



**TEXAS RACING COMMISSION**

**P. O. Box 12080  
Austin, TX 78711-2080  
(512) 833-6699  
Fax (512) 833-6907**

Thursday, August 1, 2019  
10:30 a.m.  
Texas Animal Health Commission  
2105 Kramer Lane  
Austin, TX 78758

**RULES COMMITTEE AND  
AD HOC FINANCE COMMITTEE  
AGENDA**

**I. CALL TO ORDER**

**II. PROCEEDINGS ON RULES**

- a. Discussion and possible action to make recommendations to the Commission regarding the amendments to the following sections of the Rules of the Texas Racing Commission:
  1. 16 TAC § 309.118, Regulatory Office Space and Equipment
  2. 16 TAC § 319.333, Specimen Tags
  3. 16 TAC § 321.313, Select Three, Four, or Five
- b. Discussion regarding racetrack license fees, including possible action to make recommendations to the Commission regarding amendments to 16 TAC § 309.8, Racetrack License Fees, in light of HB 1995
- c. Discussion regarding the Texas-bred incentive program, including possible action to make recommendations to the Commission regarding amendments to 16 TAC Chapter 303, Subchapter D, Texas Bred Incentive Programs, in light of HB 3366
- d. Discussion regarding the horse industry escrow account, including possible action to make recommendations to the Commission regarding amendments to 16 TAC § 321.509, Escrowed Purse Account, in light of HB 2463

**III. PUBLIC COMMENT**

**IV. ADJOURN**

**CHAPTER 309 RACETRACK LICENSES AND OPERATIONS**

**SUBCHAPTER B OPERATION OF RACETRACKS**

**DIVISION 2 FACILITIES AND EQUIPMENT**

**SECTION 309.118 REGULATORY OFFICE SPACE AND EQUIPMENT**

- 1 (a) An association shall provide adequate office space for the use of the stewards or  
2 racing judges, occupational licensing personnel, the Commission's investigative unit, the  
3 pari-mutuel auditing staff and the staff employed by the comptroller, the Commission  
4 veterinary and drug testing staff, and the Department of Public Safety. The location and  
5 size of the office space, furnishings, electrical outlets, telephone lines, television  
6 monitors, and equipment required under this section must be approved by the executive  
7 director [~~secretary~~].
- 8 (b) – (d) (No change.)
- 9 (e) The office space for occupational licensing personnel must consist of two rooms,  
10 one of which must be private. The room that is not private must be equipped with:
- 11 (1) a double counter;
- 12 (2) a fingerprint work area;
- 13 (3) a television monitor;
- 14 (4) a telephone line;
- 15 (5) a dedicated telephone line to be used by a fax machine;
- 16 (6) a dedicated Ethernet [~~telephone~~] line to be used by a credit card machine or  
17 other secure line with access to the internet that is acceptable to the executive director  
18 [~~and that does not require a code to access an outside line~~];
- 19 (7) the appropriate number of desks, file cabinets and chairs;
- 20 (8) locking file cabinets or other locking storage facilities adequate in size and  
21 number to store the licensing files and checks; and
- 22 (9) power outlets adequate in number and capacity to operate all of the  
23 Commission's electrical equipment located within the occupational licensing office.
- 24 (f) The office space for the pari-mutuel auditing staff and the staff employed by the  
25 comptroller must:
- 26 (1) provide an unrestricted view of the pari-mutuel computers;
- 27 (2) permit unrestricted entry to the totalisator facilities;
- 28 (3) be furnished with the appropriate number of desks and chairs;
- 29 (4) include locking file cabinets in the work area or other locking storage facilities, in  
30 which the auditors may store computer printouts or magnetic tape and that are large

31 enough to store all state-controlled wagering records for the association that are needed  
32 for audits by the Commission or the comptroller;

33 (5) include a video and audio device that enables the auditors to receive,  
34 simultaneously with the patrons, the same information that the patrons receive;

35 (6) have at least six power outlets to operate electrical equipment;

36 (7) include a telephone line;

37 (8) if requested by the Commission or the comptroller, have an additional Ethernet or  
38 other secure line with access to the internet that is acceptable to the executive director

39 ~~[voice line to support dial-up capabilities for a personal computer]~~; and

40 (9) a dedicated telephone line to be used by a fax machine.

41 (g) Commission Veterinarian's Office.

42 (1) An association shall provide a secured office area for the Commission  
43 veterinarians.

44 (2) The office must be adjacent to the drug testing area and the pre-race holding  
45 area.

46 (3) The office must consist of at least two rooms, one of which must be private.

47 (4) At horse racetracks, the office must be constructed to allow a view of each of the  
48 adjacent areas.

49 (5) The office must be equipped with:

50 (A) a sink with hot and cold water built into a counter of a size required by the  
51 executive director ~~[secretary]~~;

52 (B) desks and filing cabinets, in numbers as required by the executive director  
53 ~~[secretary]~~, equipped with locks;

54 (C) at horse racetracks, refrigerators and freezers, in sizes and numbers as  
55 required by the executive director ~~[secretary]~~, equipped with locks;

56 (D) at greyhound racetracks, a freezer in a size as required by the executive  
57 director ~~[secretary]~~;

58 (E) a storage area, of a size required by the executive director ~~[secretary]~~, with a  
59 door approved by the executive director ~~[secretary]~~.

60 (F) telephone lines with telephones as required by the executive director  
61 ~~[secretary]~~;

62 (G) television monitors as required by the executive director ~~[secretary]~~; and

63 (H) at horse racetracks, a freestanding counter of a size required by the  
64 executive director ~~[secretary]~~.

65 (6) All locks must be of a type approved by the executive director ~~[secretary]~~.

66 (h) (No change.)

- 67 (i) All telephone lines provided under this section must:
- 68 (1) be assigned a unique telephone number that is directly accessible by outside  
69 callers;
- 70 (2) if requested by the executive director [~~secretary~~], be listed in the governmental  
71 section of the local telephone directory; and
- 72 (3) if requested by the executive director [~~secretary~~], be listed on the association's  
73 website.
- 74 (j) An association shall provide at its expense computer lines, phone equipment, and  
75 any necessary voice and data network cabling in the offices of the state regulatory and  
76 law enforcement personnel as prescribed by the executive director [~~secretary~~]. In  
77 addition, the association shall reimburse the Commission for the costs of any network or  
78 data circuits installed or caused to be installed by the Commission at the association's  
79 location.
- 80 (k) All costs of telecommunications for regulatory and law enforcement personnel  
81 provided under this section shall be paid by the association and the telecommunications  
82 service may not be interrupted at any time. To ensure minimal disruption to the  
83 Commission's regulatory functions, the association shall ensure the Commission staff  
84 has twenty-four hour access and keys to any telecommunications rooms serving  
85 regulatory and law enforcement personnel as prescribed by the executive director  
86 [~~secretary~~].
- 87 (l) An association shall provide to the Commission a number of keys to the Commission  
88 offices as approved by the executive director [~~secretary~~].
- 89 (m) (No change.)

**CHAPTER 319 VETERINARY PRACTICES AND DRUG TESTING**

**SUBCHAPTER D DRUG TESTING**

**DIVISION 2 TESTING PROCEDURES**

**SECTION 319.333 SPECIMEN IDENTIFICATION [TAGS]**

1 (a) Each specimen obtained for testing must be marked for identification in a manner  
2 that ensures that: [~~with a tag with multiple parts. A part of the tag must accompany the~~  
3 ~~specimen to the testing laboratory and the commission veterinarian or test barn~~  
4 ~~supervisor shall retain a part of the tag in a locked cabinet in the test barn or test area.~~

5 (1) the commission can identify which horse, trainer, owner, and race the specimen  
6 came from; and

7 (2) the laboratory testing the sample cannot identify which horse, trainer, owner, or  
8 race the specimen came from.

9 (b) The executive director may issue standards for specimen identification in a manner  
10 that ensures the integrity of the specimens. [~~The part of the tag that is sent with the~~  
11 ~~specimen to the laboratory may contain only the date the specimen was obtained and a~~  
12 ~~unique identification number assigned by the executive secretary. The part of the tag~~  
13 ~~that is retained in the test barn or test area must contain:~~

14 (1) ~~the signature of the commission veterinarian or test barn supervisor;~~

15 (2) ~~the initials of each individual who collected the urine or serum;~~

16 (3) ~~the initials of the individual who processed the serum for split sampling;~~

17 (4) ~~the date the specimen was obtained;~~

18 (5) ~~the unique identification number;~~

19 (6) ~~the name of the race animal;~~

20 (7) ~~the signature of the witness, if any; and~~

21 (8) ~~any other information required by the executive secretary.]~~

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 6/27/2019

***Request for Proposed Change to an Existing Rule or  
Addition of a New Rule to the Rules of Racing***

Please submit this information to the attention of the Executive Director *at least 14 days* in advance of the next scheduled Committee on Rules meeting. An electronic form is available to assist in your submission or feel free to add additional pages as necessary in order to provide as much detail as possible. Filing this request does not guarantee that your proposal will be considered by the Committee on Rules, and failure to complete all sections may delay consideration of your request.

Texas Racing Commission  
8505 Cross Park Drive, Suite 110  
Austin, TX 78754-4552  
Phone: 512/833-6699 Fax: 512-833-6907  
email: [info@txrc.texas.gov](mailto:info@txrc.texas.gov)

**Contact Information:**

Name:	Frank Hopf		
Phone Number:	281-807-8803	Fax number:	281-807-8720
Mailing address:	7575 N. Sam Houston Pkwy W. Houston, TX 77064		

Check appropriate box(es):

Personal Submission *OR*  
 Submission on Behalf of Sam Houston Race Park  
(Name of Organization)

Proposed Change to (if known): Chapter: 321 Rule: 313  
 Proposed Addition to (if known): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Other Rules Affected by Proposal (if any): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_  
 Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: \_\_\_\_\_

**A. Summary of the Issue and Proposed Solution**

1. Summarize the issue. Address the following:
  - Proposed rule would be inline with ARCI-004-105 Calculation of Payouts and Distribution of Pools- Pick (n) Pools (7) (Page 75, Version 9.0 April 2019)
2. Summarize proposed solution(s). Address the following:
  - This rule change will provide consistency for the betting public on all Pick 3, 4, 5, 6 wagers in Texas.

**B. Impact of Proposal**

Please answer the following questions to the best of your ability. Explain all “yes” answers below.

	Yes	No
1. Is this change likely to have any fiscal impact on state or local government over the next five years?		X
2. Is there likely to be any cost to persons or businesses required to comply with the change?		X
3. Is the change likely to result in the creation or elimination of a government program?		X
4. Is the change likely to create any new employee positions or eliminate any existing employee positions within the Texas Racing Commission?		X
5. Is the change likely to require an increase or decrease in future legislative appropriations to the agency?		X
6. Is the change likely to require a substantial increase or decrease in the total amount of fees paid to the agency?		X
7. Does the change create any new regulations or expand any existing regulations?		X
8. Is the change likely to increase the number of individuals subject to the rule's applicability?		X
9. Is the change likely to have an impact on the Texas economy?		X
10. Is the change likely to have a negative economic effect on small businesses?		X
11. Is the change likely to have a negative impact on micro-businesses (independently owned businesses with no more than 20 employees)?		X
12. Is the change likely to have a negative impact on the local economy?		X
13. Is the change likely to have a negative impact on rural communities (communities with a population of less than 25,000)?		X
14. Is the change likely to have a negative impact on employment conditions in Texas?		X
15. Is the change likely to restrict, limit, or impose a burden an owner’s right to his or her private real property?		X

16. Explain any “yes” answers, including estimates of cost where appropriate.

17. If you answered “yes” to any questions above, is there another way to achieve the same goal that would not result in a “yes” answer?

18. What is the anticipated public benefit of this change?

This addition to the current rule will allow for constinency to the betting public on multi-leg wagers in Texas.

#### D. Support or Opposition

Please identify any affected stakeholder groups that expressed support or opposition. (These stakeholders may include the racetracks, breed registries, owners, kennel owners, trainers, jockeys, veterinarians, members of the public, or others.)

- Lone Star Park and Retama Park

Are there any affected stakeholder groups that have not been consulted on this proposal?

- Yes, both locations support the proposal.

#### C. Proposal

Provide rule language you are proposing. Please show any language to be added with underlined text (example: new text) and any current rule language to be eliminated in brackets with strikethroughs (example: [~~text to be deleted~~]). To substitute text, show the new text first (example: new text [~~old text~~]).

- (a) no change
- (b) no change
- (c) no change
- (d) no change
- (e) no change
- (f) no change
- (g) no change
- (h) no change
- (i) no change

(j) When the condition of the turf course warrants a change of racing surface in any of the races open to a select three, four or five, and such change has not been made known to the betting public prior to the close of wagering for the first select three, four or five race, the Stewards shall declare the changed races a "no contest" for select three, four or five purposes and the pool shall be distributed in accordance with subsection (i) of this section. Following the designation of a race as a "no contest", no tickets shall be sold selecting a horse in such "no contest" race.

~~(j)~~ (k) In the event of a dead heat for win between two or more animals:

(1) in a select three, all the animals in the dead heat for win shall be considered as winning animals in the race for the purpose of calculating the major or minor pools and the affected pool is calculated:

(A) As a profit split to those whose selections finished first in each of the three contests; but if there are no such wagers, then

(B) As a single price pool to those who selected the first place finisher in any two of the three contests; but if there are no such wagers, then

(C) As a single price pool to those who selected the first place finisher in any one of the three contests; but if there were no such wagers, then in accordance with paragraph (f) of this section.

(2) in a select four or five race, all the animals in the dead heat for win shall be considered as winning animals in the race for the purpose of calculating the major or minor pools and the affected pool is calculated as a win pool.

~~(1)~~ (1) A pari-mutuel ticket for the select three, four, or five pool may not be sold, exchanged, or canceled after the time wagering closes in the first of the races comprising the select three, four, or five, except for refunds on select three, four, or five tickets as required by subsection (h) of this section. A person may not disclose the number of tickets sold in the select three, four, or five pool or the number or amount of tickets selecting winners of select three, four, or five races until the stewards or racing judges have determined the last race comprising the select three, four, or five to be official.

**CHAPTER 321      PARI-MUTUEL WAGERING**  
**SUBCHAPTER C    REGULATION OF LIVE WAGERING**  
**DIVISION 2       DISTRIBUTION OF PARI-MUTUEL POOLS**  
**SECTION 321.313   SELECT THREE, FOUR, OR FIVE**

1    (a) – (i) (No change.)

2    (j) When the condition of the turf course warrants a change of racing surface in any of  
3    the races open to a select three, four, or five, and such change has not been made  
4    known to the betting public prior to the close of wagering for the first select three, four,  
5    or five race, the stewards shall declare each changed race a “no contest” for select  
6    three, four, or five purposes and the pool shall be distributed in accordance with  
7    subsection (i) of this section. Following the designation of a race as a “no contest,” no  
8    tickets shall be sold selecting a horse in such “no contest” race.

9    (k) [(j)] In the event of a dead heat for win between two or more animals:

10        (1) in a select three, all the animals in the dead heat for win shall be considered as  
11        winning animals in the race for the purpose of calculating the major or minor pools and  
12        the affected pool is calculated:

13                (A) As a profit split to those whose selections finished first in each of the three  
14                contests; but if there are no such wagers, then

15                (B) As a single price pool to those who selected the first place finisher in any two  
16                of the three contests; but if there are no such wagers, then

17                (C) As a single price pool to those who selected the first place finisher in any one  
18                of the three contests; but if there were no such wagers, then in accordance with  
19                paragraph (f) of this section.

20        (2) in a select four or five race, all the animals in the dead heat for win shall be  
21        considered as winning animals in the race for the purpose of calculating the major or  
22        minor pools and the affected pool is calculated as a win pool.

23    (l) [(k)] A pari-mutuel ticket for the select three, four, or five pool may not be sold,  
24    exchanged, or canceled after the time wagering closes in the first of the races  
25    comprising the select three, four, or five, except for refunds on select three, four, or five  
26    tickets as required by subsection (h) of this section. A person may not disclose the  
27    number of tickets sold in the select three, four, or five pool or the number or amount of  
28    tickets selecting winners of select three, four, or five races until the stewards or racing  
29    judges have determined the last race comprising the select three, four, or five to be  
30    official.

## AN ACT

relating to the distribution to the Texas Racing Commission of certain money deducted from simulcast pari-mutuel pools.

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

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

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

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

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

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

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

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

SECTION 2. (a) The change in law made by this Act applies to the deduction from a pari-mutuel pool for a race conducted by a racetrack association on or after the effective date of this Act.

(b) As soon as practicable after the effective date of this Act, the Texas Racing Commission shall revise existing rules or adopt new rules as necessary to comply with Section 2028.202(a), Occupations Code, as amended by this Act.

SECTION 3. This Act takes effect September 1, 2019.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 1995 was passed by the House on April 16, 2019, by the following vote: Yeas 121, Nays 10, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 1995 was passed by the Senate on May 2, 2019, by the following vote: Yeas 23, Nays 8.

## AN ACT

relating to the deposit and distribution by the Texas Racing Commission of certain pari-mutuel wagering funds to benefit the Texas-bred program.

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

SECTION 1. Section 2023.053, Occupations Code, is amended by adding Subsection (f) to read as follows:

(f) This section does not apply to money deposited into the Texas-bred incentive fund established under Section 2028.301.

SECTION 2. Section 2024.055, Occupations Code, is amended to read as follows:

Sec. 2024.055. DEPOSIT OF STATE'S SHARE. (a) The comptroller shall deposit the state's share of each pari-mutuel pool from horse racing and greyhound racing in the general revenue fund.

(b) This section does not apply to money deposited into the Texas-bred incentive fund established under Section 2028.301.

SECTION 3. Section 2028.103, Occupations Code, is amended by amending Subsections (a) and (c) and adding Subsection (a-1) to read as follows:

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

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

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

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

(B) the remainder shall be used for awards.

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

(c) The commission shall adopt rules relating to the deposit, accounting, auditing, and distribution of all amounts set aside for the Texas-bred program under this subchapter and for the use of those amounts by the state breed registries under that program.

SECTION 4. Section 2028.105, Occupations Code, is amended by amending Subsection (d) and adding Subsection (d-1) to read as follows:

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

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

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

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

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

SECTION 5. Section 2028.154(a), Occupations Code, is amended to read as follows:

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

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

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

SECTION 6. Section 2028.202, Occupations Code, is amended by adding Subsection (a-1) to read as follows:

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

SECTION 7. Chapter 2028, Occupations Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. TEXAS-BRED INCENTIVE FUND

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

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

SECTION 8. (a) The changes in law made by this Act apply to the deductions and breakage from a wagering pool for a horse or greyhound race conducted by a racetrack association on or after the effective date of this Act.

(b) As soon as practicable after the effective date of this Act, the Texas Racing Commission shall revise existing rules or adopt new rules as necessary to comply with this Act.

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

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President of the Senate

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Speaker of the House

I certify that H.B. No. 3366 was passed by the House on April 16, 2019, by the following vote: Yeas 125, Nays 11, 1 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 3366 was passed by the Senate on May 21, 2019, by the following vote: Yeas 28, Nays 3.

## AN ACT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

comptroller determines the amount deposited into the account in that fiscal biennium equals the greater of:

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

(2) \$50 million.

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

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

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

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

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

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

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

(c-3) Subject to the limitation imposed under Section 2028.2041, Occupations Code, an amount equal to the proceeds from the collection of the taxes imposed by this chapter on the sale, storage, or use of horse feed, horse supplements, horse tack, horse bedding and grooming supplies, and other taxable expenditures directly related to horse ownership, riding, or boarding shall be deposited to the credit of the escrow account administered by the Texas Racing Commission and established under Section 2028.204, Occupations Code.

(d) The comptroller shall determine the amount to be deposited to the highway fund under Subsection (b) according to available statistical data indicating the estimated average or actual consumption or sales of lubricants used to propel motor vehicles over the public roadways. The comptroller shall determine the amounts to be deposited to the funds or accounts under Subsection (c) according to available statistical data indicating the estimated or actual total receipts in this state from taxable sales of sporting goods. The comptroller shall determine the amount to be deposited to the fund under Subsection (c-2) according to available statistical data indicating the estimated or actual total receipts in this state from taxes imposed on sales at retail of fireworks. The comptroller shall determine the amount to be deposited to the account under Subsection (c-3) according to

available statistical data indicating the estimated or actual total receipts in this state from taxable sales of horse feed, horse supplements, horse tack, horse bedding and grooming supplies, and other taxable expenditures directly related to horse ownership, riding, or boarding. If satisfactory data are not available, the comptroller may require taxpayers who make taxable sales or uses of those lubricants, of sporting goods, [~~or~~] of fireworks, or of horse feed, horse supplements, horse tack, horse bedding and grooming supplies, or other taxable expenditures directly related to horse ownership, riding, or boarding to report to the comptroller as necessary to make the allocation required by Subsection (b), (c), [~~or~~] (c-2), or (c-3).

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

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

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

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

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

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

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

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I certify that H.B. No. 2463 was passed by the House on May 10, 2019, by the following vote: Yeas 91, Nays 38, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2463 on May 24, 2019, by the following vote: Yeas 99, Nays 42, 2 present, not voting.

\_\_\_\_\_  
Chief Clerk of the House

I certify that H.B. No. 2463 was passed by the Senate, with amendments, on May 21, 2019, by the following vote: Yeas 22, Nays 9.

\_\_\_\_\_  
Secretary of the Senate

APPROVED: \_\_\_\_\_  
Date