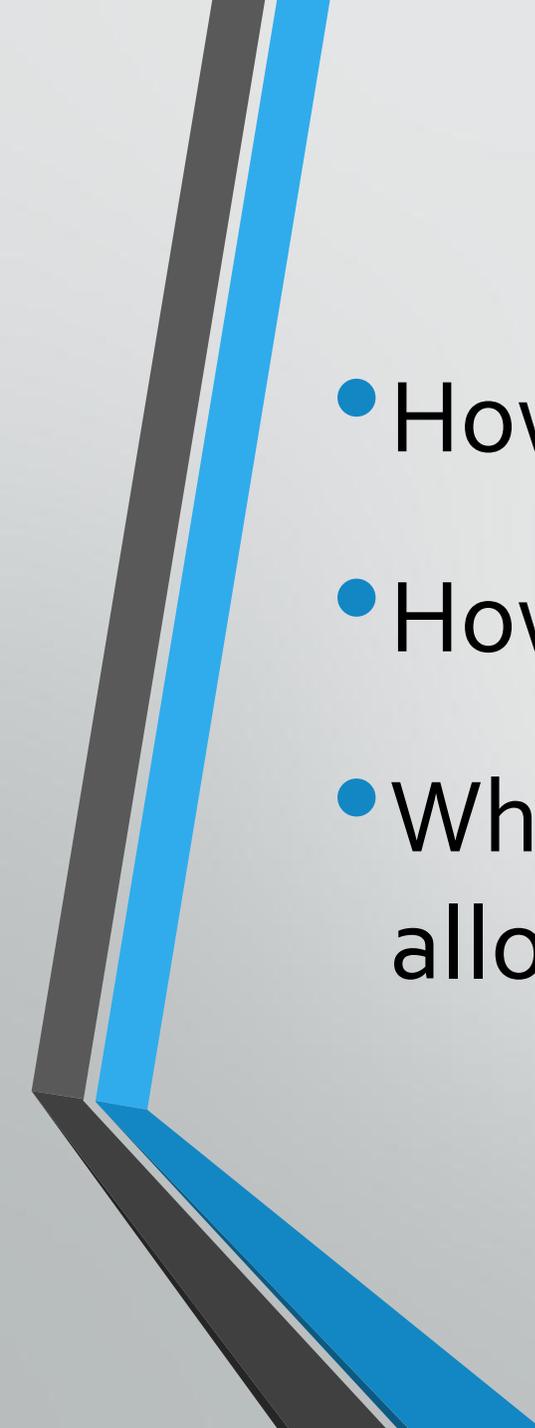




# Horse Racetracks Fundamentals of Purse & Texas Bred Incentive Program Funds

Prepared by: Sammy Jackson

October 8, 2013

- 
- How are these funds earned?
  - How are these funds allocated?
  - What is the Commission's role in the allocation process?



- How are these funds earned?

LIVE WAGERING

On-Track

Off-Track

SIMULCAST WAGERING

Same-Species (horse on horse)

Cross-Species (horse on greyhound)

# FUNDING FROM LIVE WAGERING

## On-Track

### Purse Funds

Racing Act, Section 6.08 provides for purses not less than:

- 7 % of a live wagering pool (Win, Place, Show),
- 7 % of a multiple two wagering pool (Exacta, Quinella), &
- 8.5% of a live multiple three wagering pool (Trifecta, Pick Six)

### Texas Bred Program

Racing Act, Section 6.08 provides amount equal to:

- 1 % of a live multiple two wagering pool,
- 1 % of a live multiple three wagering pool, &
- Total Breakage *(The odd cents by which the amount payable on each dollar wagered exceeds a multiple of 10 cents.)*

# FUNDING FROM LIVE WAGERING Off-Track

## Purse Funds

Rule 321.503 - a minimum of 37 % from the fee charged to the off-track location, unless otherwise approved by the recognized horsemen's organization and the executive secretary.

- Fee - Typical fee charged is approximately 3 % of the total wagering pool. *(The fee does vary.)*
- Purse - 37 % of the 3 % yields 1.11 % of the total wagering pool to purse funds.

## Texas Bred Program

No statutory provision.

# FUNDING FROM SIMULCAST WAGERING

## Same-Species

### Purse Funds

Racing Act, § 6.08 - for horse purses not less than the following amounts from the takeout of the sending racetrack:

- 38.8 % of a regular wagering pool,
- 33.3 % of a multiple two wagering pool, &
- 34 % of the multiple three wagering pool.

### Texas Bred Program

Racing Act, §6.091 - an amount equal to:

- 1 % of a multiple two wagering pool,
- 1 % of a multiple three wagering pool, &
- Total Breakage *(The odd cents by which the amount payable on each dollar wagered exceeds a multiple of 10 cents.)*

# FUNDING FROM SIMULCAST WAGERING

## Cross-Species

### Purse Funds

Racing Act, §6.091 - from the total amount wagered at a horse racetrack on greyhound races:

- For Greyhound Purses: (In-State-Signal)
  - 5.5 % to the sending Texas greyhound racetrack
- For Greyhound Purses: (Out-of-State-Signal)
  - 5.5 % to the Texas Greyhound Association
- For Horse Purses:
  - No statutory provision.
  - By contract, the horsemen's organization has negotiated 1.25 % to horse purses.

### Texas Bred Program

Racing Act, §6.091 - from the total amount wagered at a horse racetrack on greyhound races:

- 1 % of a multiple two wagering pool,
- 1 % of a multiple three wagering pool, &
- Total Breakage *(The odd cents by which the amount payable on each dollar wagered exceeds a multiple of 10 cents.)*



- How are these funds allocated?

LIVE WAGERING

On-Track

Off-Track

SIMULCAST WAGERING

Same-Species (horse on horse)

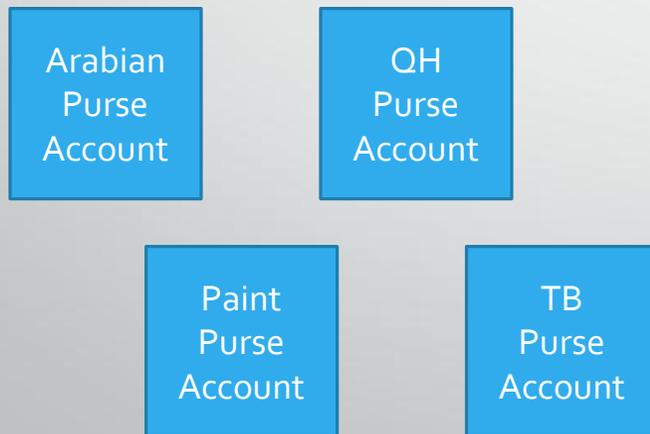
Cross-Species (horse on greyhound)

# ALLOCATIONS FROM LIVE WAGERING

## On-Track and Off-Track

### Purse Funds

Allocated to the breed of horse participating in the race.



### Texas Bred Program

Allocated to the breed of horse participating in the race.

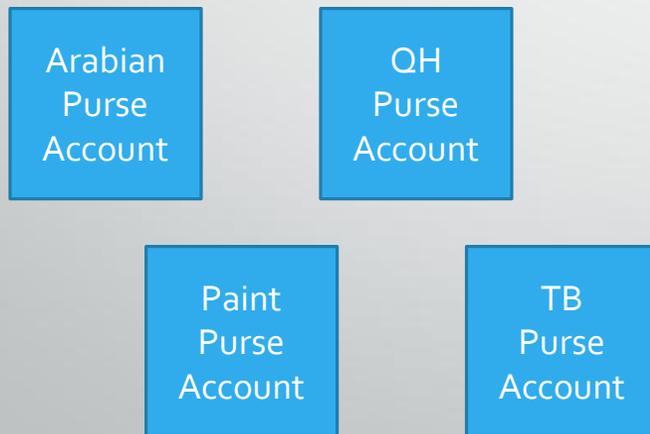


# ALLOCATIONS FROM SIMULCAST WAGERING

## Same-Species

### Purse Funds

Allocated by racetrack recommended breed split, industry agreement, or Commission decision.



### Texas Bred Program

Allocated by breed registry recommended breed split, industry agreement, or Commission decision.

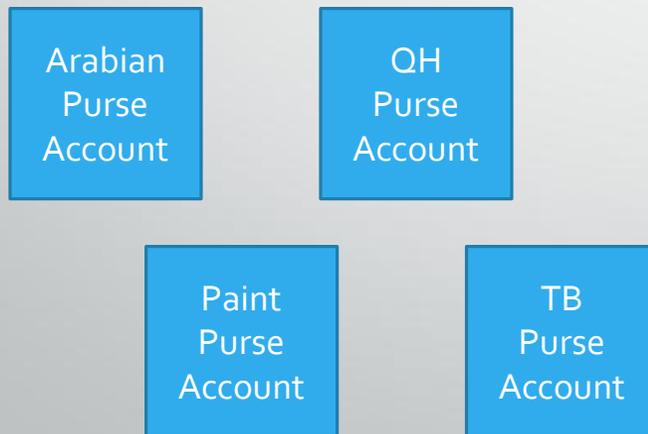


# ALLOCATIONS FROM SIMULCAST WAGERING

## Cross-Species

### Horse Purse

Allocated by racetrack recommended breed split, industry agreement, or Commission decision.



### Texas Bred Program

Allocated by breed registry recommended breed split, industry agreement, or Commission decision.



# ALLOCATIONS FROM SIMULCAST WAGERING

## Cross-Species

### Greyhound Purse

Allocated by recommended formula from Texas Greyhound Association, industry agreement, or Commission decision.

Gulf  
Greyhound  
Park

Gulf  
Coast  
Racing

Valley  
Race  
Park

### Texas Bred Program

Not applicable.

- What is the Commission's role in the allocation process?

#### LIVE WAGERING

On-Track

Off-Track

#### SIMULCAST WAGERING

Same-Species (horse on horse)

Cross-Species (horse on greyhound)

# COMMISSION'S ROLE - LIVE WAGERING On-Track

## Purse Funds

### Staff

- Audits fund calculations daily, &
- Audits allocations to the respective purse accounts weekly and monthly.

## Texas Bred Program

### Staff

- Audits fund calculations daily,
- Collects funds from racetrack daily, &
- Remits funds to the respective breed registries monthly.

# COMMISSION'S ROLE - LIVE WAGERING Off-Track

## Purse Funds

Staff

- Approves racetrack's request to export its live races to an off-track location,
- Audits fund calculations daily, &
- Audits allocations to the respective purse accounts weekly and monthly.

## Texas Bred Program

Not applicable

# COMMISSION'S ROLE - SIMULCAST WAGERING

## Same-Species

### Purse Funds

#### Commission

- Approves allocation percentages/methodology, or
- Determines allocation percentages/methodology.

#### Staff

- Approves racetrack's request to import a horse track signal,
- Audits fund calculations daily, &
- Audits allocations to the respective purse accounts weekly and monthly.

### Texas Bred Program

#### Commission

- Approves allocation percentages/methodology, or
- Determines allocation percentages/methodology.

#### Staff

- Approves racetrack's request to import a horse track signal,
- Audits fund calculations daily,
- Collects funds from racetrack daily, &
- Remits funds to the respective breed registries monthly.

# COMMISSION'S ROLE - SIMULCAST WAGERING Cross-Species

## Horse Purse

### Commission

- Approves allocation percentages/methodology, or
- Determines allocation percentages/methodology.

### Staff

- Approves racetrack's request to import a greyhound track signal,
- Audits fund calculations daily, &
- Audits allocations to the respective purse accounts weekly and monthly.

## Texas Bred Program

### Commission

- Approves allocation percentages/methodology, or
- Determines allocation percentages/methodology.

### Staff

- Approves racetrack's request to import a greyhound track signal,
- Audits fund calculations daily,
- Collects funds from racetrack daily, &
- Remits funds to the respective breed registries monthly.

# COMMISSION'S ROLE - SIMULCAST WAGERING Cross-Species

## Greyhound Purse

### Commission

- Approves TGA's allocation percentages/methodology, or
- Determines allocation percentages/methodology.

### Staff

- Approves racetrack's request to import a greyhound track signal,
- Audits fund calculations daily, &
- Audits allocations to the respective greyhound racetracks weekly and monthly.

## Texas Bred Program

Not applicable

# Commission Rule §321.505: (a) Allocation of Horse Purse Funds

- (1) An association shall recommend the percentages by which it will divide the purse revenue generated from simulcasting among the various breeds of horses. The percentages are subject to the approval of the Commission.
- (2) Negotiations.
  - (A) At least 30 days before recommending the percentages, the association shall begin negotiations with the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders.
  - (B) When requested, the association shall provide the material specified in paragraph (3) of this subsection to the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders.
- (3) When requesting Commission approval of the percentages, the association shall present in writing studies, statistics, or other documentation supporting the association's application of the criteria in paragraph (4) of this subsection in its proposed division.
- (4) The Commission may consider the following criteria in evaluating whether to approve the association's proposed division of purse revenue:
  - (A) local public interest in each breed as demonstrated by, but not limited to, the following factors:
    - (i) live handle by breed;
    - (ii) simulcast import handle by breed;
    - (iii) live attendance at the racetracks; and
    - (iv) sales and market survey information.
  - (B) earnings generated by the association from each breed;
  - (C) national public interest in each breed as determined by the live simulcast export handle of each Texas meet;
  - (D) racetrack race date request and opportunities given to each breed; and
  - (E) availability of and ability to attract competitive horses.
- (5) If the Commission determines that the association's proposed division of purse revenue is inconsistent with the association's obligation to accord reasonable access to races for all breeds of horses, the Commission may:
  - (A) require the association to submit additional information supporting its recommendation for consideration at the next Commission meeting;
  - (B) reject the association's recommendation and require the association to submit a new recommendation for consideration at the next Commission meeting; or
  - (C) reject the association's recommendation and approve an alternate division of purse revenue as determined by the Commission.
- (6) In lieu of the process outlined in paragraphs (3) - (5) of this subsection, the association may submit a signed agreement between the association and the organizations referenced in paragraph (2) of this subsection for the Commission to consider for approval. For the Commission to approve the agreement, the agreement must:
  - (A) delineate the percentages by which the association will divide the purse revenue generated from simulcasting among the various breeds of horses; and
  - (B) be signed by the association and all organizations referenced in paragraph (2) of this subsection.

# Commission Rule §321.505: (b) Allocation of Texas Bred Program Funds

- (1) The Commission shall determine the percentages by which Texas Bred Incentive Program funds generated from simulcasting are divided among the various breeds of horses.
- (2) In determining the percentages by which Texas Bred Incentive Program funds generated from simulcasting are divided, the Commission may consider the following criteria:
  - (A) the amount of participation in live racing by each of the breeds;
  - (B) the activities of the breed registries to promote their breed for racing and breeding, taking into consideration each registry's available administrative funds;
  - (C) the national public interest in each breed as determined by the live simulcast export handle of each Texas meet;
  - (D) the effect of the proposed allocation on the state's agricultural racing horse breeding industry;
  - (E) the effect of the proposed allocation on the state's agricultural racing horse training industry;
  - (F) the amount of Texas Bred Incentive Programs funds from simulcasting generated by each breed; and
  - (G) the median sales price of accredited Texas bred horses as submitted on the performance measures report as required under §303.83 of this title.
- (3) Before determining the percentages, the Commission shall provide an opportunity for the official horse breed registries designated in the Act to present information in writing regarding the criteria specified in paragraph (2) of this subsection and any other information that the registries believe may be useful to the Commission.
- (4) In lieu of the process outlined in paragraphs (2) and (3) of this subsection, a signed agreement between the organizations referenced in paragraph (3) of this subsection may be submitted to the Commission for consideration and approval. For the Commission to approve the agreement, the agreement must:
  - (A) delineate the percentages by which the Texas Bred Incentive Program funds generated from simulcasting are divided among the various breeds of horses; and
  - (B) be signed by all organizations referenced in paragraph (3) of this subsection.

## Commission Rule §303.102: Greyhound Rules

### (d) Distribution of Greyhound Purse Money from Simulcasting Cross-Species

(1) To enhance live racing opportunities at Texas greyhound racetracks, TGA shall pay to each greyhound racetrack the purse money it collects pursuant to the Act, §6.091(d)(2) from interstate cross-species simulcasting at Texas horse racetracks in accordance with an allocation approved by the Commission. TGA shall prepare a proposed allocation for consideration by the Commission. In preparing a proposed allocation, TGA shall consider:

(A) the average price-per-point paid for purses at each greyhound racetrack during the preceding year;

(B) the purse payout at each greyhound racetrack during the preceding year; and

(C) the impact cross-species simulcasting has made on greyhound purse revenues at each greyhound racetrack during the preceding year.

(2) Annually, the executive secretary shall establish a deadline by which the proposed allocation must be submitted. The executive secretary shall ensure each of the greyhound racetracks has notice of the proposed allocation and the date, time, and location of the Commission meeting at which the proposed allocation will be considered for approval.