

1-1 By: Buckingham, et al. S.B. No. 704
1-2 (In the Senate - Filed February 25, 2021; March 11, 2021,
1-3 read first time and referred to Committee on State Affairs;
1-4 April 29, 2021, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 29, 2021,
1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	Hughes	X		
1-10	Birdwell	X		
1-11	Campbell	X		
1-12	Hall	X		
1-13	Lucio	X		
1-14	Nelson	X		
1-15	Powell	X		
1-16	Schwertner	X		
1-17	Zaffirini	X		

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 704 By: Birdwell

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to the transfer of the regulation of racing to the Texas
1-22 Department of Licensing and Regulation, the abolishment of the
1-23 Texas Racing Commission, and the creation of the Texas Racing
1-24 Advisory Board, following recommendations of the Sunset Advisory
1-25 Commission.

1-26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-27 ARTICLE 1. GENERAL PROVISIONS

1-28 SECTION 1.01. Subchapter C, Chapter 51, Occupations Code,
1-29 is amended by adding Section 51.1041 to read as follows:

1-30 Sec. 51.1041. PEACE OFFICERS. (a) The department may
1-31 commission as a peace officer an employee who has been certified as
1-32 qualified to be a peace officer by the Texas Commission on Law
1-33 Enforcement.

1-34 (b) A peace officer commissioned by the department may
1-35 enforce any provision of this chapter relating to the regulation of
1-36 racing or any law establishing a program regulated by the
1-37 department under Subtitle A-1, Title 13, related to the regulation
1-38 of racing.

1-39 (c) A peace officer commissioned under this section has the
1-40 powers, privileges, and immunities of a peace officer while
1-41 carrying out duties authorized by this chapter or a law
1-42 establishing a program regulated by the department.

1-43 SECTION 1.02. Section 2021.003, Occupations Code, is
1-44 amended by amending Subdivisions (2), (8), (9), (14), (20), (21),
1-45 (24), (35), and (54) and adding Subdivisions (2-a) and (12-a) to
1-46 read as follows:

1-47 (2) "Active license" means a racetrack license
1-48 designated by the department [~~commission~~] as active.

1-49 (2-a) "Advisory board" means the Texas Racing Advisory
1-50 Board.

1-51 (8) "Commission" means the Texas [~~Racing~~] Commission
1-52 of Licensing and Regulation.

1-53 (9) "Concessionaire" means a person licensed by the
1-54 department [~~commission~~] to sell refreshments or souvenirs at a
1-55 racetrack.

1-56 (12-a) "Department" means the Texas Department of
1-57 Licensing and Regulation.

1-58 (14) "Executive director" means the executive
1-59 director of the department [~~commission~~].

1-60 (20) "Horsemen's organization" means an organization

2-1 recognized by the department [~~commission~~] that:

2-2 (A) represents horse owners and trainers in
2-3 negotiating and contracting with racetrack associations on
2-4 subjects relating to racing; and

2-5 (B) represents and advocates the interests of
2-6 horse owners and trainers before administrative, legislative, and
2-7 judicial forums.

2-8 (21) "Inactive license" means a racetrack license
2-9 designated by the department [~~commission~~] as inactive.

2-10 (24) "Maiden" means a horse that has never won a race
2-11 at a race meeting authorized by the department [~~commission~~] or by
2-12 another racing jurisdiction.

2-13 (35) "Performance" means the consecutive running of a
2-14 specified number of greyhound races as determined by the department
2-15 [~~commission~~].

2-16 (54) "Trainer" means a person who is licensed by the
2-17 department [~~commission~~] to train horses or greyhounds.

2-18 SECTION 1.03. Sections 2021.004(1) and (5), Occupations
2-19 Code, are amended to read as follows:

2-20 (1) "Authorized agent" means a person appointed by an
2-21 owner of a horse to represent the owner. The term is limited to a
2-22 person who is appointed by a written instrument that the department
2-23 [~~commission~~] acknowledges and approves.

2-24 (5) "Jockey" or "apprentice jockey" means a
2-25 professional rider licensed by the department [~~commission~~] to ride
2-26 in horse races.

2-27 SECTION 1.04. Section 2021.006, Occupations Code, is
2-28 amended to read as follows:

2-29 Sec. 2021.006. RELEASE OF CIVIL LIABILITY. A commission
2-30 member, the executive director, a department [~~commission~~]
2-31 employee, a steward or judge, a racetrack association, a horsemen's
2-32 organization, or any other person regulated under this subtitle is
2-33 not liable for a cause of action that arises out of that person's
2-34 performance or exercise of discretion in the implementation or
2-35 enforcement of this subtitle or a rule adopted under this subtitle
2-36 if the person has acted in good faith.

2-37 SECTION 1.05. Sections 2021.008(a), (b), (c), and (d),
2-38 Occupations Code, are amended to read as follows:

2-39 (a) The advisory board [~~commission~~] is subject to Chapter
2-40 325, Government Code (Texas Sunset Act). The advisory board shall
2-41 be reviewed during the period in which the commission and
2-42 department are reviewed under Section 51.002. Unless the advisory
2-43 board is continued in existence and the commission and department
2-44 are continued in existence as provided by that section, [chapter,
2-45 and except as provided by Subsections (b) and (c), [the commission
2-46 is abolished and] this subtitle expires on the date provided by that
2-47 section [September 1, 2021].

2-48 (b) If, at the time the commission, department, and advisory
2-49 board would be abolished under Subsection (a), a racetrack
2-50 association has outstanding long-term liabilities:

2-51 (1) the racetrack association may continue to operate
2-52 for a period not to exceed one year after those liabilities are
2-53 satisfied; and

2-54 (2) the commission, the department, and this subtitle
2-55 are continued in effect for the purpose of regulating that
2-56 racetrack association under this subtitle.

2-57 (c) If the commission, the department, and this subtitle are
2-58 continued in effect under Subsection (b), the commission and the
2-59 department are [is] abolished and this subtitle expires on the
2-60 first day of the state fiscal year following the state fiscal year
2-61 in which the commission certifies to the secretary of state that no
2-62 racetrack associations are operating under the terms of Subsection
2-63 (b).

2-64 (d) A racetrack association that continues to operate under
2-65 Subsection (b) may not incur any new liability without commission
2-66 or department approval. At the beginning of that period, the
2-67 commission or department shall:

2-68 (1) review the outstanding liabilities of the
2-69 racetrack association; and

3-1 (2) set a specific date by which the racetrack
3-2 association must retire its outstanding liabilities.

3-3 ARTICLE 2. TEXAS RACING ADVISORY BOARD; DEPARTMENT RECORDS AND
3-4 INFORMATION

3-5 SECTION 2.01. The heading to Chapter 2022, Occupations
3-6 Code, is amended to read as follows:

3-7 CHAPTER 2022. TEXAS RACING ADVISORY BOARD [~~COMMISSION~~]

3-8 SECTION 2.02. The heading to Section 2022.001, Occupations
3-9 Code, is amended to read as follows:

3-10 Sec. 2022.001. ADVISORY BOARD [~~COMMISSION~~] MEMBERSHIP.

3-11 SECTION 2.03. Section 2022.001(a), Occupations Code, is
3-12 amended to read as follows:

3-13 (a) The Texas Racing Advisory Board [~~commission~~] consists
3-14 of nine[-

3-15 ~~(1) seven~~] members appointed by the presiding officer
3-16 of the commission, with commission approval, as follows:

3-17 (1) one member who is a representative of a racetrack
3-18 association holding a class 1 racetrack license;

3-19 (2) one member who is a representative of a racetrack
3-20 association holding a class 2 racetrack license;

3-21 (3) one member who is a representative of a racetrack
3-22 association holding a class 3 racetrack license;

3-23 (4) one member who is:
3-24 (A) a representative of a racetrack association
3-25 holding a greyhound racetrack license; or

3-26 (B) a representative of the Texas Horsemen's
3-27 Partnership;

3-28 (5) one member who is a representative of the Texas
3-29 Thoroughbred Association;

3-30 (6) one member who is a representative of the Texas
3-31 Quarter Horse Association;

3-32 (7) one member who is a veterinarian; and

3-33 (8) two members of the public [~~governor with the~~
3-34 ~~advice and consent of the senate; and~~

3-35 ~~(2) two ex officio members who have the right to~~
3-36 ~~vote].~~

3-37 SECTION 2.04. Subchapter A, Chapter 2022, Occupations Code,
3-38 is amended by adding Section 2022.0011 to read as follows:

3-39 Sec. 2022.0011. DUTIES OF ADVISORY BOARD. The advisory
3-40 board shall provide advice and recommendations to the department on
3-41 technical matters relevant to the administration of this subtitle.

3-42 SECTION 2.05. The heading to Section 2022.002, Occupations
3-43 Code, is amended to read as follows:

3-44 Sec. 2022.002. TERM OF OFFICE; VACANCIES.

3-45 SECTION 2.06. Section 2022.002, Occupations Code, is
3-46 amended by amending Subsection (a) and adding Subsection (c) to
3-47 read as follows:

3-48 (a) Advisory board [~~Appointed commission~~] members hold
3-49 office for staggered terms of six years with the terms of [~~two or~~]
3-50 three members expiring February 1 of each odd-numbered year.

3-51 (c) If a vacancy occurs during a member's term, the
3-52 presiding officer of the commission, with commission approval,
3-53 shall appoint a member to fill the vacancy for the remainder of the
3-54 unexpired term.

3-55 SECTION 2.07. Section 2022.008, Occupations Code, is
3-56 amended to read as follows:

3-57 Sec. 2022.008. PRESIDING OFFICER. (a) The presiding
3-58 officer of the commission [~~governor~~] shall designate a [~~public~~]
3-59 member of the advisory board [~~commission~~] as the presiding officer
3-60 of the advisory board [~~commission~~] to serve in that capacity for a
3-61 one-year term [~~at the pleasure of the governor~~].

3-62 (b) The presiding officer of the advisory board may vote on
3-63 any matter before the advisory board.

3-64 SECTION 2.08. The heading to Section 2022.009, Occupations
3-65 Code, is amended to read as follows:

3-66 Sec. 2022.009. ADVISORY BOARD [~~COMMISSION~~] MEETINGS[-
3-67 ~~RECORD OF COMMISSION VOTES~~].

3-68 SECTION 2.09. Section 2022.009(a), Occupations Code, is
3-69 amended to read as follows:

4-1 (a) The advisory board [~~commission~~] shall meet at the call
4-2 of the presiding officer of the commission or the executive
4-3 director [~~hold at least six regular meetings each year on dates~~
4-4 ~~fixed by the commission~~].

4-5 SECTION 2.10. The heading to Section 2022.052, Occupations
4-6 Code, is amended to read as follows:

4-7 Sec. 2022.052. [~~EMPLOYEES,~~] RESTRICTIONS ON EMPLOYMENT.

4-8 SECTION 2.11. The heading to Section 2022.103, Occupations
4-9 Code, is amended to read as follows:

4-10 Sec. 2022.103. DEPARTMENT [~~COMMISSION~~] INVESTIGATIVE FILES
4-11 CONFIDENTIAL.

4-12 SECTION 2.12. Sections 2022.103(a), (b), and (c),
4-13 Occupations Code, are amended to read as follows:

4-14 (a) The contents of the investigatory files of the
4-15 department [~~commission~~] are not public records and are confidential
4-16 except:

- 4-17 (1) in a criminal proceeding;
- 4-18 (2) in a hearing conducted by the commission;
- 4-19 (3) on court order; or
- 4-20 (4) with the consent of the party being investigated.

4-21 (b) Except as otherwise provided by this subtitle, the
4-22 files, records, information, compilations, documents, photographs,
4-23 reports, summaries, and reviews of information and related matters
4-24 that are collected, retained, or compiled by the Department of
4-25 Public Safety in the discharge of the Department of Public Safety's
4-26 [~~department's~~] duties under this subtitle are confidential and are
4-27 not subject to public disclosure, but are subject to discovery by a
4-28 person who is the subject of the files, records, information,
4-29 compilations, documents, photographs, reports, summaries, and
4-30 reviews of information and related matters that are collected,
4-31 retained, or compiled by the Department of Public Safety
4-32 [~~department~~] in the discharge of the Department of Public Safety's
4-33 [~~department's~~] duties under this subtitle.

4-34 (c) An investigation report or other document submitted by
4-35 the Department of Public Safety to the department [~~commission~~]
4-36 becomes part of the investigative files of the department
4-37 [~~commission~~] and is subject to discovery by a person who is the
4-38 subject of the investigation report or other document submitted by
4-39 the Department of Public Safety [~~department~~] to the department
4-40 [~~commission~~] that is part of the investigative files of the
4-41 department [~~commission~~].

4-42 SECTION 2.13. Section 2022.105(a), Occupations Code, is
4-43 amended to read as follows:

4-44 (a) The department [~~commission~~] shall require racetrack
4-45 associations, managers, totalisator license holders, and
4-46 concessionaires to keep books and records and to submit financial
4-47 statements to the commission.

4-48 ARTICLE 3. COMMISSION, DEPARTMENT, AND RACE MEETING OFFICIAL
4-49 POWERS AND DUTIES

4-50 SECTION 3.01. The heading to Chapter 2023, Occupations
4-51 Code, is amended to read as follows:

4-52 CHAPTER 2023. COMMISSION, DEPARTMENT, AND RACE MEETING OFFICIAL
4-53 POWERS AND DUTIES

4-54 SECTION 3.02. Section 2023.001, Occupations Code, is
4-55 amended to read as follows:

4-56 Sec. 2023.001. LICENSING, REGULATION, AND SUPERVISION OF
4-57 HORSE RACING AND GREYHOUND RACING. (a) Notwithstanding any
4-58 contrary provision in this subtitle, the department under the
4-59 direction of the commission may license and regulate all aspects of
4-60 horse racing and greyhound racing in this state, regardless of
4-61 whether that racing involves pari-mutuel wagering.

4-62 (b) The commission[7] in adopting rules and the department
4-63 in the supervision and conduct of racing[7] shall consider the
4-64 effect of a proposed [~~commission~~] action on the state's
4-65 agricultural, horse breeding, horse training, greyhound breeding,
4-66 and greyhound training industry.

4-67 SECTION 3.03. Section 2023.002, Occupations Code, is
4-68 amended to read as follows:

4-69 Sec. 2023.002. REGULATION AND SUPERVISION OF WAGERING AT

5-1 RACE MEETINGS. (a) The department [~~commission~~] shall regulate and
5-2 supervise each race meeting in this state that involves wagering on
5-3 the result of horse racing or greyhound racing. Each person and
5-4 thing relating to the operation of a race meeting is subject to
5-5 regulation and supervision by the department [~~commission~~].

5-6 (b) The commission shall adopt rules on the issuance of
5-7 licenses and other rules necessary to regulate horse racing and
5-8 greyhound racing and the department shall[-] issue licenses[-] and
5-9 take any other necessary action relating [~~exclusively~~] to the
5-10 regulation of horse racing or greyhound racing.

5-11 SECTION 3.04. Section 2023.003(b), Occupations Code, is
5-12 amended to read as follows:

5-13 (b) The department [~~commission~~] may charge in the amount set
5-14 by the commission an annual fee for licensing and regulating a track
5-15 that does not offer pari-mutuel wagering or a training facility in a
5-16 reasonable amount that may not exceed the actual cost of enforcing
5-17 rules adopted by the commission for the licensing and regulation of
5-18 races and workouts at such a facility.

5-19 SECTION 3.05. Section 2023.004(d), Occupations Code, is
5-20 amended to read as follows:

5-21 (d) The commission shall post at each racetrack notice of a
5-22 meeting [~~under Subsection (c)~~] that includes an agenda of the
5-23 meeting and a summary of the proposed rule.

5-24 SECTION 3.06. Section 2023.006, Occupations Code, is
5-25 amended to read as follows:

5-26 Sec. 2023.006. CONSIDERATION OF PAST PERFORMANCE OF
5-27 RACETRACK ASSOCIATION. In considering a pleading of a racetrack
5-28 association, the department [~~commission~~] shall take into account
5-29 the operating experience of the racetrack association in this
5-30 state, including:

- 5-31 (1) the financial condition of the racetrack;
- 5-32 (2) the regulatory compliance and conduct; and
- 5-33 (3) any other relevant matter concerning the operation
5-34 of a racetrack.

5-35 SECTION 3.07. Section 2023.007, Occupations Code, is
5-36 amended to read as follows:

5-37 Sec. 2023.007. RIGHT OF ENTRY. A department employee
5-38 [~~commission member~~], an authorized department [~~commission~~] agent
5-39 or peace officer, a commissioned officer of the Department of
5-40 Public Safety, or a peace officer of the local jurisdiction in which
5-41 a racetrack association maintains a place of business may enter any
5-42 part of a racetrack or any other place of business of a racetrack
5-43 association at any time to enforce and administer this subtitle.

5-44 SECTION 3.08. Section 2023.008, Occupations Code, is
5-45 amended to read as follows:

5-46 Sec. 2023.008. TESTIMONY AND SUBPOENA POWER. (a) For
5-47 purposes of this section, "agent" means an appointed agent of the
5-48 department [~~commission~~].

5-49 (b) A department employee [~~commission member~~] or an agent,
5-50 while involved in carrying out functions under this subtitle, may:

- 5-51 (1) take testimony;
- 5-52 (2) require by subpoena the attendance of a witness;
5-53 and
- 5-54 (3) require the production of books, records, papers,
5-55 correspondence, and other documents that the commission considers
5-56 advisable.

5-57 (c) A subpoena must be issued under the signature of the
5-58 executive director or the executive director's designee
5-59 [~~commission or an agent~~]. A person designated by the executive
5-60 director [~~commission~~] must serve the subpoena.

5-61 (d) A department employee [~~commission member~~] or an agent
5-62 may administer an oath to a witness appearing before the department
5-63 [~~commission~~] or an agent.

5-64 (e) If a subpoena issued under this section is disobeyed,
5-65 the department [~~commission~~] or an agent may invoke the aid of a
5-66 Travis County district court in requiring compliance with the
5-67 subpoena. A Travis County district court may issue an order
5-68 requiring the person to appear and testify and to produce books,
5-69 records, papers, correspondence, and documents. Failure to obey

6-1 the court order shall be punished by the court as contempt.

6-2 SECTION 3.09. Sections 2023.051 and 2023.052, Occupations
6-3 Code, are amended to read as follows:

6-4 Sec. 2023.051. RECOGNITION OF ORGANIZATION. (a) The
6-5 commission by rule shall adopt criteria to recognize an
6-6 organization to represent members of a segment of the racing
6-7 industry, including owners, breeders, trainers, kennel operators,
6-8 or other persons involved in the racing industry, in any
6-9 interaction between the members of the organization and a racetrack
6-10 association or the department [~~commission~~].

6-11 (b) The department [~~commission~~] may recognize an
6-12 organization that meets the criteria adopted under Subsection (a).

6-13 Sec. 2023.052. SECURITY FOR FEES AND CHARGES. The
6-14 department [~~commission~~] may require a racetrack association to post
6-15 security in an amount and form determined by the department
6-16 [~~commission~~] to adequately ensure the payment of any fee or charge
6-17 due to this state or the department [~~commission~~] relating to
6-18 pari-mutuel racing, including a charge for drug testing.

6-19 SECTION 3.10. Section 2023.053(f), Occupations Code, is
6-20 amended to read as follows:

6-21 (f) This section does not apply to:

6-22 (1) money deposited into the Texas-bred incentive fund
6-23 established under Section 2028.301; or

6-24 (2) an administrative penalty remitted to the
6-25 comptroller for deposit in the general revenue fund under Section
6-26 2033.058.

6-27 SECTION 3.11. The heading to Section 2023.054, Occupations
6-28 Code, is amended to read as follows:

6-29 Sec. 2023.054. [~~COMMISSION~~] STANDARDS ON GREYHOUND FARMS
6-30 AND FACILITIES.

6-31 SECTION 3.12. Sections 2023.056, 2023.057, 2023.058,
6-32 2023.059, and 2023.061, Occupations Code, are amended to read as
6-33 follows:

6-34 Sec. 2023.056. COOPERATION WITH LAW ENFORCEMENT. (a) The
6-35 department [~~commission~~] shall cooperate with a district attorney, a
6-36 criminal district attorney, a county attorney, the Department of
6-37 Public Safety, the attorney general, or a peace officer in
6-38 enforcing this subtitle.

6-39 (b) The department [~~commission~~], under department
6-40 [~~commission~~] authority to obtain criminal history record
6-41 information under Section 2023.057, shall maintain and exchange
6-42 pertinent intelligence data with other states and agencies.

6-43 Sec. 2023.057. ACCESS TO CRIMINAL HISTORY RECORDS. The
6-44 department [~~commission~~] may obtain criminal history record
6-45 information that relates to each applicant for [~~employment by the~~
6-46 ~~commission and to each applicant for~~] a license issued under this
6-47 subtitle by the department, including an occupational license
6-48 described by Section 2025.251(c), [~~commission~~] and that is
6-49 maintained by the Department of Public Safety or the Federal Bureau
6-50 of Investigation Identification Division. The department
6-51 [~~commission~~] may refuse to issue a license to [~~recommend~~] an
6-52 applicant who fails to provide a complete set of fingerprints.

6-53 Sec. 2023.058. COST OF CRIMINAL HISTORY RECORD CHECK. (a)
6-54 The commission shall, in determining the amount of a license fee,
6-55 set the fee in at least an amount necessary to cover the cost to the
6-56 department of conducting a criminal history record check on a
6-57 license applicant.

6-58 (b) The department [~~commission~~] shall reimburse the
6-59 Department of Public Safety for the cost of conducting a criminal
6-60 history record check under this subtitle.

6-61 Sec. 2023.059. DISTANCE LEARNING. The department
6-62 [~~commission~~] may provide assistance to members of the racing
6-63 industry who are attempting to develop or implement adult, youth,
6-64 or continuing education programs that use distance learning.

6-65 Sec. 2023.061. BIENNIAL [~~ANNUAL~~] REPORT. (a) Not later
6-66 than January 31 of each odd-numbered year, the department
6-67 [~~commission~~] shall file a report with the governor, lieutenant
6-68 governor, and speaker of the house of representatives.

6-69 (b) The report must cover the operations of the department

7-1 under this subtitle [~~commission~~] and the condition of horse
7-2 breeding and racing and greyhound breeding and racing during the
7-3 preceding two-year period [~~previous year~~].

7-4 (c) The department [~~commission~~] shall obtain from the
7-5 Department of Public Safety a comprehensive report of any organized
7-6 crime activities in this state [~~that the department may wish to~~
7-7 ~~report~~] and information concerning illegal gambling that may be
7-8 related to this subtitle known to exist in this state. The
7-9 department [~~commission~~] shall include in the biennial [~~annual~~]
7-10 report the Department of Public Safety's [~~department's~~] report and
7-11 any recommendations the department [~~commission~~] considers
7-12 appropriate.

7-13 SECTION 3.13. Sections 2023.101(b), (c), and (d),
7-14 Occupations Code, are amended to read as follows:

7-15 (b) The department [~~commission~~] shall employ or contract
7-16 with each steward and judge for the supervision of a horse race or
7-17 greyhound race meeting.

7-18 (c) The department [~~commission~~] shall designate one steward
7-19 or judge, as appropriate, as the presiding steward or judge for each
7-20 race meeting.

7-21 (d) Following the completion of a race meeting, a racetrack
7-22 association may submit to the department [~~commission~~] for the
7-23 department's [~~commission's~~] review written comments regarding the
7-24 job performance of the stewards and judges. A racetrack
7-25 association's comments submitted under this section are not
7-26 binding, in any way, on the department [~~commission~~].

7-27 SECTION 3.14. Section 2023.102(a), Occupations Code, is
7-28 amended to read as follows:

7-29 (a) The department [~~commission~~] shall require each steward
7-30 or judge to annually take and pass a written examination and a
7-31 medical examination.

7-32 SECTION 3.15. Section 2023.103, Occupations Code, is
7-33 amended to read as follows:

7-34 Sec. 2023.103. [~~EMPLOYMENT OF~~] STATE VETERINARIANS. For
7-35 each race meeting, the department [~~commission~~] shall employ or
7-36 contract for at least one state veterinarian.

7-37 SECTION 3.16. Section 2023.104(b), Occupations Code, is
7-38 amended to read as follows:

7-39 (b) The fee amount for compensating each steward, judge, and
7-40 state veterinarian must be reasonable according to industry
7-41 standards for the compensation of those officials at other
7-42 racetracks and may not exceed the actual cost to the department
7-43 [~~commission~~] for compensating the officials.

7-44 SECTION 3.17. Section 2023.105, Occupations Code, is
7-45 amended to read as follows:

7-46 Sec. 2023.105. EMPLOYMENT OF OTHER RACETRACK OFFICIALS.
7-47 The racetrack association shall appoint, with the department's
7-48 [~~commission's~~] approval, all racetrack officials other than the
7-49 officials listed in Section 2023.104. Compensation for officials
7-50 not compensated by the department [~~commission~~] is determined by the
7-51 racetrack association.

7-52 SECTION 3.18. Section 2023.106(b), Occupations Code, is
7-53 amended to read as follows:

7-54 (b) The commission shall adopt rules that specify:

7-55 (1) the power and duties of each race meeting
7-56 official, including the power of a steward or judge to impose
7-57 penalties for unethical practices or violations of racing rules;
7-58 and

7-59 (2) procedures for hearings conducted under this
7-60 section.

7-61 SECTION 3.19. Section 2023.109, Occupations Code, is
7-62 amended by adding Subsection (c) to read as follows:

7-63 (c) The commission may adopt rules specifying the
7-64 requirements for appealing a decision and eligibility of orders for
7-65 consideration under this section.

7-66 ARTICLE 4. POWERS AND DUTIES OF COMPTROLLER

7-67 SECTION 4.01. Section 2024.002(a), Occupations Code, is
7-68 amended to read as follows:

7-69 (a) The comptroller may inspect all books, records, and

8-1 financial statements required by the commission or obtained by the
8-2 department under Section 2022.105.

8-3 SECTION 4.02. Sections 2024.053(a) and (b), Occupations
8-4 Code, are amended to read as follows:

8-5 (a) The comptroller shall certify to the department
8-6 [~~commission~~] the fact that a racetrack association or totalisator
8-7 company:

8-8 (1) does not comply with a rule adopted by the
8-9 comptroller under this chapter;

8-10 (2) refuses to allow access to or inspection of any of
8-11 the racetrack association's or totalisator company's required
8-12 books, records, or financial statements;

8-13 (3) refuses to allow access to or inspection of the
8-14 totalisator system; or

8-15 (4) becomes delinquent for:

8-16 (A) the state's share of a pari-mutuel pool; or

8-17 (B) any other tax collected by the comptroller.

8-18 (b) With regard to the state's share of a pari-mutuel pool
8-19 and any penalty related to the state's share, the comptroller,
8-20 acting independently of the department [~~commission~~], may take any
8-21 collection or enforcement action authorized under the Tax Code
8-22 against a delinquent taxpayer.

8-23 ARTICLE 5. LICENSING

8-24 SECTION 5.01. Sections 2025.001 and 2025.002, Occupations
8-25 Code, are amended to read as follows:

8-26 Sec. 2025.001. COMMISSION AND DEPARTMENT LICENSING DUTIES.

8-27 (a) To preserve and protect the public health, welfare, and safety,
8-28 the commission shall adopt rules relating to license applications
8-29 and the financial responsibility [~~7, moral character, 7~~] and ability of
8-30 applicants.

8-31 (b) The department [~~commission~~] shall prescribe application
8-32 forms for licenses issued under this subtitle and shall provide
8-33 each occupational license holder with a credential.

8-34 (c) The commission shall [~~annually~~] prescribe reasonable
8-35 license fees for each category of license issued under this
8-36 subtitle.

8-37 (d) The commission by rule shall set fees in amounts
8-38 reasonable and necessary to cover the department's [~~commission's~~]
8-39 costs of regulating, overseeing, and licensing live and simulcast
8-40 racing at racetracks.

8-41 Sec. 2025.002. LICENSE AS PRIVILEGE. The operation of a
8-42 racetrack and the participation in racing are privileges, not
8-43 rights, granted only by the department [~~commission~~] by license and
8-44 subject to reasonable and necessary conditions set by the
8-45 commission and department.

8-46 SECTION 5.02. Sections 2025.003(a), (c), (d), and (e),
8-47 Occupations Code, are amended to read as follows:

8-48 (a) An applicant for a license or license renewal under this
8-49 subtitle must, except as otherwise provided by Section 2025.261,
8-50 submit to the department [~~commission~~] a complete set of
8-51 fingerprints for:

8-52 (1) the applicant; or

8-53 (2) if the applicant is not an individual, each
8-54 officer or director of, and each person who owns at least a five
8-55 percent interest in, the applicant.

8-56 (c) A peace officer of any state [~~7~~] or any department
8-57 employee designated by the executive director [~~district office of~~
8-58 ~~the commission, 7~~] shall take the fingerprints of an applicant for a
8-59 license or license renewal on forms approved and furnished by the
8-60 Department of Public Safety and immediately deliver the forms to
8-61 the department [~~commission~~].

8-62 (d) If a complete set of fingerprints is required by the
8-63 department [~~commission~~], the department [~~commission~~] shall, not
8-64 later than the 10th business day after the date the department
8-65 [~~commission~~] receives the fingerprints, forward the fingerprints
8-66 to the Department of Public Safety or the Federal Bureau of
8-67 Investigation. If the fingerprints are forwarded to the Department
8-68 of Public Safety, the Department of Public Safety [~~department~~]
8-69 shall:

9-1 (1) classify the fingerprints and check the
9-2 fingerprints against the Department of Public Safety's
9-3 ~~[department's]~~ fingerprint files; and

9-4 (2) report to the department ~~[commission]~~ the
9-5 Department of Public Safety's ~~[department's]~~ findings concerning
9-6 the existence or lack of a criminal record of the applicant.

9-7 (e) The department ~~[commission]~~ may not issue a racetrack
9-8 license until the report under Subsection (d) is made to the
9-9 department ~~[commission]~~. The department ~~[commission]~~ may issue a
9-10 temporary occupational license before the report is made to the
9-11 department ~~[commission]~~.

9-12 SECTION 5.03. Section 2025.051, Occupations Code, is
9-13 amended to read as follows:

9-14 Sec. 2025.051. RACETRACK LICENSE REQUIRED; CRIMINAL
9-15 PENALTY. A person may not conduct wagering on a horse or greyhound
9-16 race meeting without first obtaining a racetrack license issued by
9-17 the department ~~[commission]~~. A person who violates this section
9-18 commits an offense.

9-19 SECTION 5.04. Sections 2025.052(a) and (b), Occupations
9-20 Code, are amended to read as follows:

9-21 (a) The department ~~[commission]~~ shall require each
9-22 applicant for an original racetrack license to submit an
9-23 application, on a form prescribed by the department ~~[commission]~~,
9-24 containing the following information:

9-25 (1) if the applicant is an individual:
9-26 (A) the individual's full name;
9-27 (B) the individual's date of birth;
9-28 (C) the individual's physical description;
9-29 (D) the individual's current address and
9-30 telephone number; and

9-31 (E) a statement by the individual disclosing any
9-32 arrest or conviction for a felony or for a misdemeanor, except a
9-33 misdemeanor under Subtitle C, Title 7, Transportation Code, or a
9-34 similar misdemeanor traffic offense;

9-35 (2) if the applicant is a corporation:
9-36 (A) the state of incorporation;
9-37 (B) the names and addresses of the corporation's
9-38 agents for service of process in this state;
9-39 (C) the name and address of each officer and
9-40 director of the corporation;

9-41 (D) the name and address of each stockholder of
9-42 the corporation;
9-43 (E) for each individual named under this
9-44 subdivision, the information required by Subdivision (1); and
9-45 (F) identification of:

9-46 (i) any other beneficial owner of a share in
9-47 the applicant that has absolute or contingent voting rights;
9-48 (ii) any other person who directly or
9-49 indirectly exercises any participation in the applicant; and

9-50 (iii) any other ownership interest in the
9-51 applicant that the applicant making its best effort is able to
9-52 identify;

9-53 (3) if the applicant is an unincorporated business
9-54 association:

9-55 (A) the name and address of each member of the
9-56 association and, for each individual named under this subdivision,
9-57 the information required by Subdivision (1); and

9-58 (B) identification of:
9-59 (i) any other person who exercises voting
9-60 rights in the applicant or directly or indirectly exercises any
9-61 participation in the applicant; and

9-62 (ii) any other ownership interest in the
9-63 applicant that the applicant making its best effort is able to
9-64 identify;

9-65 (4) the exact location at which a race meeting is to be
9-66 conducted;

9-67 (5) if the racetrack is in existence, whether it is
9-68 owned by the applicant and, if leased to the applicant:

9-69 (A) the name and address of the owner; and

10-1 (B) if the owner is a corporation or
 10-2 unincorporated business association, the name and address of each
 10-3 officer and director, any stockholder or member, and each agent for
 10-4 service of process in this state;

10-5 (6) if construction of the racetrack has not been
 10-6 initiated, whether it is to be owned by the applicant and, if it is
 10-7 to be leased to the applicant:

10-8 (A) the name and address of the prospective
 10-9 owner; and

10-10 (B) if the owner is a corporation or
 10-11 unincorporated business association, the information required by
 10-12 Subdivision (5)(B);

10-13 (7) identification of:

10-14 (A) any other beneficial owner of a share that
 10-15 has absolute or contingent voting rights in the owner or
 10-16 prospective owner of the racetrack;

10-17 (B) any other person that directly or indirectly
 10-18 exercises any participation in the owner or prospective owner; and

10-19 (C) all other ownership interest in the owner or
 10-20 prospective owner that the applicant making its best effort is able
 10-21 to identify;

10-22 (8) a detailed statement of the applicant's assets and
 10-23 liabilities;

10-24 (9) the type of racing to be conducted and the dates
 10-25 requested;

10-26 (10) proof of residency as required by Section
 10-27 [2025.201](#); and

10-28 (11) any other information required by the department
 10-29 ~~[commission]~~.

10-30 (b) An application must be attested ~~[sworn]~~ to:

10-31 (1) by the applicant; or
 10-32 (2) if the applicant is a corporation or association,
 10-33 by its chief executive officer.

10-34 SECTION 5.05. Sections [2025.053](#)(a) and (c), Occupations
 10-35 Code, are amended to read as follows:

10-36 (a) The department ~~[commission]~~ shall require each
 10-37 applicant for an original racetrack license to pay the required
 10-38 application fee. The fee must accompany the application and be paid
 10-39 in the form of a cashier's check, ~~[or]~~ certified check, or other
 10-40 form of payment acceptable to the department.

10-41 (c) Notwithstanding this section, if a licensed racetrack
 10-42 petitions for a higher racetrack classification, the department
 10-43 ~~[commission]~~ shall impose fees equal to the difference between the
 10-44 fees previously paid and the fees required for the higher
 10-45 classification.

10-46 SECTION 5.06. Sections [2025.054](#)(a) and (b), Occupations
 10-47 Code, are amended to read as follows:

10-48 (a) The department ~~[commission]~~ shall require each
 10-49 applicant for an original racetrack license to submit with the
 10-50 application for inspection and review by the department
 10-51 ~~[commission]~~ a copy of each management, concession, and totalisator
 10-52 contract associated with the proposed license at the proposed
 10-53 location in which the applicant has an interest.

10-54 (b) An applicant or license holder shall:

10-55 (1) advise the department ~~[commission]~~ of any change
 10-56 in any management, concession, or totalisator contract; and

10-57 (2) at the request of the department, provide any
 10-58 information the department considers necessary to review the
 10-59 change.

10-60 SECTION 5.07. Sections [2025.055](#) and [2025.056](#), Occupations
 10-61 Code, are amended to read as follows:

10-62 Sec. 2025.055. CONFIDENTIALITY OF APPLICATION DOCUMENTS.
 10-63 Documents submitted to the department ~~[commission]~~ under Sections
 10-64 2025.051-2025.054 by an applicant are subject to discovery in a
 10-65 suit brought under this subtitle but are not public records and are
 10-66 not subject to Chapter [552](#), Government Code.

10-67 Sec. 2025.056. BACKGROUND CHECK. (a) The department
 10-68 ~~[commission]~~ shall require a complete personal, financial, and
 10-69 business background check of the applicant or of any person who owns

11-1 an interest in or exercises control over an applicant for a
 11-2 racetrack license, including the partners, stockholders,
 11-3 concessionaires, management personnel, management firms, and
 11-4 creditors.

11-5 (b) The department may [~~commission shall~~] refuse to issue or
 11-6 renew a license or may revoke a license if [~~in the commission's~~
 11-7 ~~sole discretion,~~] the background checks reveal anything that may be
 11-8 detrimental to the public interest or the racing industry. A
 11-9 proceeding under this section is subject to Subchapter G, Chapter
 11-10 51.

11-11 (c) The executive director [~~commission~~] may not hold a
 11-12 hearing on the application, or any part of the application, of a
 11-13 racetrack license applicant before the 14th day after the date the
 11-14 completed background check of the applicant has been on file with
 11-15 the department [~~commission~~].

11-16 SECTION 5.08. Section 2025.057(a), Occupations Code, is
 11-17 amended to read as follows:

11-18 (a) The department [~~commission~~] may, at any time, require a
 11-19 holder of or applicant for a racetrack license to post security in
 11-20 an amount reasonably necessary, as provided by commission rule, to
 11-21 adequately ensure the license holder's or applicant's compliance
 11-22 with substantive requirements of this subtitle and commission
 11-23 rules.

11-24 SECTION 5.09. Section 2025.058, Occupations Code, is
 11-25 amended to read as follows:

11-26 Sec. 2025.058. NOTIFICATION OF COMPLETED APPLICATION. When
 11-27 all requirements for the applicant's licensure described in this
 11-28 chapter have been satisfied, the department [~~commission~~] shall
 11-29 notify the applicant that the application is complete.

11-30 SECTION 5.10. Sections 2025.101(b), (c), (e), and (f),
 11-31 Occupations Code, are amended to read as follows:

11-32 (b) In considering an application for a horse racetrack
 11-33 license under this chapter, the department [~~commission~~] shall give
 11-34 additional weight to evidence concerning an applicant who has
 11-35 experience operating a horse racetrack licensed under this
 11-36 subtitle.

11-37 (c) The department [~~commission~~] may not issue a license to
 11-38 operate a class 1 or class 2 racetrack or a greyhound racetrack to a
 11-39 corporation unless:

11-40 (1) the corporation is incorporated under the laws of
 11-41 this state; and

11-42 (2) a majority of any of its corporate stock is owned
 11-43 at all times by individuals who meet the residency qualifications
 11-44 prescribed by Section 2025.201 for individual applicants.

11-45 (e) Subsections (c) and (d) and Section 2025.201(a)(10)
 11-46 [~~2025.201(a)(12)~~] do not apply to an applicant for or the holder of
 11-47 a racetrack license if the applicant, the license holder, or the
 11-48 license holder's parent company is a publicly traded company.

11-49 (f) The department [~~commission~~] may condition the issuance
 11-50 of a license under this chapter on the observance of commission
 11-51 rules. [~~The commission may amend the rules at any time and may~~
 11-52 ~~condition the continued holding of the license on compliance with~~
 11-53 ~~the rules as amended.~~]

11-54 SECTION 5.11. Section 2025.102, Occupations Code, is
 11-55 amended to read as follows:

11-56 Sec. 2025.102. QUALIFICATIONS FOR ISSUANCE OF RACETRACK
 11-57 LICENSE. (a) The department [~~commission~~] may issue a racetrack
 11-58 license to a qualified person if the department [~~commission~~]:

11-59 (1) determines that the conduct of race meetings at
 11-60 the proposed racetrack and location:

11-61 (A) will be in the public interest;

11-62 (B) complies with all zoning laws; and

11-63 (C) complies with this subtitle and commission
 11-64 rules; and

11-65 (2) determines by clear and convincing evidence that
 11-66 the applicant will comply with all criminal laws of this state.

11-67 (b) In determining whether to grant or deny an application
 11-68 for any class of racetrack license, the department [~~commission~~] may
 11-69 consider:

- 12-1 (1) the applicant's financial stability;
- 12-2 (2) the applicant's resources for supplementing the
- 12-3 purses for races for various breeds;
- 12-4 (3) the location of the proposed racetrack;
- 12-5 (4) the effect of the proposed racetrack on traffic
- 12-6 flow;
- 12-7 (5) facilities for patrons and occupational license
- 12-8 holders;
- 12-9 (6) facilities for race animals;
- 12-10 (7) availability to the racetrack of support services
- 12-11 and emergency services;
- 12-12 (8) the experience of the applicant's employees;
- 12-13 (9) the potential for conflict with other licensed
- 12-14 race meetings;
- 12-15 (10) the anticipated effect of the race meeting on the
- 12-16 horse or greyhound breeding industry in this state; and
- 12-17 (11) the anticipated effect of the race meeting on the
- 12-18 state and local economy from tourism, increased employment, and
- 12-19 other sources.

12-20 (c) The department [~~commission~~] shall make a determination
 12-21 on a pending application not later than the 120th day after the date
 12-22 the department [~~commission~~] provides the notice required under
 12-23 Section 2025.058.

12-24 SECTION 5.12. Sections 2025.103(a), (c), and (d),
 12-25 Occupations Code, are amended to read as follows:

12-26 (a) After a racetrack association has been granted a license
 12-27 to operate a racetrack and before the completion of construction at
 12-28 the designated place for which the license was issued, the
 12-29 department [~~commission~~] may, on application by the racetrack
 12-30 association, issue a temporary license that authorizes the
 12-31 racetrack association to conduct races at a location in the same
 12-32 county until the earlier of:

- 12-33 (1) the second anniversary of the date of issuance of
- 12-34 the temporary license; or
- 12-35 (2) the completion of the permanent facility.

12-36 (c) The department [~~commission~~] may set conditions and
 12-37 standards for issuance of a temporary license and allocation of
 12-38 appropriate race days.

12-39 (d) The department [~~commission~~] may not issue a new
 12-40 temporary license or an extension of a temporary license to a person
 12-41 or to an individual belonging to a corporation or association that
 12-42 has been granted a temporary license after the temporary license
 12-43 has expired.

12-44 SECTION 5.13. Sections 2025.104(a), (b), and (d),
 12-45 Occupations Code, are amended to read as follows:

12-46 (a) The department [~~commission~~] shall designate each
 12-47 racetrack license as an active license or an inactive license. The
 12-48 department [~~commission~~] may change the designation of a racetrack
 12-49 license as appropriate.

12-50 (b) The department [~~commission~~] shall designate a racetrack
 12-51 license as an active license if the license holder:

- 12-52 (1) holds live racing events at the racetrack; or
- 12-53 (2) makes good faith efforts to conduct live racing.

12-54 (d) Before the first anniversary of the date a new racetrack
 12-55 license is issued, the department [~~commission~~] shall conduct an
 12-56 evaluation of the license to determine whether the license is an
 12-57 active or inactive license.

12-58 SECTION 5.14. Section 2025.105, Occupations Code, is
 12-59 amended by amending Subsections (a), (b), (c), (d), and (e) and
 12-60 adding Subsection (g) to read as follows:

12-61 (a) The commission by rule shall establish an annual renewal
 12-62 process for inactive licenses and may require the license holder to
 12-63 provide any information required for an original license
 12-64 application under this subtitle. An inactive license holder must
 12-65 complete the annual renewal process established under this section
 12-66 until the department [~~commission~~]:

- 12-67 (1) designates the license as an active license; or
- 12-68 (2) refuses to renew the license.

12-69 (b) In determining whether to renew an inactive license, the

13-1 department [~~commission~~] shall consider:

13-2 (1) the inactive license holder's:

13-3 (A) financial stability;

13-4 (B) ability to conduct live racing;

13-5 (C) ability to construct and maintain a
13-6 racetrack; and

13-7 (D) other good faith efforts to conduct live
13-8 racing; and

13-9 (2) other necessary factors considered in the issuance
13-10 of the original license.

13-11 (c) The department [~~commission~~] may refuse to renew an
13-12 inactive license if, after notice and a hearing, the department
13-13 [~~commission~~] determines that:

13-14 (1) renewal of the license is not in the best interests
13-15 of the racing industry or the public; or

13-16 (2) the license holder has failed to make a good faith
13-17 effort to conduct live racing.

13-18 (d) The department [~~commission~~] shall consult with members
13-19 of the racing industry and other key stakeholders in developing the
13-20 license renewal process under this section.

13-21 (e) The commission shall set and the department shall
13-22 collect renewal fees in amounts reasonable and necessary to cover
13-23 the costs of administering and enforcing this section.

13-24 (g) A proceeding under this section is a contested case for
13-25 purposes of Chapter 2001, Government Code.

13-26 SECTION 5.15. Section 2025.106, Occupations Code, is
13-27 amended to read as follows:

13-28 Sec. 2025.106. DEPARTMENT [~~COMMISSION~~] REVIEW OF ACTIVE
13-29 RACETRACK LICENSE; FEE. (a) The department [~~commission~~] shall
13-30 review the ownership and management of an active license issued
13-31 under this chapter every five years beginning on the fifth
13-32 anniversary of the date of issuance of the license.

13-33 (b) In performing the review, the department [~~commission~~]
13-34 may require the license holder to provide any information that
13-35 would be required to be provided in connection with an original
13-36 license application under this chapter.

13-37 (c) The department [~~commission~~] shall charge fees for the
13-38 review in amounts set by the commission as sufficient to implement
13-39 this section.

13-40 SECTION 5.16. Section 2025.107(b), Occupations Code, is
13-41 amended to read as follows:

13-42 (b) If the death of any person causes a violation of the
13-43 licensing provisions of this subtitle, the department [~~commission~~]
13-44 may issue, in accordance with commission rules, a temporary license
13-45 for a period not to exceed one year.

13-46 SECTION 5.17. Sections 2025.108 and 2025.151, Occupations
13-47 Code, are amended to read as follows:

13-48 Sec. 2025.108. RACETRACK LICENSE ANNUAL FEE. The
13-49 commission may prescribe a reasonable annual fee to be paid to the
13-50 department by each racetrack license holder. The fee must be in an
13-51 amount sufficient to provide that the total amount of fees imposed
13-52 under this section, the license fees prescribed under Section
13-53 2025.001(c), and the renewal fees prescribed under Section
13-54 2025.105(e) are sufficient to cover the costs of administering and
13-55 enforcing this subtitle.

13-56 Sec. 2025.151. LIMITATION ON NUMBER OF GREYHOUND RACETRACK
13-57 LICENSES. The department [~~commission~~] may not issue licenses for
13-58 more than three greyhound racetracks in this state.

13-59 SECTION 5.18. Section 2025.201, Occupations Code, is
13-60 amended by amending Subsections (a) and (c) and adding Subsection
13-61 (d) to read as follows:

13-62 (a) The department [~~commission~~] may refuse to issue a
13-63 racetrack license or may revoke or suspend a license if, after
13-64 notice and hearing, the department [~~commission~~] finds that the
13-65 applicant or license holder, as appropriate:

13-66 (1) has been convicted of a violation of this subtitle
13-67 or a commission rule, or has aided, abetted, or conspired to commit
13-68 a violation of this subtitle or a commission rule;

13-69 (2) has been convicted of a felony or misdemeanor [~~a~~

14-1 ~~crime involving moral turpitude~~], including a conviction for which
14-2 the punishment received was a suspended sentence, probation, or a
14-3 nonadjudicated conviction, that is reasonably related to the
14-4 person's present fitness to hold a license under this subtitle;

14-5 (3) ~~[has violated or has caused to be violated this~~
14-6 ~~subtitle or a commission rule in a manner that involves moral~~
14-7 ~~turpitude, as distinguished from a technical violation of this~~
14-8 ~~subtitle or a rule;~~

14-9 ~~[(4)]~~ is unqualified, by experience or otherwise, to
14-10 perform the duties required of a license holder under this
14-11 subtitle;

14-12 (4) ~~[(5)]~~ failed to answer or falsely or incorrectly
14-13 answered a question in an application;

14-14 (5) ~~[(6)]~~ fails to disclose the true ownership or
14-15 interest in a horse or greyhound as required by commission rules;

14-16 (6) ~~[(7)]~~ is indebted to this state for any fee or for
14-17 the payment of a penalty imposed by this subtitle or a commission
14-18 rule;

14-19 (7) has developed an incapacity that prevents or could
14-20 prevent the applicant or license holder from conducting the
14-21 applicant's or license holder's business with reasonable skill and
14-22 competence and in a manner that does not endanger public safety;

14-23 (8) ~~[is not of good moral character or the person's~~
14-24 ~~reputation as a peaceable, law-abiding citizen in the community~~
14-25 ~~where the person resides is bad;~~

14-26 ~~[(9)]~~ is not at least the minimum age necessary to
14-27 purchase alcoholic beverages in this state;

14-28 (9) ~~[(10)] is in the habit of using alcoholic beverages~~
14-29 ~~to an excess or uses a controlled substance as defined by Chapter~~
14-30 ~~481, Health and Safety Code, or a dangerous drug as defined in~~
14-31 ~~Chapter 483, Health and Safety Code, or is mentally incapacitated;~~

14-32 ~~[(11)]~~ may be excluded from an enclosure under this
14-33 subtitle;

14-34 (10) ~~[(12)]~~ has not been a United States citizen
14-35 residing in this state for the 10 consecutive years preceding the
14-36 filing of the application;

14-37 (11) ~~[(13)]~~ has improperly used a credential,
14-38 including a license certificate or identification card, issued
14-39 under this subtitle;

14-40 (12) ~~[(14)]~~ resides with a person whose license was
14-41 revoked for cause during the 12 months preceding the date of the
14-42 present application;

14-43 (13) ~~[(15)] has failed or refused to furnish a true~~
14-44 ~~copy of the application to the commission's district office in the~~
14-45 ~~district in which the premises for which the license is sought are~~
14-46 ~~located;~~

14-47 ~~[(16)]~~ is engaged or has engaged in activities or
14-48 practices the department ~~[commission]~~ determines are detrimental
14-49 to the best interests of the public and the sport of horse racing or
14-50 greyhound racing; or

14-51 (14) ~~[(17)]~~ fails to fully disclose the true owners of
14-52 all interests, beneficial or otherwise, in a proposed racetrack.

14-53 (c) The department ~~[commission]~~ may refuse to issue a
14-54 license or may suspend or revoke a license of a license holder under
14-55 this subchapter who knowingly or intentionally allows access to an
14-56 enclosure where horse races or greyhound races are conducted to a
14-57 person:

14-58 (1) who has engaged in bookmaking, touting, or illegal
14-59 wagering;

14-60 (2) whose income is from illegal activities or
14-61 enterprises; or

14-62 (3) who has been convicted of a violation of this
14-63 subtitle.

14-64 (d) A proceeding under this section is a contested case for
14-65 purposes of Chapter 2001, Government Code.

14-66 SECTION 5.19. Section 2025.202(b), Occupations Code, is
14-67 amended to read as follows:

14-68 (b) Notwithstanding the requirements of Section 2033.151,
14-69 if, after notice and hearing as provided by Section 2033.152, the

15-1 commission finds that a racetrack license holder or a person
15-2 employed by the racetrack has violated this subtitle or a
15-3 commission rule, or if the department [~~commission~~] finds during a
15-4 review or renewal that the racetrack is ineligible for a license
15-5 under this chapter, the commission may:

- 15-6 (1) revoke, suspend, or refuse to renew the racetrack
- 15-7 license;
- 15-8 (2) impose an administrative penalty as provided under
- 15-9 Section 2033.051; or
- 15-10 (3) take any other action as provided by commission
- 15-11 rule.

15-12 SECTION 5.20. Section 2025.203(a), Occupations Code, is
15-13 amended to read as follows:

15-14 (a) The executive director [~~commission~~] may summarily
15-15 suspend a racetrack license if the executive director [~~commission~~]
15-16 determines that a racetrack at which races or pari-mutuel wagering
15-17 are conducted under the license is being operated in a manner that
15-18 constitutes an immediate threat to the health, safety, or welfare
15-19 of the racing participants or the patrons.

15-20 SECTION 5.21. Section 2025.204(d), Occupations Code, is
15-21 amended to read as follows:

15-22 (d) At the hearing, the department [~~commission~~] has the
15-23 burden of proof and must present evidence in support of the order.
15-24 The license holder requesting the hearing may cross-examine
15-25 witnesses and show cause why the order should not be affirmed.

15-26 SECTION 5.22. Sections 2025.205, 2025.251, 2025.253,
15-27 2025.254, and 2025.255, Occupations Code, are amended to read as
15-28 follows:

15-29 Sec. 2025.205. SUMMARY SUSPENSION FINAL ORDER. (a) After
15-30 the hearing on the suspension of a racetrack license, the
15-31 commission [~~executive director~~] shall affirm, modify, or set aside,
15-32 wholly or partly, the summary suspension order. An order affirming
15-33 or modifying the summary suspension order is final for purposes of
15-34 enforcement and appeal.

15-35 (b) A final order under this section may be appealed in the
15-36 manner provided by Subchapter G, Chapter 2001, Government Code.

15-37 Sec. 2025.251. OCCUPATIONAL LICENSE REQUIRED. (a) Except
15-38 as provided by this section, a person, other than as a spectator or
15-39 as a person placing a wager, may not participate in racing with
15-40 pari-mutuel wagering without first obtaining a license from the
15-41 department [~~commission~~]. A person may not engage in any occupation
15-42 for which commission rules require a license under this subtitle
15-43 without first obtaining a license from the department [~~commission~~].

15-44 (b) The commission by rule shall categorize the occupations
15-45 of racetrack employees and determine the occupations that afford
15-46 the employee an opportunity to influence racing with pari-mutuel
15-47 wagering. The rules must require an employee to be licensed under
15-48 this subtitle if the employee:

- 15-49 (1) works in an occupation determined by the
- 15-50 department [~~commission~~] to afford the employee an opportunity to
- 15-51 influence racing with pari-mutuel wagering; or
- 15-52 (2) will likely have significant access to the
- 15-53 backside of a racetrack or to restricted areas of the frontside of a
- 15-54 racetrack.

15-55 (c) The commission by rule may require the following persons
15-56 to hold an occupational license under this subtitle:

- 15-57 (1) an adoption program employee;
- 15-58 (2) an announcer;
- 15-59 (3) an apprentice jockey;
- 15-60 (4) an assistant farrier, plater, or blacksmith;
- 15-61 (5) an assistant starter;
- 15-62 (6) an assistant trainer;
- 15-63 (7) an assistant trainer/owner;
- 15-64 (8) an association assistant management employee;
- 15-65 (9) an association management employee;
- 15-66 (10) an association officer or director;
- 15-67 (11) an association staff employee;
- 15-68 (12) an association employee other than an employee
- 15-69 described in this subsection;

- 16-1 (13) an association veterinarian;
- 16-2 (14) an authorized agent;
- 16-3 (15) a chaplain;
- 16-4 (16) a chaplain assistant;
- 16-5 (17) an equine dental provider;
- 16-6 (18) an exercise rider;
- 16-7 (19) a farrier, plater, or blacksmith;
- 16-8 (20) a groom/exercise rider;
- 16-9 (21) a groom/hot walker;
- 16-10 (22) a groom/pony person;
- 16-11 (23) a jockey;
- 16-12 (24) a jockey agent;
- 16-13 (25) a kennel helper;
- 16-14 (26) a kennel owner;
- 16-15 (27) a kennel owner/owner;
- 16-16 (28) a kennel owner/owner/trainer;
- 16-17 (29) a kennel owner/trainer;
- 16-18 (30) a kennel registration employee;
- 16-19 (31) a lead-out;
- 16-20 (32) a maintenance employee;
- 16-21 (33) a medical employee;
- 16-22 (34) miscellaneous racetrack employees;
- 16-23 (35) a multiple owner/stable/farm registration
- 16-24 employee;
- 16-25 (36) a mutuel clerk;
- 16-26 (37) a mutuel employee other than a clerk;
- 16-27 (38) an owner;
- 16-28 (39) an owner-trainer;
- 16-29 (40) a pony person;
- 16-30 (41) a racing industry representative;
- 16-31 (42) a racing industry employee;
- 16-32 (43) a racing official;
- 16-33 (44) a security officer;
- 16-34 (45) a stable foreman;
- 16-35 (46) a tattooer;
- 16-36 (47) a test technician;
- 16-37 (48) a trainer;
- 16-38 (49) a training facility employee;
- 16-39 (50) a training facility general manager;
- 16-40 (51) a valet;
- 16-41 (52) a vendor concessionaire;
- 16-42 (53) a vendor concessionaire employee;
- 16-43 (54) a vendor-totalisator company;
- 16-44 (55) a vendor-totalisator employee;
- 16-45 (56) a veterinarian; and
- 16-46 (57) a veterinarian assistant.

16-47 Sec. 2025.253. EXAMINATION NOTIFICATION. (a) If an
 16-48 examination is required for the issuance of a license under this
 16-49 subchapter, the department [~~commission~~] shall notify each examinee
 16-50 of the results of the examination not later than the 30th day after
 16-51 the date the licensing examination is administered under this
 16-52 subtitle.

16-53 (b) If requested in writing by a person who fails a
 16-54 licensing examination administered under this subtitle, the
 16-55 department [~~commission~~] shall furnish the person with an analysis
 16-56 of the person's performance on the examination.

16-57 Sec. 2025.254. ISSUANCE OF LICENSE. The department
 16-58 [~~commission~~] shall issue a license to a qualified person on
 16-59 application and payment of the license fee.

16-60 Sec. 2025.255. ISSUANCE OF IDENTIFICATION CARD. The
 16-61 department [~~commission~~] shall issue a license certificate under
 16-62 this subchapter in the form of an identification card with a
 16-63 photograph and other information as prescribed by the department
 16-64 [~~commission~~].

16-65 SECTION 5.23. Section 2025.256(c), Occupations Code, is
 16-66 amended to read as follows:

16-67 (c) In setting the fee schedule under Subsection (a), the
 16-68 commission shall include the cost of criminal history record
 16-69 information obtained under Section 2023.058. The department

17-1 [~~commission~~] may determine the best method for recovering this cost
 17-2 and complying with this section, including collecting the costs
 17-3 over an extended period.

17-4 SECTION 5.24. Section 2025.258(a), Occupations Code, is
 17-5 amended to read as follows:

17-6 (a) The department [~~commission~~] shall obtain criminal
 17-7 history record information on each applicant renewing an
 17-8 occupational license under this subchapter.

17-9 SECTION 5.25. Section 2025.259, Occupations Code, is
 17-10 amended to read as follows:

17-11 Sec. 2025.259. LICENSE VALID THROUGHOUT STATE. A license
 17-12 issued under this subchapter is valid, as determined by the
 17-13 department [~~commission~~], at all race meetings conducted in this
 17-14 state.

17-15 SECTION 5.26. Section 2025.260(a), Occupations Code, is
 17-16 amended to read as follows:

17-17 (a) Pending investigation of an applicant's qualifications
 17-18 to receive an original or renewal license, the department
 17-19 [~~commission~~] may issue a temporary license to an applicant under
 17-20 this subchapter whose application appears to comply with the
 17-21 requirements of law and who has paid the necessary fee.

17-22 SECTION 5.27. Sections 2025.261 and 2025.262, Occupations
 17-23 Code, are amended to read as follows:

17-24 Sec. 2025.261. RECIPROCAL LICENSES; OUT-OF-STATE
 17-25 APPLICANTS. (a) The executive director [~~commission~~] may waive any
 17-26 prerequisite to obtaining a license for an applicant, including any
 17-27 requirement to submit a set of fingerprints, after reviewing the
 17-28 applicant's credentials and determining that the applicant holds a
 17-29 license from another state that has license requirements
 17-30 substantially equivalent to the requirements of this state.

17-31 (b) The executive director [~~commission~~] may waive any
 17-32 prerequisite to obtaining a license, including any requirement to
 17-33 submit a set of fingerprints, for an applicant who holds a license
 17-34 from another state with which this state has a reciprocity
 17-35 agreement. The department [~~commission~~] may enter into agreements
 17-36 with other states to allow for licensing by reciprocity.

17-37 Sec. 2025.262. GROUNDS FOR DENIAL, REVOCATION, AND
 17-38 SUSPENSION OF OCCUPATIONAL LICENSE. (a) The department
 17-39 [~~commission~~] may refuse to issue any original or renewal license
 17-40 under this subchapter or may revoke or suspend the license if, after
 17-41 notice and hearing, the department [~~commission~~] finds that the
 17-42 applicant or license holder, as appropriate:

17-43 (1) has been convicted of a violation of this subtitle
 17-44 or a commission rule or has aided, abetted, or conspired to commit a
 17-45 violation of this subtitle or a commission rule;

17-46 (2) has been convicted of a felony or misdemeanor [~~a~~
 17-47 ~~crime involving moral turpitude~~] that is reasonably related to the
 17-48 person's present fitness to hold a license under this subtitle;

17-49 (3) [~~has violated or has caused to be violated this~~
 17-50 ~~subtitle or a commission rule in a manner that involves moral~~
 17-51 ~~turpitude, as distinguished from a technical violation of this~~
 17-52 ~~subtitle or a rule,~~

17-53 [~~(4)~~] is unqualified, by experience or otherwise, to
 17-54 perform the duties required of a license holder under this
 17-55 subtitle;

17-56 (4) [~~(5)~~] failed to answer or has falsely or
 17-57 incorrectly answered a question in an original or renewal
 17-58 application;

17-59 (5) [~~(6)~~] fails to disclose the true ownership or
 17-60 interest in a horse or greyhound as required by commission rules;

17-61 (6) [~~(7)~~] is indebted to this state for any fee or for
 17-62 the payment of a penalty imposed by this subtitle or a commission
 17-63 rule;

17-64 (7) has developed an incapacity that prevents or could
 17-65 prevent the applicant or license holder from conducting the
 17-66 applicant's or license holder's business with reasonable skill and
 17-67 competence and in a manner that does not endanger public safety;

17-68 (8) [~~is not of good moral character or the person's~~
 17-69 ~~reputation as a peaceable, law-abiding citizen in the community~~

18-1 ~~where the person resides is bad;~~
 18-2 ~~[(9) is in the habit of using alcoholic beverages to an~~
 18-3 ~~excess or uses a controlled substance as defined in Chapter 481,~~
 18-4 ~~Health and Safety Code, or a dangerous drug as defined in Chapter~~
 18-5 ~~483, Health and Safety Code, or is mentally incapacitated;~~
 18-6 ~~[(10)]~~ may be excluded from an enclosure under this
 18-7 subtitle;
 18-8 (9) ~~[(11)]~~ has improperly used a temporary pass,
 18-9 license certificate, credential, or identification card issued
 18-10 under this subtitle;
 18-11 (10) ~~[(12)]~~ resides with a person whose license was
 18-12 revoked for cause during the 12 months preceding the date of the
 18-13 present application;
 18-14 (11) ~~[(13)]~~ has failed or refused to furnish a true
 18-15 copy of the application to the department's ~~[commission's]~~ district
 18-16 office in the district in which the premises for which the license
 18-17 is sought are located; or
 18-18 (12) ~~[(14)]~~ is engaged or has engaged in activities or
 18-19 practices that are detrimental to the best interests of the public
 18-20 and the sport of horse racing or greyhound racing.

18-21 (b) A proceeding under this section is a contested case for
 18-22 purposes of Chapter 2001, Government Code.

18-23 ARTICLE 6. RACETRACK OPERATIONS AND PREMISES

18-24 SECTION 6.01. Section 2026.003, Occupations Code, is
 18-25 amended to read as follows:

18-26 Sec. 2026.003. FINANCIAL DISCLOSURE. (a) The commission
 18-27 by rule shall require that each racetrack association that holds a
 18-28 license for a class 1 racetrack, class 2 racetrack, or greyhound
 18-29 racetrack annually file with the department ~~[commission]~~ a detailed
 18-30 financial statement that:

- 18-31 (1) contains the names and addresses of all
- 18-32 stockholders, members, and owners of any interest in the racetrack;
- 18-33 (2) indicates compliance during the filing period with
- 18-34 Section 2025.101; and
- 18-35 (3) includes any other information required by the
- 18-36 department ~~[commission]~~.

18-37 (b) Each transaction that involves an acquisition or a
 18-38 transfer of a pecuniary interest in the racetrack association must
 18-39 receive prior approval from the department ~~[commission]~~. A
 18-40 transaction that changes the ownership of the racetrack association
 18-41 requires submission of updated information of the type required to
 18-42 be disclosed under Section 2025.052 and payment of a fee to recover
 18-43 the costs of the criminal background check.

18-44 SECTION 6.02. Section 2026.004(b), Occupations Code, is
 18-45 amended to read as follows:

18-46 (b) If the racetrack or enclosure designated in the license
 18-47 becomes unsuitable for racing because of fire, flood, or other
 18-48 catastrophe, the affected racetrack association, with the prior
 18-49 approval of the executive director ~~[commission]~~, may conduct a race
 18-50 meeting or any remaining portion of a meeting temporarily at any
 18-51 other racetrack if the other racetrack license holder:

- 18-52 (1) is licensed by the department ~~[commission]~~ to
- 18-53 conduct the same type of racing as may be conducted by the affected
- 18-54 racetrack association; and
- 18-55 (2) consents to the usage.

18-56 SECTION 6.03. Sections 2026.005 and 2026.006, Occupations
 18-57 Code, are amended to read as follows:

18-58 Sec. 2026.005. CHANGE OF RACING LOCATION. On request of a
 18-59 racetrack association, the department ~~[commission]~~ shall amend a
 18-60 racetrack license to change the location of the racetrack if the
 18-61 department ~~[commission]~~ determines that:

- 18-62 (1) the conduct of race meetings at the proposed new
- 18-63 location will be in the public interest;
- 18-64 (2) there was not a competing applicant for the
- 18-65 original license; and
- 18-66 (3) the racetrack association's desire to change
- 18-67 location is not the result of a subterfuge in the original licensing
- 18-68 proceeding.

18-69 Sec. 2026.006. LEASE OF RACETRACK PREMISES. (a) The

19-1 commission by rule may provide for the department to authorize a
 19-2 racetrack association, as lessee, to contract for the lease of a
 19-3 racetrack and the surrounding structures.

19-4 (b) The department [~~commission~~] may not approve a lease if:
 19-5 (1) the lease appears to be a subterfuge to evade
 19-6 compliance with Section 2025.101 or 2025.201;
 19-7 (2) the racetrack and surrounding structures do not
 19-8 conform to the rules adopted under this subtitle; or
 19-9 (3) the lessee, prospective lessee, or lessor is
 19-10 disqualified from holding a racetrack license.

19-11 (c) Each lessor and lessee under this section must comply
 19-12 with the disclosure requirements of Section 2025.052(a)(1). The
 19-13 department [~~commission~~] may not approve a lease if the lessor and
 19-14 lessee do not provide the required information.

19-15 SECTION 6.04. Section 2026.007(e), Occupations Code, is
 19-16 amended to read as follows:

19-17 (e) The commission shall adopt rules implementing this
 19-18 section, including rules:

19-19 (1) requiring the report and correction of:
 19-20 (A) an inappropriate condition on the premises of
 19-21 a racetrack, including a failure to properly maintain the premises,
 19-22 that interferes with the administration of this subtitle; and
 19-23 (B) a condition on the premises that makes the
 19-24 premises unsafe for a race participant, patron, or animal; and
 19-25 (2) determining the methods and manner by which the
 19-26 executive director may determine and remedy inappropriate or unsafe
 19-27 conditions on the premises, including the methods and manner in
 19-28 which the department [~~executive director~~] may conduct inspections
 19-29 of the premises and remedy emergency situations.

19-30 SECTION 6.05. Section 2026.008, Occupations Code, is
 19-31 amended to read as follows:

19-32 Sec. 2026.008. SUPERVISION OF CONSTRUCTION, RENOVATION,
 19-33 AND MAINTENANCE; ENFORCEMENT. (a) The commission by rule shall
 19-34 adopt a method of supervising and approving the construction,
 19-35 renovation, or maintenance of any building or improvement on the
 19-36 premises of a racetrack.

19-37 (b) The commission shall adopt rules relating to:
 19-38 (1) the approval of plans and specifications;
 19-39 (2) the contents of plans and specifications;
 19-40 (3) the maintenance of records to ensure compliance
 19-41 with approved plans and specifications;
 19-42 (4) the content and filing of construction progress
 19-43 reports by the racetrack association to the department
 19-44 [~~commission~~];
 19-45 (5) the inspection by the department [~~commission~~] or
 19-46 others;
 19-47 (6) the method for making a change or amendment to an
 19-48 approved plan or specification; and
 19-49 (7) any other method of supervision or oversight
 19-50 necessary.

19-51 (c) If the department [~~commission~~] has grounds to believe
 19-52 that a racetrack association has failed to comply with the
 19-53 requirements of this section, a representative of the racetrack
 19-54 association shall appear before the commission or department to
 19-55 consider the issue of compliance with rules adopted under this
 19-56 section.

19-57 (d) Before a building or improvement may be used by a
 19-58 racetrack association, the department [~~commission~~] shall determine
 19-59 whether:

19-60 (1) the construction, renovation, or maintenance of
 19-61 the building or improvement was completed in accordance with the
 19-62 approved plans and specifications; and
 19-63 (2) other [~~commission~~] requirements under this
 19-64 subtitle were met.

19-65 (e) If the department [~~commission~~] determines that the
 19-66 racetrack association failed to comply with a requirement of this
 19-67 section or a rule adopted under this section, the department
 19-68 [~~commission~~] shall initiate an enforcement action against the
 19-69 racetrack association. In addition to any other authorized

20-1 enforcement action, the department [~~commission~~] may rescind any
20-2 live or simulcast race date of any racetrack association that has
20-3 failed to comply with the requirements of this section.

20-4 SECTION 6.06. Section 2026.013(b), Occupations Code, is
20-5 amended to read as follows:

20-6 (b) The department [~~commission~~] may impose disciplinary
20-7 action against a racetrack for violations of this subtitle and
20-8 commission rules by the racetrack's employees as provided by
20-9 Section 2025.202.

20-10 SECTION 6.07. Section 2026.051, Occupations Code, is
20-11 amended to read as follows:

20-12 Sec. 2026.051. COMMISSION RULES REGARDING EXCLUSION OR
20-13 EJECTION. The commission shall adopt rules providing for the
20-14 exclusion or ejection from an enclosure where horse or greyhound
20-15 races are conducted, or from specified portions of an enclosure, of
20-16 a person:

20-17 (1) who has engaged in bookmaking, touting, or illegal
20-18 wagering;

20-19 (2) whose income is from illegal activities or
20-20 enterprises;

20-21 (3) who has been convicted of a violation of this
20-22 subtitle;

20-23 (4) who has been convicted of theft;

20-24 (5) who has been convicted under the penal law of
20-25 another jurisdiction for committing an act that would have
20-26 constituted a violation of any rule described in this section;

20-27 (6) who has committed a corrupt or fraudulent act in
20-28 connection with horse or greyhound racing or pari-mutuel wagering
20-29 or who has committed any act tending or intended to corrupt horse or
20-30 greyhound racing or pari-mutuel wagering;

20-31 (7) who is under suspension or has been excluded or
20-32 ejected from a racetrack by the department [~~commission~~] or a
20-33 steward in this state or by a corresponding authority in another
20-34 state because of corrupt or fraudulent practices or other acts
20-35 detrimental to racing;

20-36 (8) who has submitted a forged pari-mutuel ticket or
20-37 has altered or forged a pari-mutuel ticket for cashing or who has
20-38 cashed or caused to be cashed an altered, raised, or forged
20-39 pari-mutuel ticket;

20-40 (9) [~~who has been convicted of committing a lewd or~~
20-41 ~~lascivious act or other crime involving moral turpitude,~~

20-42 [~~(10)~~] who is guilty of [~~boisterous or~~] disorderly
20-43 conduct while inside an enclosure;

20-44 (10) [~~(11)~~] who is an agent [~~or habitual associate~~] of
20-45 a person excludable under this section; or

20-46 (11) [~~(12)~~] who has been convicted of a felony.

20-47 SECTION 6.08. Sections 2026.052(a) and (b), Occupations
20-48 Code, are amended to read as follows:

20-49 (a) A person who is excluded or ejected from an enclosure
20-50 under a commission rule may apply to the department [~~commission~~]
20-51 for a hearing on the question of the applicability of the rule to
20-52 that person.

20-53 (b) A proceeding [~~An application for a hearing~~] under this
20-54 section is [~~Subsection (a) constitutes~~] a contested case for
20-55 purposes of [~~under~~] Chapter 2001, Government Code. If, after a
20-56 hearing as provided under Subchapter C of that chapter, the
20-57 commission determines that the exclusion or ejection was proper:

20-58 (1) the commission shall issue an order to that effect
20-59 [~~and enter the order in the commission's minutes~~]; and

20-60 (2) the person shall continue to be excluded from each
20-61 racetrack association's enclosure.

20-62 SECTION 6.09. Section 2026.102(a), Occupations Code, is
20-63 amended to read as follows:

20-64 (a) A class 1 racetrack is a racetrack on which live racing
20-65 is conducted for a number of days in a calendar year, as determined
20-66 by the department [~~commission~~] under Subchapter A, Chapter 2029.

20-67 SECTION 6.10. Section 2026.103, Occupations Code, is
20-68 amended to read as follows:

20-69 Sec. 2026.103. CLASS 2 RACETRACK. (a) A class 2 racetrack

21-1 is a racetrack on which live racing is conducted for a number of
 21-2 days, as determined by the department [~~commission~~] under Subchapter
 21-3 A, Chapter 2029.

21-4 (b) A class 2 racetrack is entitled to conduct 60 days of
 21-5 live racing in a calendar year. A racetrack association may request
 21-6 additional or fewer days of live racing. If, after receipt of a
 21-7 request from a racetrack association, the department [~~commission~~]
 21-8 determines additional or fewer days to be economically feasible and
 21-9 in the best interest of this state and the racing industry, the
 21-10 department [~~commission~~] shall grant the request.

21-11 (c) The department [~~commission~~] may permit a racetrack
 21-12 association that holds a class 2 racetrack license and that is
 21-13 located in a national historic district to conduct horse races for
 21-14 more than 60 days in a calendar year.

21-15 SECTION 6.11. Section 2026.105(b), Occupations Code, is
 21-16 amended to read as follows:

21-17 (b) A racetrack association that holds a class 4 racetrack
 21-18 license may conduct live races for a number of days not to exceed
 21-19 five days in a calendar year on dates selected by the racetrack
 21-20 association and approved by the department [~~commission~~].

21-21 SECTION 6.12. Section 2026.106, Occupations Code, is
 21-22 amended to read as follows:

21-23 Sec. 2026.106. WAIVER OR DEFERRAL OF CERTAIN STANDARDS FOR
 21-24 CLASS 4 RACETRACK. (a) In considering an application for a class 4
 21-25 racetrack license, except as provided by Subsection (b), the
 21-26 executive director [~~commission~~] may waive or defer compliance with
 21-27 the department's [~~commission's~~] standards regarding the physical
 21-28 facilities or operations of a horse racetrack.

21-29 (b) The executive director [~~commission~~] may not waive or
 21-30 defer compliance with standards that relate to the testing of
 21-31 horses or license holders for the presence of a prohibited
 21-32 substance, including a prohibited drug or chemical.

21-33 (c) If the executive director [~~commission~~] defers
 21-34 compliance, the department [~~commission~~] shall, when granting the
 21-35 application, establish a schedule under which the license holder
 21-36 must comply with the standards.

21-37 SECTION 6.13. Section 2026.107(b), Occupations Code, is
 21-38 amended to read as follows:

21-39 (b) The number of race dates allowed under this subchapter
 21-40 relates only to live race dates. A racetrack may present simulcast
 21-41 races on other dates as approved by the department [~~commission~~].

21-42 SECTION 6.14. Sections 2026.151 and 2026.152, Occupations
 21-43 Code, are amended to read as follows:

21-44 Sec. 2026.151. DEPARTMENT [~~COMMISSION~~] APPROVAL REQUIRED.

21-45 (a) All concession, management, and totalisator contracts
 21-46 submitted by an applicant under Section 2025.054 must have the
 21-47 prior approval of the department [~~commission~~].

21-48 (b) The department [~~commission~~] shall refuse to approve a
 21-49 concession or management contract if, in the sole discretion of the
 21-50 department [~~commission~~], the background checks conducted under
 21-51 Section 2025.056 reveal anything that might be detrimental to the
 21-52 public interest or the racing industry.

21-53 Sec. 2026.152. DEPARTMENT [~~COMMISSION~~] REVIEW OF SECURITY
 21-54 PLANS AND CERTAIN CONTRACTS. (a) On receipt of a plan for the
 21-55 security of a racetrack, or a copy of a concession, management, or
 21-56 totalisator contract for review under Section 2026.151, the
 21-57 department [~~commission~~] shall review the security plan or contract
 21-58 [~~in an executive session~~]. Documents submitted by an applicant to
 21-59 the department [~~commission~~] under this section or Section 2025.052
 21-60 or 2025.054 are subject to discovery in a suit brought under this
 21-61 subtitle but are not public records and are not subject to Chapter
 21-62 552, Government Code.

21-63 (b) In reviewing and approving contracts under Subsection
 21-64 (a), the department [~~commission~~] shall attempt to ensure the
 21-65 involvement of minority-owned businesses whenever possible.

21-66 SECTION 6.15. Section 2026.153(b), Occupations Code, is
 21-67 amended to read as follows:

21-68 (b) The department [~~commission~~] may not approve a
 21-69 management contract to operate or manage a racetrack owned by a

22-1 governmental entity unless the racetrack license holder is an owner
22-2 of the entity that proposes to manage the racetrack.

22-3 ARTICLE 7. WAGERING

22-4 SECTION 7.01. Section 2027.001(b), Occupations Code, is
22-5 amended to read as follows:

- 22-6 (b) Rules adopted under this subtitle must include rules to:
- 22-7 (1) regulate wagering by a person licensed under this
- 22-8 subtitle;
- 22-9 (2) prohibit wagering by a department [~~commission~~]
- 22-10 employee;
- 22-11 (3) prohibit a racetrack association from accepting a
- 22-12 wager made by telephone; and
- 22-13 (4) prohibit a racetrack association from accepting a
- 22-14 wager made on credit.

22-15 SECTION 7.02. Sections 2027.003 and 2027.004, Occupations
22-16 Code, are amended to read as follows:

22-17 Sec. 2027.003. WAGERING COMPUTATION EQUIPMENT. (a)
22-18 Wagering authorized under this chapter may be calculated only by
22-19 state-of-the-art computational equipment approved by the
22-20 department [~~commission~~].

22-21 (b) The department [~~commission~~] may not require the use of a
22-22 particular make of equipment.

22-23 Sec. 2027.004. AUTOMATED TELLER MACHINES: RULES,
22-24 LIMITATIONS, AND FEES. (a) The commission shall:

- 22-25 (1) adopt rules providing for the use of automated
- 22-26 teller machines in an enclosure; and
- 22-27 (2) direct the department to limit the use of
- 22-28 automated teller machines by allowing a person access only to the
- 22-29 person's checking account at a bank or other financial institution.

22-30 (b) A racetrack association that allows an automated teller
22-31 machine in an enclosure as provided by Subsection (a) shall collect
22-32 a fee of \$1 for each transaction authorized under that subsection
22-33 and forward the fee to the department [~~commission~~].

22-34 (c) The commission shall:

- 22-35 (1) adopt rules providing for collection, reporting,
- 22-36 and auditing of the transaction fee authorized under Subsection
- 22-37 (b); and
- 22-38 (2) direct the department to deposit the fee collected
- 22-39 under Subsection (b) to the credit of the general revenue fund.

22-40 SECTION 7.03. Section 2027.006(d), Occupations Code, is
22-41 amended to read as follows:

22-42 (d) If the racetrack association refuses to pay a claimant
22-43 who has established satisfactorily a right to distribution from a
22-44 pari-mutuel pool, the claimant may appeal to the department
22-45 [~~commission~~] under procedures prescribed by commission rule.

22-46 SECTION 7.04. Section 2027.052(a), Occupations Code, is
22-47 amended to read as follows:

22-48 (a) This subtitle may not be construed to allow wagering in
22-49 this state on simulcast races at any location other than a racetrack
22-50 licensed under this subtitle that has been granted live race dates
22-51 by the department [~~commission~~].

22-52 SECTION 7.05. The heading to Section 2027.053, Occupations
22-53 Code, is amended to read as follows:

22-54 Sec. 2027.053. DEPARTMENT [~~COMMISSION~~] APPROVAL REQUIRED
22-55 FOR PARI-MUTUEL POOL INCLUSION.

22-56 SECTION 7.06. Section 2027.053(a), Occupations Code, is
22-57 amended to read as follows:

22-58 (a) With department [~~commission~~] approval:

22-59 (1) wagers accepted on a simulcast race by any
22-60 out-of-state receiving location may be included in the pari-mutuel
22-61 pool for the race at the sending in-state racetrack association;
22-62 and

22-63 (2) wagers accepted by an in-state racetrack
22-64 association on a race simulcast from out-of-state may be included
22-65 in the pari-mutuel pools for the race at the out-of-state sending
22-66 track.

22-67 SECTION 7.07. Section 2027.054(c), Occupations Code, is
22-68 amended to read as follows:

22-69 (c) The department [~~commission~~] may not approve wagering on

23-1 an interstate simulcast race unless the receiving location consents
 23-2 to wagering on interstate simulcast races at all other receiving
 23-3 locations in this state.

23-4 ARTICLE 8. PARI-MUTUEL POOLS, PURSES, AND FEES

23-5 SECTION 8.01. The heading to Subchapter A, Chapter 2028,
 23-6 Occupations Code, is amended to read as follows:

23-7 SUBCHAPTER A. ~~[COMMISSION]~~ OVERSIGHT OF PARI-MUTUEL RACING FUNDS

23-8 SECTION 8.02. Section 2028.001(a), Occupations Code, is
 23-9 amended to read as follows:

23-10 (a) For any organization that receives funds generated by
 23-11 live or simulcast pari-mutuel racing, the commission shall adopt
 23-12 rules specifying the reporting, monitoring, and auditing
 23-13 requirements or other appropriate performance measures for:

23-14 (1) any funds distributed to or used by the
 23-15 organization; and

23-16 (2) any function or service provided by the
 23-17 expenditure of the funds described by Subdivision (1).

23-18 SECTION 8.03. Sections 2028.002 and 2028.003, Occupations
 23-19 Code, are amended to read as follows:

23-20 Sec. 2028.002. INDEPENDENT AUDIT REPORT; RECORDS REVIEW.

23-21 (a) An organization that receives funds generated by live or
 23-22 simulcast pari-mutuel racing shall annually file with the
 23-23 department ~~[commission]~~ a copy of an audit report prepared by an
 23-24 independent certified public accountant. The audit must include a
 23-25 verification of any performance report sent to or required by the
 23-26 department ~~[commission]~~.

23-27 (b) The department ~~[commission]~~ may review any record or
 23-28 book of an organization that submits an independent audit to the
 23-29 department ~~[commission]~~ as the department ~~[commission]~~ determines
 23-30 necessary to confirm or further investigate the findings of an
 23-31 audit or report.

23-32 Sec. 2028.003. SUSPENSION AND WITHHOLDING OF FUNDS. The
 23-33 commission ~~[by rule]~~ may adopt rules authorizing the department to
 23-34 suspend or withhold funds from an organization:

23-35 (1) that the department ~~[commission]~~ determines has
 23-36 failed to comply with the requirements or performance measures
 23-37 adopted under Section 2028.001; or

23-38 (2) for which material questions on the use of funds by
 23-39 the organization are raised following an independent audit or other
 23-40 report to the department ~~[commission]~~.

23-41 SECTION 8.04. Section 2028.102(e), Occupations Code, is
 23-42 amended to read as follows:

23-43 (e) A horse racetrack association may pay a portion of the
 23-44 revenue set aside under this section to an organization recognized
 23-45 under Section 2023.051, as provided by a contract approved by the
 23-46 department ~~[commission]~~.

23-47 SECTION 8.05. Sections 2028.103(a) and (a-1), Occupations
 23-48 Code, are amended to read as follows:

23-49 (a) A horse racetrack association shall set aside for the
 23-50 Texas-bred program and pay to the department ~~[commission]~~ an amount
 23-51 equal to one percent of a live multiple two wagering pool and a live
 23-52 multiple three wagering pool. From the set-aside amounts:

23-53 (1) two percent shall be set aside for purposes of
 23-54 Subchapter F, Chapter 88, Education Code; and

23-55 (2) the remaining amount shall be allocated as
 23-56 follows:

23-57 (A) 10 percent may be used by the appropriate
 23-58 state horse breed registry for administration; and

23-59 (B) the remainder shall be used for awards.

23-60 (a-1) The department ~~[commission]~~ shall deposit money paid
 23-61 to the commission under Subsection (a) into the Texas-bred
 23-62 incentive fund established under Section 2028.301. The department
 23-63 ~~[commission]~~ shall distribute the money collected under this
 23-64 section and deposited into the fund to the appropriate state horse
 23-65 breed registries for the Texas-bred program in accordance with
 23-66 rules adopted under Subsection (c).

23-67 SECTION 8.06. Sections 2028.105(b), (d), and (d-1),
 23-68 Occupations Code, are amended to read as follows:

23-69 (b) A horse racetrack association shall pay to the

24-1 department [~~commission~~] for use by the appropriate state horse
 24-2 breed registry, subject to commission rules, 10 percent of the
 24-3 total breakage from a live pari-mutuel pool or a simulcast
 24-4 pari-mutuel pool. The appropriate state horse breed registries are
 24-5 as follows:

- 24-6 (1) the Texas Thoroughbred [~~Breeders~~] Association for
 24-7 Thoroughbred horses;
 24-8 (2) the Texas Quarter Horse Association for quarter
 24-9 horses;
 24-10 (3) the Texas Appaloosa Horse Club for Appaloosa
 24-11 horses;
 24-12 (4) the Texas Arabian Breeders Association for Arabian
 24-13 horses; and
 24-14 (5) the Texas Paint Horse Breeders Association for
 24-15 paint horses.

24-16 (d) The horse racetrack association shall pay to the
 24-17 department [~~commission~~] for deposit into the Texas-bred incentive
 24-18 fund established under Section 2028.301 and distribution to the
 24-19 appropriate state horse breed registry the remaining 80 percent of
 24-20 the total breakage to be allocated as follows:

- 24-21 (1) 40 percent to the owners of the accredited
 24-22 Texas-bred horses that finish first, second, or third;
 24-23 (2) 40 percent to the breeders of accredited
 24-24 Texas-bred horses that finish first, second, or third; and
 24-25 (3) 20 percent to the owner of the stallion standing in
 24-26 this state at the time of conception whose Texas-bred get finish
 24-27 first, second, or third.

24-28 (d-1) The department [~~commission~~] shall deposit the
 24-29 portions of total breakage paid to the department [~~commission~~]
 24-30 under Subsections (b) and (d) into the Texas-bred incentive fund
 24-31 established under Section 2028.301. The department [~~commission~~]
 24-32 shall distribute the money collected under this section and
 24-33 deposited into the fund to the appropriate state horse breed
 24-34 registries in accordance with this section and with rules adopted
 24-35 by the commission under Section 2028.103.

24-36 SECTION 8.07. Section 2028.154(a), Occupations Code, is
 24-37 amended to read as follows:

24-38 (a) A greyhound racetrack association shall pay 50 percent
 24-39 of the breakage to the appropriate state greyhound breed
 24-40 registry. Of that breakage percentage:

- 24-41 (1) 25 percent is to be used in stakes races; and
 24-42 (2) 25 percent of that total breakage from a live
 24-43 pari-mutuel pool or a simulcast pari-mutuel pool is to be paid to
 24-44 the department [~~commission~~] for deposit into the Texas-bred
 24-45 incentive fund established under Section 2028.301. The department
 24-46 [~~commission~~] shall distribute the money collected under this
 24-47 section and deposited into the fund to the state greyhound breed
 24-48 registry for use in accordance with this section and commission
 24-49 rules.

24-50 SECTION 8.08. Section 2028.201, Occupations Code, is
 24-51 amended to read as follows:

24-52 Sec. 2028.201. RULES. (a) The commission shall adopt
 24-53 rules relating to this subchapter and the oversight of the amounts
 24-54 allocated under Sections 2028.202(b)(1), (2), and (3)
 24-55 [~~2028.202(b)~~] and (c).

24-56 (b) The commission shall adopt rules relating to the
 24-57 oversight of the amounts allocated under Section 2028.202(b)(4).

24-58 SECTION 8.09. Sections 2028.202(a), (a-1), and (b),
 24-59 Occupations Code, are amended to read as follows:

24-60 (a) A racetrack association shall distribute from the total
 24-61 amount deducted as provided by Sections 2028.101 and 2028.152 from
 24-62 each simulcast pari-mutuel pool and each simulcast cross-species
 24-63 pari-mutuel pool the following shares:

- 24-64 (1) an amount equal to one percent of each simulcast
 24-65 pari-mutuel pool to the department [~~commission~~] for the
 24-66 administration of this subtitle;
 24-67 (2) an amount equal to 1.25 percent of each simulcast
 24-68 cross-species pari-mutuel pool to the department [~~commission~~]
 24-69 for the administration of this subtitle;

25-1 (3) for a horse racetrack association, an amount equal
 25-2 to one percent of a multiple two wagering pool or multiple three
 25-3 wagering pool as the amount set aside for the Texas-bred program to
 25-4 be used as provided by Section 2028.103;

25-5 (4) for a greyhound racetrack association, an amount
 25-6 equal to one percent of a multiple two wagering pool or a multiple
 25-7 three wagering pool as the amount set aside for the Texas-bred
 25-8 program for greyhound races, to be distributed and used in
 25-9 accordance with commission rules adopted to promote greyhound
 25-10 breeding in this state; and

25-11 (5) the remainder as the amount set aside for purses,
 25-12 expenses, the sending track, and the receiving location under a
 25-13 contract approved by the department [~~commission~~] between the
 25-14 sending track and the receiving location.

25-15 (a-1) A racetrack association shall pay to the department
 25-16 [~~commission~~] for deposit into the Texas-bred incentive fund
 25-17 established under Section 2028.301 the shares to be distributed
 25-18 under Subsections (a)(3) and (a)(4) for the Texas-bred program.
 25-19 The department [~~commission~~] shall distribute the money collected
 25-20 under this section and deposited into the fund to the appropriate
 25-21 state breed registries for use under the Texas-bred program.

25-22 (b) From the total amount deducted under Subsection (a), a
 25-23 greyhound racetrack association that receives an interstate
 25-24 cross-species simulcast signal shall distribute the following
 25-25 amounts from each pari-mutuel pool wagered on the signal at the
 25-26 racetrack:

25-27 (1) a fee of 1.5 percent to be paid to the racetrack in
 25-28 this state sending the signal;

25-29 (2) a purse in the amount of 0.75 percent to be paid to
 25-30 the official state horse breed registry for Thoroughbred horses for
 25-31 use as purses at racetracks in this state;

25-32 (3) a purse in the amount of 0.75 percent to be paid to
 25-33 the official state horse breed registry for quarter horses for use
 25-34 as purses at racetracks in this state; and

25-35 (4) a purse of 4.5 percent to be deposited in the horse
 25-36 industry escrow account as [~~escrowed with the commission in the~~
 25-37 ~~manner~~] provided by Section 2028.204.

25-38 SECTION 8.10. Sections 2028.203 and 2028.204, Occupations
 25-39 Code, are amended to read as follows:

25-40 Sec. 2028.203. REIMBURSEMENT FOR SIMULCAST SIGNAL COST. If
 25-41 a racetrack association purchases an interstate simulcast signal
 25-42 and the signal cost exceeds five percent of the pari-mutuel pool,
 25-43 the department [~~commission~~], from the horse industry escrow
 25-44 [~~escrowed~~] account established under Section 2028.204
 25-45 [2028.202(b)(4)], shall reimburse the racetrack association an
 25-46 amount equal to one-half of the signal cost that exceeds five
 25-47 percent of the pari-mutuel pool.

25-48 Sec. 2028.204. HORSE INDUSTRY ESCROW ACCOUNT; DEPOSIT AND
 25-49 ALLOCATION OF MONEY [IN ESCROW ACCOUNTS]. (a) The horse industry
 25-50 escrow account is a trust account in the department's registry
 25-51 composed of money deposited to the account in accordance with this
 25-52 subtitle.

25-53 (b) A greyhound racetrack association shall deposit into
 25-54 the horse industry [~~an~~] escrow account [~~in the commission's~~
 25-55 ~~registry~~] the purse set aside under Section 2028.202(b)(4).

25-56 (c) [~~(b)~~] Any horse racetrack association in this state may
 25-57 apply to the department [~~commission~~] for receipt of money in the
 25-58 horse industry escrow account for use as purses. Any state horse
 25-59 breed registry listed in Section 2030.002(a) may apply for receipt
 25-60 of money in the account for any event that furthers the horse
 25-61 industry. The department [~~commission~~]:

25-62 (1) shall determine the horse racetrack associations
 25-63 and state horse breed registries to be allocated money from the
 25-64 account and the percentages to be allocated, taking into
 25-65 consideration purse levels, racing opportunities, and the
 25-66 financial status of the requesting racetrack association or
 25-67 requesting breed registry; and

25-68 (2) may not annually allocate more than 70 percent of
 25-69 the amount deposited into the account to horse racetrack

26-1 associations for use as purses.

26-2 SECTION 8.11. Section 2028.2041, Occupations Code, is
26-3 amended to read as follows:

26-4 Sec. 2028.2041. ALLOCATION OF CERTAIN FUNDS IN HORSE
26-5 INDUSTRY ESCROW ACCOUNT TO GENERAL REVENUE FUND; MAXIMUM ACCOUNT
26-6 BALANCE. (a) In each state fiscal biennium, the comptroller shall
26-7 deposit the amounts allocated under Section 151.801(c-3), Tax Code,
26-8 into the horse industry escrow account established under Section
26-9 2028.204 [~~2028.204(b)~~], until the comptroller determines the
26-10 amount deposited into the account in that fiscal biennium equals
26-11 the greater of:

26-12 (1) the amount appropriated to the department
26-13 [~~commission~~] for the purposes of Section 2028.204 for that fiscal
26-14 biennium; or

26-15 (2) \$50 million.

26-16 (b) Once the comptroller determines the greater of the
26-17 amount described by Subsection (a)(1) or (2) has been deposited
26-18 during a state fiscal biennium into the horse industry escrow
26-19 account established under Section 2028.204 [~~2028.204(b)~~], for the
26-20 remainder of that fiscal biennium the comptroller shall deposit the
26-21 amounts allocated under Section 151.801(c-3), Tax Code, into the
26-22 general revenue fund.

26-23 (c) The balance of the horse industry escrow account
26-24 established under Section 2028.204 [~~2028.204(b)~~] shall not exceed
26-25 \$50 million.

26-26 SECTION 8.12. Section 2028.205, Occupations Code, is
26-27 amended to read as follows:

26-28 Sec. 2028.205. ADDITIONAL ALLOCATIONS FROM HORSE INDUSTRY
26-29 ESCROW ACCOUNT FOR CERTAIN RACETRACKS. (a) In addition to money
26-30 allocated under Section 2028.204, a horse racetrack association
26-31 operating a racetrack that is located not more than 75 miles from a
26-32 greyhound racetrack that offers wagering on a cross-species
26-33 simulcast signal and that sends the cross-species simulcast signal
26-34 to the greyhound racetrack may apply to the department [~~commission~~]
26-35 for an allocation of up to 20 percent of the money in the horse
26-36 industry escrow [~~escrowed~~] account established under Section
26-37 2028.204 that is attributable to the wagering on a cross-species
26-38 simulcast signal at the greyhound racetrack.

26-39 (b) If the applying horse racetrack association can prove to
26-40 the department's [~~commission's~~] satisfaction that the racetrack
26-41 association's handle has decreased directly due to wagering on an
26-42 interstate cross-species simulcast signal at a greyhound racetrack
26-43 located not more than 75 miles from the applying racetrack
26-44 association, the department [~~commission~~] shall allocate amounts
26-45 from the horse industry escrow [~~escrowed~~] account as the department
26-46 [~~commission~~] considers appropriate to compensate the racetrack
26-47 association for the decrease. The amounts allocated may not exceed
26-48 20 percent of the money in the [~~escrowed~~] account that is
26-49 attributable to the wagering on the interstate cross-species
26-50 simulcast signal at the greyhound racetrack.

26-51 (c) Money allocated by the department [~~commission~~] under
26-52 this section may be used by the racetrack association for any
26-53 purpose.

26-54 SECTION 8.13. Section 2028.301, Occupations Code, is
26-55 amended to read as follows:

26-56 Sec. 2028.301. TEXAS-BRED INCENTIVE FUND. (a) The
26-57 department [~~commission~~] shall deposit money set aside for the
26-58 Texas-bred program or set aside for use by state breed registries
26-59 under this chapter into an escrow account in the state treasury in
26-60 the registry of the department [~~commission~~] to be known as the
26-61 Texas-bred incentive fund.

26-62 (b) The department [~~commission~~] shall distribute money from
26-63 the Texas-bred incentive fund in accordance with this chapter and
26-64 commission rules.

26-65 SECTION 8.14. Chapter 2028, Occupations Code, is amended by
26-66 adding Subchapter H to read as follows:

26-67 SUBCHAPTER H. NATIONAL EVENT INCENTIVES

26-68 Sec. 2028.401. NATIONAL EVENT INCENTIVES. (a) In this
26-69 section:

27-1 (1) "Breeders' Cup costs" means all costs for capital
 27-2 improvements and extraordinary expenses reasonably incurred for
 27-3 the operation of the Breeders' Cup races, including purses offered
 27-4 on other days in excess of the purses that the host association is
 27-5 required to pay by this subtitle.

27-6 (2) "Breeders' Cup races" means a series of
 27-7 thoroughbred races known as the Breeders' Cup Championship races
 27-8 conducted annually by Breeders' Cup Limited on a day known as
 27-9 Breeders' Cup Championship day.

27-10 (3) "Development organization" means an organization
 27-11 whose primary purpose is the marketing, promotion, or economic
 27-12 development of a city, county, or region of the state, including
 27-13 chambers of commerce, convention and visitors bureaus, and sports
 27-14 commissions.

27-15 (4) "Political subdivision" means a city, county, or
 27-16 other political subdivision of the state and includes any entity
 27-17 created by a political subdivision.

27-18 (b) An association conducting the Breeders' Cup races may
 27-19 apply to the reimbursement of Breeders' Cup costs amounts that
 27-20 would otherwise be set aside by the association for the state under
 27-21 Sections 2028.051 and 2028.202(a)(1) during the year in which the
 27-22 association hosts the Breeders' Cup races, limited to an amount
 27-23 equal to the lesser of the aggregate amount contributed to pay
 27-24 Breeders' Cup costs by political subdivisions and development
 27-25 organizations or \$2 million. Beginning on January 1 of the year for
 27-26 which the association has been officially designated to host the
 27-27 Breeders' Cup races, amounts that would otherwise be set aside by
 27-28 the association for the state during that year under Sections
 27-29 2028.051 and 2028.202(a)(1) shall be set aside, in accordance with
 27-30 procedures prescribed by the comptroller, for deposit into the
 27-31 Breeders' Cup Developmental Account. The Breeders' Cup
 27-32 Developmental Account is an account in the general revenue fund.
 27-33 The department shall administer the account. Money in the account
 27-34 may be appropriated only to the department and may be used only for
 27-35 the purposes specified in this section. The account is exempt from
 27-36 the application of Section 403.095, Government Code.

27-37 (c) The department shall make disbursements from the
 27-38 Breeders' Cup Developmental Account to reimburse Breeders' Cup
 27-39 costs actually incurred and paid by the association, after the
 27-40 association files a request for reimbursement. Disbursements from
 27-41 the account may not at any time exceed the aggregate amount actually
 27-42 paid for Breeders' Cup costs by political subdivisions and
 27-43 development organizations, as certified by the department to the
 27-44 comptroller, or \$2 million, whichever is less.

27-45 (d) Not later than January 31 of the year following the year
 27-46 in which the association hosts the Breeders' Cup races, the
 27-47 association shall submit to the department a report that shows:

27-48 (1) the total amount of Breeders' Cup costs incurred
 27-49 and paid by the association;

27-50 (2) the total payments made by political subdivisions
 27-51 and development organizations for Breeders' Cup costs; and

27-52 (3) any other information requested by the commission.

27-53 (e) Following receipt of the report required by Subsection
 27-54 (d), the department shall take any steps it considers appropriate
 27-55 to verify the report. Not later than March 31 of the year following
 27-56 the event, the department shall transfer to the credit of the
 27-57 general revenue fund any balance remaining in the Breeders' Cup
 27-58 Developmental Account after reimbursement of any remaining
 27-59 Breeders' Cup costs authorized under this section.

27-60 (f) In addition to the authority otherwise granted in this
 27-61 subtitle, the commission and the comptroller may adopt rules for
 27-62 the administration of this section as follows:

27-63 (1) the commission may adopt rules relating to:

27-64 (A) auditing or other verification of Breeders'
 27-65 Cup costs and amounts paid or set aside by political subdivisions
 27-66 and development organizations; and

27-67 (B) the disbursement of funds from the Breeders'
 27-68 Cup Developmental Account; and

27-69 (2) the comptroller may adopt rules relating to:

28-1 (A) procedures and requirements for transmitting
28-2 or otherwise delivering to the treasury the money set aside under
28-3 this section; and

28-4 (B) depositing funds into the Breeders' Cup
28-5 Developmental Account.

28-6 (g) The commission may adopt rules to facilitate the conduct
28-7 of the Breeders' Cup races, including the adoption of rules or
28-8 waiver of existing rules relating to the overall conduct of racing
28-9 during the Breeders' Cup races in order to assure the integrity of
28-10 the races, licensing for all participants, special stabling and
28-11 training requirements for foreign horses, and commingling of
28-12 pari-mutuel pools.

28-13 (h) To the extent of any conflict between this section and
28-14 another provision of this subtitle, this section prevails.

28-15 SECTION 8.15. Section 2029.001, Occupations Code, is
28-16 amended to read as follows:

28-17 Sec. 2029.001. ALLOCATION OF HORSE RACING DAYS; PROHIBITED
28-18 RACING DAYS. (a) The department [~~commission~~] shall allocate the
28-19 live and simulcast horse racing days for the conduct of live and
28-20 simulcast racing at each racetrack.

28-21 (b) In allocating race dates under this section, the
28-22 department [~~commission~~] shall consider live race dates separately
28-23 from simulcast race dates.

28-24 (c) The commission by rule may prohibit racing on Sunday
28-25 unless the prohibition would conflict with another provision of
28-26 this subtitle. The commission may delegate to the executive
28-27 director the commission's authority under this subsection.

28-28 ARTICLE 9. ALLOCATION OF RACING DAYS

28-29 SECTION 9.01. Sections 2029.002(a) and (c), Occupations
28-30 Code, are amended to read as follows:

28-31 (a) The department [~~commission~~] shall grant to each
28-32 racetrack association additional horse racing days during a horse
28-33 race meeting to be conducted as charity days. The department
28-34 [~~commission~~] shall grant to each class 1 racetrack and to each class
28-35 2 racetrack at least two and not more than five additional days.

28-36 (c) The department [~~commission~~] shall ensure that races
28-37 conducted by a racetrack association on a charity day are
28-38 comparable in all respects, including the generation of revenue, to
28-39 races conducted by that racetrack association on any other horse
28-40 racing day.

28-41 SECTION 9.02. Section 2029.003, Occupations Code, is
28-42 amended to read as follows:

28-43 Sec. 2029.003. ACCESS TO RACES. (a) Each racetrack shall
28-44 provide reasonable access to races for all breeds of horses as
28-45 determined by the racetrack association through negotiations with
28-46 the representative state horse breed registry with the final
28-47 approval of the department [~~commission~~].

28-48 (b) In granting approval under Subsection (a), the
28-49 department [~~commission~~] shall consider:

- 28-50 (1) the availability of competitive horses;
- 28-51 (2) economic feasibility; and
- 28-52 (3) public interest.

28-53 SECTION 9.03. Sections 2029.052(a) and (b), Occupations
28-54 Code, are amended to read as follows:

28-55 (a) The department [~~commission~~] shall grant not less than
28-56 five additional greyhound racing days during a greyhound race
28-57 meeting to be conducted as charity days.

28-58 (b) The department [~~commission~~] shall ensure that races
28-59 conducted by a racetrack association on a charity day are
28-60 comparable in all respects, including the generation of revenue, to
28-61 races conducted by that racetrack association on any other
28-62 greyhound racing day.

28-63 SECTION 9.04. Section 2029.053, Occupations Code, is
28-64 amended to read as follows:

28-65 Sec. 2029.053. SUBSTITUTE RACING DAYS OR ADDITIONAL RACES.
28-66 If, for a reason beyond a greyhound racetrack association's control
28-67 and not caused by the racetrack association's fault or neglect, it
28-68 is impossible for the racetrack association to conduct a race on a
28-69 day authorized by the department [~~commission~~], the executive

29-1 director [~~commission~~] in the executive director's [~~its~~] discretion
 29-2 and at the request of the racetrack association, as a substitute for
 29-3 the race, may:

29-4 (1) specify another day for the racetrack association
 29-5 to conduct racing; or

29-6 (2) add additional races to already programmed events.

29-7 ARTICLE 10. TEXAS-BRED HORSES AND GREYHOUNDS

29-8 SECTION 10.01. Section 2030.001(b), Occupations Code, is
 29-9 amended to read as follows:

29-10 (b) Rules adopted under this section are subject to approval
 29-11 by the department [~~commission~~].

29-12 SECTION 10.02. Section 2030.002(b), Occupations Code, is
 29-13 amended to read as follows:

29-14 (b) The appropriate state horse breed registry shall act in
 29-15 an advisory capacity to each racetrack association and to the
 29-16 department [~~commission~~] for the purpose of administering Sections
 29-17 2030.003 and 2030.004.

29-18 SECTION 10.03. Sections 2030.005 and 2030.006, Occupations
 29-19 Code, are amended to read as follows:

29-20 Sec. 2030.005. EQUITABLE NUMBER OF RACES FOR EACH BREED.

29-21 (a) A racetrack association that conducts a horse race meeting for
 29-22 more than one breed of horse at one racetrack shall provide that the
 29-23 number of races run by each breed on each day is equitable as
 29-24 determined by the department [~~commission~~] under Section 2029.003.

29-25 (b) The commission by rule [~~or by order~~] may allow for an
 29-26 exception to Subsection (a) if an insufficient number of horses of a
 29-27 breed are available to provide sufficient competition. The
 29-28 commission may delegate to the executive director the commission's
 29-29 authority under this subsection.

29-30 Sec. 2030.006. EQUITABLE STABLING. A racetrack association
 29-31 that conducts a horse race meeting for more than one breed of horse
 29-32 at one racetrack shall provide on-track stalls on an equitable
 29-33 basis as determined by the department [~~commission~~] under Section
 29-34 2029.003.

29-35 SECTION 10.04. Section 2030.051(b), Occupations Code, is
 29-36 amended to read as follows:

29-37 (b) Rules adopted under this section are subject to approval
 29-38 by the department [~~commission~~].

29-39 ARTICLE 11. TEXAS DERBIES

29-40 SECTION 11.01. Section 2031.001, Occupations Code, is
 29-41 amended to read as follows:

29-42 Sec. 2031.001. ESTABLISHMENT OF TEXAS DERBIES. (a) The
 29-43 commission by rule shall establish as Texas Derbies the following
 29-44 annual stakes races:

29-45 (1) one race open to three-year-old Thoroughbreds;

29-46 (2) one race open only to three-year-old Texas-bred
 29-47 Thoroughbreds;

29-48 (3) one race open to three-year-old quarter horses;

29-49 and

29-50 (4) one race open only to three-year-old Texas-bred
 29-51 quarter horses.

29-52 (b) Each Texas Derby must be held annually on a date and at
 29-53 the class 1 racetrack determined by the department [~~commission~~].
 29-54 The department [~~commission~~] shall determine the location of each
 29-55 Texas Derby in consultation with:

29-56 (1) each class 1 racetrack;

29-57 (2) the official state horse breed registries; and

29-58 (3) the official horsemen's organization.

29-59 (c) The department [~~commission~~] may sell the right to name a
 29-60 Texas Derby. The department [~~commission~~] shall deposit the
 29-61 proceeds from the sale of the right to name a Texas Derby into the
 29-62 Texas Derby escrow purse fund established under Section 2031.004.

29-63 SECTION 11.02. Section 2031.003(a), Occupations Code, is
 29-64 amended to read as follows:

29-65 (a) For each Texas Derby, the department [~~commission~~] shall
 29-66 appoint a state veterinarian to conduct a prerace examination of
 29-67 each horse entered in the race to determine whether the horse:

29-68 (1) is healthy; and

29-69 (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

31-1 (4) is excluded by the department [~~commission~~] from
 31-2 entering a racetrack.

31-3 SECTION 13.05. Section 2033.012(c), Occupations Code, is
 31-4 amended to read as follows:

31-5 (c) An offense under this section is a state jail felony
 31-6 unless the statement was material in a department [~~commission~~]
 31-7 action relating to a racetrack license, in which event the offense
 31-8 is a felony of the third degree.

31-9 SECTION 13.06. Section 2033.013(c), Occupations Code, is
 31-10 amended to read as follows:

31-11 (c) An offense under this section is a state jail felony if:

31-12 (1) the actor:
 31-13 (A) is a license holder under this subtitle or a
 31-14 commission member or department employee; and

31-15 (B) knowingly represents that a commission
 31-16 member or department employee or a person licensed by the
 31-17 department [~~commission~~] is the source of the false information; or

31-18 (2) the false statement or information was contained
 31-19 in racing selection information provided to the public.

31-20 SECTION 13.07. Sections 2033.018(a) and (b), Occupations
 31-21 Code, are amended to read as follows:

31-22 (a) A person consents to a search for a prohibited device,
 31-23 prohibited substance, or other contraband at a time and location
 31-24 described by Subsection (b) if the person:

31-25 (1) accepts a license or other credential issued by
 31-26 the department under this subtitle; or

31-27 (2) enters a racetrack under the authority of a
 31-28 license or other credential alleged to have been issued by the
 31-29 department under this subtitle.

31-30 (b) A search may be conducted by a commissioned officer of
 31-31 the Department of Public Safety or a peace officer, including a
 31-32 peace officer employed by the department [~~commission~~], at any time
 31-33 and at any location at a racetrack, except a location:

31-34 (1) excluded by commission rule from searches under
 31-35 this section; or

31-36 (2) provided by a racetrack association under
 31-37 commission rule for private storage of personal items belonging to
 31-38 a license holder entering a racetrack.

31-39 SECTION 13.08. Sections 2033.021, 2033.051, and 2033.052,
 31-40 Occupations Code, are amended to read as follows:

31-41 Sec. 2033.021. DEPARTMENT [~~COMMISSION~~] AUTHORITY. This
 31-42 subchapter does not restrict the department's [~~commission's~~]
 31-43 administrative authority to enforce this subtitle or commission
 31-44 rules to the fullest extent authorized by this subtitle.

31-45 Sec. 2033.051. IMPOSITION OF PENALTY. If the commission or
 31-46 the executive director determines that a person regulated under
 31-47 this subtitle has violated this subtitle or a rule or order adopted
 31-48 under this subtitle in a manner that constitutes a ground for a
 31-49 disciplinary action under this subtitle, the commission or the
 31-50 executive director may assess an administrative penalty against
 31-51 that person as provided by this subchapter or Subchapter F, Chapter
 31-52 51.

31-53 Sec. 2033.052. AMOUNT OF PENALTY. (a) Notwithstanding
 31-54 Subchapter F, Chapter 51, the [~~The~~] commission or the executive
 31-55 director may assess an administrative penalty under this subchapter
 31-56 in an amount not to exceed \$10,000 for each violation.

31-57 (b) In determining the amount of the penalty, the commission
 31-58 or the executive director shall consider the seriousness of the
 31-59 violation.

31-60 SECTION 13.09. Section 2033.057(a), Occupations Code, is
 31-61 amended to read as follows:

31-62 (a) A complaint alleging a violation of this subtitle may be
 31-63 instituted by the Department of Public Safety, the department
 31-64 [~~commission~~], or the attorney general.

31-65 SECTION 13.10. Subchapter B, Chapter 2033, Occupations
 31-66 Code, is amended by adding Section 2033.058 to read as follows:

31-67 Sec. 2033.058. DISPOSITION OF ADMINISTRATIVE PENALTY. The
 31-68 commission shall remit an administrative penalty collected under
 31-69 this subtitle to the comptroller for deposit in the general revenue

32-1 fund.

32-2 SECTION 13.11. Section 2033.106(a), Occupations Code, is
32-3 amended to read as follows:

32-4 (a) If the executive director reasonably believes that a
32-5 person has violated a final and enforceable cease and desist or
32-6 emergency order, the executive director may:

32-7 (1) initiate administrative penalty proceedings under
32-8 Subchapter B;

32-9 (2) refer the matter to the attorney general for
32-10 enforcement by injunction and any other available remedy; or

32-11 (3) pursue any other action that the executive
32-12 director considers appropriate, including suspension of the
32-13 person's license.

32-14 SECTION 13.12. Section 2033.151, Occupations Code, is
32-15 amended to read as follows:

32-16 Sec. 2033.151. DISCIPLINARY ACTIONS. (a) The commission
32-17 may [~~shall~~] revoke, suspend, or refuse to renew a license, place on
32-18 probation a person whose license has been suspended, or reprimand a
32-19 license holder for a violation of this subtitle or a commission
32-20 rule.

32-21 (b) If a license suspension is probated, the commission may
32-22 require the license holder to report regularly to the department
32-23 [~~commission~~] on matters that are the basis of the probation.

32-24 (c) A disciplinary proceeding under this subtitle is
32-25 governed by:

32-26 (1) Chapter 51; and

32-27 (2) commission rules adopted under Chapter 51.

32-28 SECTION 13.13. The heading to Section 2033.152, Occupations
32-29 Code, is amended to read as follows:

32-30 Sec. 2033.152. PROCEEDING FOR DISCIPLINARY ACTION
32-31 [~~HEARING~~] CONCERNING SUSPENSION, REVOCATION, OR REFUSAL TO RENEW
32-32 LICENSE.

32-33 SECTION 13.14. Section 2033.152(b), Occupations Code, is
32-34 amended to read as follows:

32-35 (b) A proceeding [~~Proceedings~~] for a disciplinary action,
32-36 other than those conducted by a steward or judge, in which the
32-37 commission proposes to suspend, revoke, or refuse to renew a
32-38 person's license is [~~are~~] governed by Chapter 2001, Government
32-39 Code.

32-40 SECTION 13.15. Section 2033.153, Occupations Code, is
32-41 amended to read as follows:

32-42 Sec. 2033.153. INJUNCTION. The department [~~commission~~] may
32-43 institute an action in its own name to enjoin the violation of this
32-44 subtitle. An action for an injunction is in addition to any other
32-45 action, proceeding, or remedy authorized by law.

32-46 SECTION 13.16. Section 2033.154(b), Occupations Code, is
32-47 amended to read as follows:

32-48 (b) The executive director may issue an order prohibiting
32-49 the racetrack association from making any transfer from a bank
32-50 account held by the racetrack association for the conduct of
32-51 business under this subtitle, pending department [~~commission~~]
32-52 review of the records of the account, if the executive director
32-53 reasonably believes that the racetrack association has failed to
32-54 maintain the proper amount of money in the horsemen's account. The
32-55 executive director shall provide in the order a procedure for the
32-56 racetrack association to pay certain expenses necessary for the
32-57 operation of the racetrack, subject to the executive director's
32-58 approval.

32-59 ARTICLE 14. UNLAWFUL INFLUENCE ON RACING

32-60 SECTION 14.01. Section 2034.001, Occupations Code, is
32-61 amended by amending Subsections (b) and (c) and adding Subsection
32-62 (e) to read as follows:

32-63 (b) The rules adopted under this section by the commission
32-64 shall require testing to determine whether a prohibited substance
32-65 has been used.

32-66 (c) The [~~commission's~~] rules adopted under this section
32-67 must require state-of-the-art testing methods. The testing may:

32-68 (1) be prerace or postrace as determined by the
32-69 department [~~commission~~]; and

33-1 (2) be by an invasive or noninvasive method.
 33-2 (e) The commission shall adopt rules regarding disciplinary
 33-3 actions under this chapter, including the right of appeal to the
 33-4 commission from a disciplinary action under Section 2034.006.
 33-5 SECTION 14.02. Section 2034.002, Occupations Code, is
 33-6 amended to read as follows:
 33-7 Sec. 2034.002. MEDICATION AND DRUG TESTING PROCEDURES. (a)
 33-8 Medication or drug testing performed on a race animal under this
 33-9 subtitle must be conducted by:
 33-10 (1) the Texas A&M Veterinary Medical Diagnostic
 33-11 Laboratory; or
 33-12 (2) a laboratory operated by or in conjunction with or
 33-13 by a private or public agency selected by the department
 33-14 [~~commission~~] after consultation with the Texas A&M Veterinary
 33-15 Medical Diagnostic Laboratory.
 33-16 (b) Medication or drug testing performed on a human under
 33-17 this subtitle must be conducted by a laboratory approved by the
 33-18 department [~~commission~~].
 33-19 SECTION 14.03. Sections 2034.003(c), (d), and (e),
 33-20 Occupations Code, are amended to read as follows:
 33-21 (c) Charges for services performed under this section must
 33-22 be forwarded to the department [~~commission~~] for approval of the
 33-23 reasonableness of the charges. Charges may include expenses
 33-24 incurred for travel, lodging, testing, and processing of test
 33-25 results.
 33-26 (d) The department [~~commission~~] shall determine whether the
 33-27 laboratory charges are reasonable in relation to industry standards
 33-28 by periodically surveying the drug testing charges of comparable
 33-29 laboratories in the United States.
 33-30 (e) The racetrack association that receives the services is
 33-31 responsible for the cost of approved charges for animal drug
 33-32 testing services under this section. The department [~~commission~~]
 33-33 shall forward a copy of the charges to the racetrack association for
 33-34 immediate payment.
 33-35 SECTION 14.04. Sections 2034.005(a) and (b), Occupations
 33-36 Code, are amended to read as follows:
 33-37 (a) The department [~~commission~~] may require urine samples
 33-38 to be frozen for a period necessary to allow any follow-up testing
 33-39 to detect and identify a prohibited substance. Any other specimen
 33-40 shall be maintained for testing purposes in a manner required by
 33-41 commission rule.
 33-42 (b) If a test sample or specimen shows the presence of a
 33-43 prohibited substance, the entire sample, including any split
 33-44 portion remaining in the custody of the department [~~commission~~],
 33-45 shall be maintained until final disposition of the matter.
 33-46 SECTION 14.05. Section 2034.007, Occupations Code, is
 33-47 amended to read as follows:
 33-48 Sec. 2034.007. DISCIPLINARY ACTION FOR RULE VIOLATION OF
 33-49 PROHIBITED DEVICE OR SUBSTANCE. In addition to any other
 33-50 disciplinary action authorized by Chapter 51, this subtitle, or
 33-51 commission rule, a [A] person who violates a rule adopted under this
 33-52 chapter may:
 33-53 (1) have any license issued to the person by the
 33-54 department [~~commission~~] revoked or suspended; or
 33-55 (2) be barred for life or any other period from
 33-56 applying for or receiving a license issued by the department
 33-57 [~~commission~~] or entering any portion of a racetrack.
 33-58 ARTICLE 15. LOCAL OPTION ELECTION TO LEGALIZE PARI-MUTUEL WAGERING
 33-59 SECTION 15.01. Section 2035.001(a), Occupations Code, is
 33-60 amended to read as follows:
 33-61 (a) The department [~~commission~~] may not issue a racetrack
 33-62 license or accept a license application for a racetrack to be
 33-63 located in a county until the commissioners court has certified to
 33-64 the secretary of state that the qualified voters of the county have
 33-65 approved the legalization of pari-mutuel wagering on horse races or
 33-66 greyhound races in the county at an election held under this
 33-67 chapter.
 33-68 SECTION 15.02. Section 2035.052, Occupations Code, is
 33-69 amended to read as follows:

34-1 Sec. 2035.052. PARTIES. Any person who is licensed or who
34-2 has submitted to the department [~~commission~~] an application to be
34-3 licensed in any capacity under this subtitle may become a named
34-4 party to the contest proceedings by pleading to the petition on or
34-5 before the time set for hearing and trial as provided by Section
34-6 2035.053(b) or after that time by intervention on leave of court.

34-7 ARTICLE 16. CONFORMING AMENDMENTS

34-8 SECTION 16.01. Section 411.096(a), Government Code, is
34-9 amended to read as follows:

34-10 (a) The Texas [~~Racing~~] Commission of Licensing and
34-11 Regulation and the Texas Department of Licensing and Regulation are
34-12 [~~is~~] entitled to obtain from the department criminal history record
34-13 information maintained by the department that pertains to a person
34-14 who is:

- 34-15 (1) appointed to the commission;
- 34-16 (2) an applicant for employment by the commission; or
- 34-17 (3) an applicant for a license under Subtitle A-1,
34-18 Title 13, Occupations Code (Texas Racing Act), including an
34-19 occupational license described by Section 2025.251, Occupations
34-20 Code.

34-21 SECTION 16.02. Section 151.801(c-3), Tax Code, is amended
34-22 to read as follows:

34-23 (c-3) Subject to the limitation imposed under Section
34-24 2028.2041, Occupations Code, an amount equal to the proceeds from
34-25 the collection of the taxes imposed by this chapter on the sale,
34-26 storage, or use of horse feed, horse supplements, horse tack, horse
34-27 bedding and grooming supplies, and other taxable expenditures
34-28 directly related to horse ownership, riding, or boarding shall be
34-29 deposited to the credit of the horse industry escrow account
34-30 administered by the Texas Department of Licensing and Regulation
34-31 [~~Racing Commission~~] and established under Section 2028.204,
34-32 Occupations Code.

34-33 ARTICLE 17. REPEALER

34-34 SECTION 17.01. (a) The following provisions of the
34-35 Occupations Code are repealed:

- 34-36 (1) Sections 2022.001(b), (c), (d), (e), and (f);
- 34-37 (2) Section 2022.002(b);
- 34-38 (3) Sections 2022.003, 2022.004, 2022.005, 2022.006,
34-39 and 2022.007;
- 34-40 (4) Sections 2022.009(b) and (c);
- 34-41 (5) Sections 2022.010, 2022.011, 2022.012, 2022.013,
34-42 2022.014, and 2022.051;
- 34-43 (6) Sections 2022.052(a) and (b);
- 34-44 (7) Sections 2022.053, 2022.054, 2022.055, 2022.056,
34-45 2022.057, 2022.101, 2022.102, and 2022.106;
- 34-46 (8) Sections 2023.004(b), (c), and (f);
- 34-47 (9) Section 2023.009;
- 34-48 (10) Section 2025.204(e);
- 34-49 (11) Section 2025.258(b);
- 34-50 (12) Sections 2033.053, 2033.054, 2033.055, and
34-51 2033.056;
- 34-52 (13) Section 2033.057(b); and
- 34-53 (14) Sections 2033.152(a) and (c).

34-54 (b) Title 6, Vernon's Texas Civil Statutes, is repealed.

34-55 ARTICLE 18. TRANSITION AND SAVINGS PROVISIONS

34-56 SECTION 18.01. (a) On the effective date of this Act, the
34-57 Texas Racing Commission is abolished but continues in existence
34-58 until December 1, 2021, for the sole purpose of transferring
34-59 obligations, property, rights, powers, and duties to the Texas
34-60 Department of Licensing and Regulation. The Texas Department of
34-61 Licensing and Regulation assumes all of the obligations, property,
34-62 rights, powers, and duties of the Texas Racing Commission as they
34-63 exist immediately before the effective date of this Act. All
34-64 unexpended funds appropriated to the Texas Racing Commission are
34-65 transferred to the Texas Department of Licensing and Regulation.

34-66 (b) The Texas Racing Commission and the Texas Department of
34-67 Licensing and Regulation shall, in consultation with appropriate
34-68 state entities, ensure that the transfer of the obligations,
34-69 property, rights, powers, and duties of the Texas Racing Commission

35-1 to the Texas Department of Licensing and Regulation is completed
35-2 not later than December 1, 2021.

35-3 (c) All rules of the Texas Racing Commission are continued
35-4 in effect as rules of the Texas Department of Licensing and
35-5 Regulation until superseded by a rule of the Texas Commission of
35-6 Licensing and Regulation. A license issued by the Texas Racing
35-7 Commission is continued in effect as provided by the law in effect
35-8 immediately before the effective date of this Act. An application
35-9 for a license, endorsement, or certificate of registration pending
35-10 on the effective date of this Act is continued without change in
35-11 status after the effective date of this Act. A complaint,
35-12 investigation, contested case, or other proceeding pending on the
35-13 effective date of this Act is continued without change in status
35-14 after the effective date of this Act.

35-15 (d) Not later than September 1, 2022, the Texas Commission
35-16 of Licensing and Regulation shall adopt any rules necessary to
35-17 implement the changes in law made by this Act to Subtitle A-1, Title
35-18 13, Occupations Code.

35-19 (e) Unless the context indicates otherwise, a reference to
35-20 the Texas Racing Commission in a law or administrative rule means
35-21 the Texas Department of Licensing and Regulation.

35-22 SECTION 18.02. (a) Not later than December 1, 2021, the
35-23 presiding officer of the Texas Commission of Licensing and
35-24 Regulation, with the approval of the Texas Commission of Licensing
35-25 and Regulation, shall appoint members to the Texas Racing Advisory
35-26 Board in accordance with Section 2022.001, Occupations Code, as
35-27 amended by this Act. A member of the Texas Racing Commission whose
35-28 term expired under Section 18.01 of this Act is eligible for
35-29 appointment to the advisory board.

35-30 (b) The members of the Texas Racing Commission whose terms
35-31 expire under Section 18.01 of this Act shall continue to provide
35-32 advice to the Texas Department of Licensing and Regulation until a
35-33 majority of the members of the Texas Racing Advisory Board are
35-34 appointed under Subsection (a) of this section and qualified.

35-35 SECTION 18.03. (a) Not later than September 1, 2023, the
35-36 executive director of the Texas Department of Licensing and
35-37 Regulation in accordance with Section 51.202(c), Occupations Code,
35-38 shall determine with reasonable accuracy the cost to the department
35-39 of the racing program and activities for which a fee is charged.

35-40 (b) The executive director of the Texas Department of
35-41 Licensing and Regulation, on development of the cost management
35-42 procedures, shall make recommendations to the Texas Commission of
35-43 Licensing and Regulation for review and consideration.

35-44 SECTION 18.04. The changes in law made by this Act apply to
35-45 revenue received from the imposition of an administrative penalty
35-46 on or after the effective date of this Act, regardless of whether
35-47 the penalty was imposed before, on, or after the effective date of
35-48 this Act.

35-49 SECTION 18.05. (a) A violation of a law that is repealed by
35-50 this Act is governed by the law in effect when the violation was
35-51 committed, and the former law is continued in effect for that
35-52 purpose.

35-53 (b) For purposes of this section, a violation was committed
35-54 before the effective date of this Act if any element of the
35-55 violation occurred before that date.

35-56 SECTION 18.06. To the extent of any conflict, this Act
35-57 prevails over another Act of the 87th Legislature, Regular Session,
35-58 2021, relating to nonsubstantive additions to and corrections in
35-59 enacted codes.

35-60 SECTION 18.07. The Texas Legislative Council, with the
35-61 assistance of the Sunset Advisory Commission, shall prepare for
35-62 consideration by the 88th Legislature a nonsubstantive revision of
35-63 the statutes of this state as necessary to reflect the changes in
35-64 law made by this Act.

35-65 ARTICLE 19. EFFECTIVE DATE

35-66 SECTION 19.01. This Act takes effect September 1, 2021.

35-67 * * * * *