EACH BREED. (a) A racetrack association that conducts a horse race meeting for more than one breed of horse at one racetrack shall provide that the number of races run by each breed on each day is equitable as determined by the department [~~commission~~] under Section 2029.003.

(b)  The commission by rule [~~or by order~~] may allow for an exception to Subsection (a) if an insufficient number of horses of a breed are available to provide sufficient competition. The commission may delegate to the executive director the commission's authority under this subsection.

Sec. 2030.006.  EQUITABLE STABLING. A racetrack association that conducts a horse race meeting for more than one breed of horse at one racetrack shall provide on-track stalls on an equitable basis as determined by the department [~~commission~~] under Section 2029.003.

SECTION 10.04.  Section 2030.051(b), Occupations Code, is amended to read as follows:

(b)  Rules adopted under this section are subject to approval by the department [~~commission~~].

ARTICLE 11. TEXAS DERBIES

SECTION 11.01.  Section 2031.001, Occupations Code, is amended to read as follows:

Sec. 2031.001.  ESTABLISHMENT OF TEXAS DERBIES. (a) The commission by rule shall establish as Texas Derbies the following annual stakes races:

(1)  one race open to three-year-old Thoroughbreds;

(2)  one race open only to three-year-old Texas-bred Thoroughbreds;

(3)  one race open to three-year-old quarter horses; and

(4)  one race open only to three-year-old Texas-bred quarter horses.

(b)  Each Texas Derby must be held annually on a date and at the class 1 racetrack determined by the department [~~commission~~]. The department [~~commission~~] shall determine the location of each Texas Derby in consultation with:

(1)  each class 1 racetrack;

(2)  the official state horse breed registries; and

(3)  the official horsemen's organization.

(c)  The department [~~commission~~] may sell the right to name a Texas Derby. The department [~~commission~~] shall deposit the proceeds from the sale of the right to name a Texas Derby into the Texas Derby escrow purse fund established under Section 2031.004.

SECTION 11.02.  Section 2031.003(a), Occupations Code, is amended to read as follows:

(a)  For each Texas Derby, the department [~~commission~~] shall appoint a state veterinarian to conduct a prerace examination of each horse entered in the race to determine whether the horse:

(1)  is healthy; and

(2)  meets standards set by commission rule for racing.

SECTION 11.03.  Sections 2031.004(a) and (e), Occupations Code, are amended to read as follows:

(a)  The department [~~commission~~] shall establish a Texas Derby escrow purse fund.

(e)  The department [~~commission~~] may not:

(1)  use funds from the accredited Texas-bred program under Subchapter A, Chapter 2030, or the horse industry escrow [~~escrowed purse~~] account established under Section 2028.204 to fund the Texas Derby escrow purse fund; or

(2)  order a state horse breed registry to fund a purse for a Texas Derby, make contributions to the Texas Derby escrow purse fund, or pay the expenses of a Texas Derby race.

ARTICLE 12. LIVESTOCK SHOWS, EXHIBITS, AND FAIRS

SECTION 12.01.  Chapter 2032, Occupations Code, is amended by adding Section 2032.004 to read as follows:

Sec. 2032.004.  RULES. The commission may adopt rules as necessary to:

(1)  administer this chapter; and

(2)  ensure public safety and welfare.

ARTICLE 13. CRIMINAL AND ADMINISTRATIVE PENALTIES; DISCIPLINARY POWERS

SECTION 13.01.  Section 2033.006(a), Occupations Code, is amended to read as follows:

(a)  A person commits an offense if the person knowingly possesses or displays a credential issued by the department or a false credential that identifies the person as the holder of the credential and the person knows that:

(1)  the credential is not issued to the person; or

(2)  the person is not a license holder.

SECTION 13.02.  Sections 2033.007(a) and (b), Occupations Code, are amended to read as follows:

(a)  For purposes of this section, a request is lawful if it is made:

(1)  at any time by:

(A)  the department [~~commission~~];

(B)  an authorized department [~~commission~~] agent;

(C)  the director or a commissioned officer of the Department of Public Safety;

(D)  a peace officer; or

(E)  a steward or judge; and

(2)  at any restricted location that is at a racetrack and is not a public place.

(b)  A person commits an offense if, after a lawful request, the person knowingly fails or refuses to:

(1)  display a credential issued by the department to another person; or

(2)  give the person's name, residence address, or date of birth to another person.

SECTION 13.03.  Section 2033.008(a), Occupations Code, is amended to read as follows:

(a)  A person commits an offense if the person knowingly wagers on the result of a horse or greyhound race conducted in this state that:

(1)  is held on an American Indian reservation or on American Indian trust land located in this state; and

(2)  is not held under the supervision of the department [~~commission~~] under rules adopted under this subtitle.

SECTION 13.04.  Section 2033.009(a), Occupations Code, is amended to read as follows:

(a)  A person commits an offense if the person is a license holder and the person knowingly permits, facilitates, or allows access to an enclosure where races are conducted to another person who the person knows:

(1)  has engaged in bookmaking, touting, or illegal wagering;

(2)  derives income from illegal activities or enterprises;

(3)  has been convicted of a violation of this subtitle; or

(4)  is excluded by the department [~~commission~~] from entering a racetrack.

SECTION 13.05.  Section 2033.012(c), Occupations Code, is amended to read as follows:

(c)  An offense under this section is a state jail felony unless the statement was material in a department [~~commission~~] action relating to a racetrack license, in which event the offense is a felony of the third degree.

SECTION 13.06.  Section 2033.013(c), Occupations Code, is amended to read as follows:

(c)  An offense under this section is a state jail felony if:

(1)  the actor:

(A)  is a license holder under this subtitle or a commission member or department employee; and

(B)  knowingly represents that a commission member or department employee or a person licensed by the department [~~commission~~] is the source of the false information; or

(2)  the false statement or information was contained in racing selection information provided to the public.

SECTION 13.07.  Sections 2033.018(a) and (b), Occupations Code, are amended to read as follows:

(a)  A person consents to a search for a prohibited device, prohibited substance, or other contraband at a time and location described by Subsection (b) if the person:

(1)  accepts a license or other credential issued by the department under this subtitle; or

(2)  enters a racetrack under the authority of a license or other credential alleged to have been issued by the department under this subtitle.

(b)  A search may be conducted by a commissioned officer of the Department of Public Safety or a peace officer, including a peace officer employed by the department [~~commission~~], at any time and at any location at a racetrack, except a location:

(1)  excluded by commission rule from searches under this section; or

(2)  provided by a racetrack association under commission rule for private storage of personal items belonging to a license holder entering a racetrack.

SECTION 13.08.  Sections 2033.021, 2033.051, and 2033.052, Occupations Code, are amended to read as follows:

Sec. 2033.021.  DEPARTMENT [~~COMMISSION~~] AUTHORITY.  This subchapter does not restrict the department's [~~commission's~~] administrative authority to enforce this subtitle or commission rules to the fullest extent authorized by this subtitle.

Sec. 2033.051.  IMPOSITION OF PENALTY.  If the commission or the executive director determines that a person regulated under this subtitle has violated this subtitle or a rule or order adopted under this subtitle in a manner that constitutes a ground for a disciplinary action under this subtitle, the commission or the executive director may assess an administrative penalty against that person as provided by this subchapter or Subchapter F, Chapter 51.

Sec. 2033.052.  AMOUNT OF PENALTY. (a) Notwithstanding Subchapter F, Chapter 51, the [~~The~~] commission or the executive director may assess an administrative penalty under this subchapter in an amount not to exceed $10,000 for each violation.

(b)  In determining the amount of the penalty, the commission or the executive director shall consider the seriousness of the violation.

SECTION 13.09.  Section 2033.057(a), Occupations Code, is amended to read as follows:

(a)  A complaint alleging a violation of this subtitle may be instituted by the Department of Public Safety, the department [~~commission~~], or the attorney general.

SECTION 13.10.  Subchapter B, Chapter 2033, Occupations Code, is amended by adding Section 2033.058 to read as follows:

Sec. 2033.058.  DISPOSITION OF ADMINISTRATIVE PENALTY. The commission shall remit an administrative penalty collected under this subtitle to the comptroller for deposit in the general revenue fund.

SECTION 13.11.  Section 2033.106(a), Occupations Code, is amended to read as follows:

(a)  If the executive director reasonably believes that a person has violated a final and enforceable cease and desist or emergency order, the executive director may:

(1)  initiate administrative penalty proceedings under Subchapter B;

(2)  refer the matter to the attorney general for enforcement by injunction and any other available remedy; or

(3)  pursue any other action that the executive director considers appropriate, including suspension of the person's license.

SECTION 13.12.  Section 2033.151, Occupations Code, is amended to read as follows:

Sec. 2033.151.  DISCIPLINARY ACTIONS. (a) The commission may [~~shall~~] revoke, suspend, or refuse to renew a license, place on probation a person whose license has been suspended, or reprimand a license holder for a violation of this subtitle or a commission rule.

(b)  If a license suspension is probated, the commission may require the license holder to report regularly to the department [~~commission~~] on matters that are the basis of the probation.

(c)  A disciplinary proceeding under this subtitle is governed by:

(1)  Chapter 51; and

(2)  commission rules adopted under Chapter 51.

SECTION 13.13.  The heading to Section 2033.152, Occupations Code, is amended to read as follows:

Sec. 2033.152.  PROCEEDING FOR DISCIPLINARY ACTION [~~HEARING~~] CONCERNING SUSPENSION, REVOCATION, OR REFUSAL TO RENEW LICENSE.

SECTION 13.14.  Section 2033.152(b), Occupations Code, is amended to read as follows:

(b)  A proceeding [~~Proceedings~~] for a disciplinary action, other than those conducted by a steward or judge, in which the commission proposes to suspend, revoke, or refuse to renew a person's license is [~~are~~] governed by Chapter 2001, Government Code.

SECTION 13.15.  Section 2033.153, Occupations Code, is amended to read as follows:

Sec. 2033.153.  INJUNCTION. The department [~~commission~~] may institute an action in its own name to enjoin the violation of this subtitle. An action for an injunction is in addition to any other action, proceeding, or remedy authorized by law.

SECTION 13.16.  Section 2033.154(b), Occupations Code, is amended to read as follows:

(b)  The executive director may issue an order prohibiting the racetrack association from making any transfer from a bank account held by the racetrack association for the conduct of business under this subtitle, pending department [~~commission~~] review of the records of the account, if the executive director reasonably believes that the racetrack association has failed to maintain the proper amount of money in the horsemen's account. The executive director shall provide in the order a procedure for the racetrack association to pay certain expenses necessary for the operation of the racetrack, subject to the executive director's approval.

ARTICLE 14. UNLAWFUL INFLUENCE ON RACING

SECTION 14.01.  Section 2034.001, Occupations Code, is amended by amending Subsections (b) and (c) and adding Subsection (e) to read as follows:

(b)  The rules adopted under this section by the commission shall require testing to determine whether a prohibited substance has been used.

(c)  The [~~commission's~~] rules adopted under this section must require state-of-the-art testing methods. The testing may:

(1)  be prerace or postrace as determined by the department [~~commission~~]; and

(2)  be by an invasive or noninvasive method.

(e)  The commission shall adopt rules regarding disciplinary actions under this chapter, including the right of appeal to the commission from a disciplinary action under Section 2034.006.

SECTION 14.02.  Section 2034.002, Occupations Code, is amended to read as follows:

Sec. 2034.002.  MEDICATION AND DRUG TESTING PROCEDURES. (a) Medication or drug testing performed on a race animal under this subtitle must be conducted by:

(1)  the Texas A&M Veterinary Medical Diagnostic Laboratory; or

(2)  a laboratory operated by or in conjunction with or by a private or public agency selected by the department [~~commission~~] after consultation with the Texas A&M Veterinary Medical Diagnostic Laboratory.

(b)  Medication or drug testing performed on a human under this subtitle must be conducted by a laboratory approved by the department [~~commission~~].

SECTION 14.03.  Sections 2034.003(c), (d), and (e), Occupations Code, are amended to read as follows:

(c)  Charges for services performed under this section must be forwarded to the department [~~commission~~] for approval of the reasonableness of the charges. Charges may include expenses incurred for travel, lodging, testing, and processing of test results.

(d)  The department [~~commission~~] shall determine whether the laboratory charges are reasonable in relation to industry standards by periodically surveying the drug testing charges of comparable laboratories in the United States.

(e)  The racetrack association that receives the services is responsible for the cost of approved charges for animal drug testing services under this section. The department [~~commission~~] shall forward a copy of the charges to the racetrack association for immediate payment.

SECTION 14.04.  Sections 2034.005(a) and (b), Occupations Code, are amended to read as follows:

(a)  The department [~~commission~~] may require urine samples to be frozen for a period necessary to allow any follow-up testing to detect and identify a prohibited substance. Any other specimen shall be maintained for testing purposes in a manner required by commission rule.

(b)  If a test sample or specimen shows the presence of a prohibited substance, the entire sample, including any split portion remaining in the custody of the department [~~commission~~], shall be maintained until final disposition of the matter.

SECTION 14.05.  Section 2034.007, Occupations Code, is amended to read as follows:

Sec. 2034.007.  DISCIPLINARY ACTION FOR RULE VIOLATION OF PROHIBITED DEVICE OR SUBSTANCE.  In addition to any other disciplinary action authorized by Chapter 51, this subtitle, or commission rule, a [~~A~~] person who violates a rule adopted under this chapter may:

(1)  have any license issued to the person by the department [~~commission~~] revoked or suspended; or

(2)  be barred for life or any other period from applying for or receiving a license issued by the department [~~commission~~] or entering any portion of a racetrack.

ARTICLE 15. LOCAL OPTION ELECTION TO LEGALIZE PARI-MUTUEL WAGERING

SECTION 15.01.  Section 2035.001(a), Occupations Code, is amended to read as follows:

(a)  The department [~~commission~~] may not issue a racetrack license or accept a license application for a racetrack to be located in a county until the commissioners court has certified to the secretary of state that the qualified voters of the county have approved the legalization of pari-mutuel wagering on horse races or greyhound races in the county at an election held under this chapter.

SECTION 15.02.  Section 2035.052, Occupations Code, is amended to read as follows:

Sec. 2035.052.  PARTIES. Any person who is licensed or who has submitted to the department [~~commission~~] an application to be licensed in any capacity under this subtitle may become a named party to the contest proceedings by pleading to the petition on or before the time set for hearing and trial as provided by Section 2035.053(b) or after that time by intervention on leave of court.

ARTICLE 16. CONFORMING AMENDMENTS

SECTION 16.01.  Section 411.096(a), Government Code, is amended to read as follows:

(a)  The Texas [~~Racing~~] Commission of Licensing and Regulation and the Texas Department of Licensing and Regulation are [~~is~~] entitled to obtain from the department criminal history record information maintained by the department that pertains to a person who is:

(1)  appointed to the commission;

(2)  an applicant for employment by the commission; or

(3)  an applicant for a license under Subtitle A-1, Title 13, Occupations Code (Texas Racing Act), including an occupational license described by Section 2025.251, Occupations Code.

SECTION 16.02.  Section 151.801(c-3), Tax Code, is amended to read as follows:

(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, horse tack, horse bedding and grooming supplies, and other taxable expenditures directly related to horse ownership, riding, or boarding shall be deposited to the credit of the horse industry escrow account administered by the Texas Department of Licensing and Regulation [~~Racing Commission~~] and established under Section 2028.204, Occupations Code.

ARTICLE 17. REPEALER

SECTION 17.01.  (a) The following provisions of the Occupations Code are repealed:

(1)  Sections 2022.001(b), (c), (d), (e), and (f);

(2)  Section 2022.002(b);

(3)  Sections 2022.003, 2022.004, 2022.005, 2022.006, and 2022.007;

(4)  Sections 2022.009(b) and (c);

(5)  Sections 2022.010, 2022.011, 2022.012, 2022.013, 2022.014, and 2022.051;

(6)  Sections 2022.052(a) and (b);

(7)  Sections 2022.053, 2022.054, 2022.055, 2022.056, 2022.057, 2022.101, 2022.102, and 2022.106;

(8)  Sections 2023.004(b), (c), and (f);

(9)  Section 2023.009;

(10)  Section 2025.204(e);

(11)  Section 2025.258(b);

(12)  Sections 2033.053, 2033.054, 2033.055, and 2033.056;

(13)  Section 2033.057(b); and

(14)  Sections 2033.152(a) and (c).

(b)  Title 6, Vernon's Texas Civil Statutes, is repealed.

ARTICLE 18. TRANSITION AND SAVINGS PROVISIONS

SECTION 18.01.  (a)  On the effective date of this Act, the Texas Racing Commission is abolished but continues in existence until December 1, 2021, for the sole purpose of transferring obligations, property, rights, powers, and duties to the Texas Department of Licensing and Regulation. The Texas Department of Licensing and Regulation assumes all of the obligations, property, rights, powers, and duties of the Texas Racing Commission as they exist immediately before the effective date of this Act. All unexpended funds appropriated to the Texas Racing Commission are transferred to the Texas Department of Licensing and Regulation.

(b)  The Texas Racing Commission and the Texas Department of Licensing and Regulation shall, in consultation with appropriate state entities, ensure that the transfer of the obligations, property, rights, powers, and duties of the Texas Racing Commission to the Texas Department of Licensing and Regulation is completed not later than December 1, 2021.

(c)  All rules of the Texas Racing Commission are continued in effect as rules of the Texas Department of Licensing and Regulation until superseded by a rule of the Texas Commission of Licensing and Regulation. A license issued by the Texas Racing Commission is continued in effect as provided by the law in effect immediately before the effective date of this Act. An application for a license, endorsement, or certificate of registration pending on the effective date of this Act is continued without change in status after the effective date of this Act. A complaint, investigation, contested case, or other proceeding pending on the effective date of this Act is continued without change in status after the effective date of this Act.

(d)  Not later than September 1, 2022, the Texas Commission of Licensing and Regulation shall adopt any rules necessary to implement the changes in law made by this Act to Subtitle A-1, Title 13, Occupations Code.

(e)  Unless the context indicates otherwise, a reference to the Texas Racing Commission in a law or administrative rule means the Texas Department of Licensing and Regulation.

SECTION 18.02.  (a)  Not later than December 1, 2021, the presiding officer of the Texas Commission of Licensing and Regulation, with the approval of the Texas Commission of Licensing and Regulation, shall appoint members to the Texas Racing Advisory Board in accordance with Section 2022.001, Occupations Code, as amended by this Act. A member of the Texas Racing Commission whose term expired under Section 18.01 of this Act is eligible for appointment to the advisory board.

(b)  The members of the Texas Racing Commission whose terms expire under Section 18.01 of this Act shall continue to provide advice to the Texas Department of Licensing and Regulation until a majority of the members of the Texas Racing Advisory Board are appointed under Subsection (a) of this section and qualified.

SECTION 18.03.  (a) Not later than September 1, 2023, the executive director of the Texas Department of Licensing and Regulation in accordance with Section 51.202(c), Occupations Code, shall determine with reasonable accuracy the cost to the department of the racing program and activities for which a fee is charged.

(b)  The executive director of the Texas Department of Licensing and Regulation, on development of the cost management procedures, shall make recommendations to the Texas Commission of Licensing and Regulation for review and consideration.

SECTION 18.04.  The changes in law made by this Act apply to revenue received from the imposition of an administrative penalty on or after the effective date of this Act, regardless of whether the penalty was imposed before, on, or after the effective date of this Act.

SECTION 18.05.  (a)  A violation of a law that is repealed by this Act is governed by the law in effect when the violation was committed, and the former law is continued in effect for that purpose.

(b)  For purposes of this section, a violation was committed before the effective date of this Act if any element of the violation occurred before that date.

SECTION 18.06.  To the extent of any conflict, this Act prevails over another Act of the 87th Legislature, Regular Session, 2021, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 18.07.  The Texas Legislative Council, with the assistance of the Sunset Advisory Commission, shall prepare for consideration by the 88th Legislature a nonsubstantive revision of the statutes of this state as necessary to reflect the changes in law made by this Act.

ARTICLE 19. EFFECTIVE DATE

SECTION 19.01.  This Act takes effect September 1, 2021.