



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

Texas Racing Commission
Tuesday, November 27, 2007
10:30 a.m.
JH Reagan Building, Room 120
105 W. 15th Street
Austin TX 78701

AGENDA

I. CALL TO ORDER

Roll Call

II. PUBLIC COMMENT

III. GENERAL BUSINESS

Discussion, consideration and possible action on the following matters:

- A. Report and Update by the Executive Director and Staff
Regarding Administrative Matters
- B. Budget and Finance Update Tab 1
- C. Approval of the Commission's Operating Budget
for FY 2008 Tab 2
- D. Approval of Charges for Services Performed under the
Memorandum of Understanding with Texas Veterinary
Medical Diagnostic Laboratory in accordance with
Texas Racing Act, Art. 179e, Sec. 3.07(d). Tab 3
- E. Report on Racetrack Inspections Tab 4

IV. PROCEEDINGS ON RACETRACKS

Discussion, consideration and possible action on the following matters:

- A. Request by Corpus Christi Greyhound Race Track to Allocate Live Race Dates for 2008 (Tabled from previous meeting.)
- B. Request by Valley Race Park to Modify its 2007 Live Racing Schedule Tab 5
- C. Allocation by the Texas Greyhound Association of Interstate Cross-Species Purse Money Tab 6
- D. Allocation Among Various Breeds of Horses of Purse Revenue Generated by Simulcasting for 2008 under Commission Rule 321.505(a) Tab 7
- E. Distribution of the Escrowed Purse Account under Commission Rule 321.509 Tab 7
- F. Allocation Among Various Breeds of Horses of the Texas Bred Incentive Program Revenue Generated by Simulcasting for 2008 under Commission Rule 321.505(b) Tab 8

V. PROCEEDINGS ON RULEMAKING

Discussion, consideration and possible action on the following rules:

Rule Review

- A. Rule Review Tab 9
Chapter 309 – Racetrack Licenses and Operations

Rule Proposals

- B. Proposal to Repeal § 311.51, Interim License to Conduct Race Meetings Tab 10
- C. Proposal to Amend § 313.111, Age Restrictions Tab 11
- D. Proposal to Amend § 319.363, Testing for Total Carbon Dioxide Tab 12
- E. Proposal to Amend § 321.407 Approval of Wagering on Simulcast Import Races Tab 13

Rule Adoption

- F. Amendment to Rule 303.16, Historically Underutilized Businesses Tab 14

VI. EXECUTIVE SESSION

The following items may be discussed and considered in executive session or open meeting and have action taken in the open meeting:

- A. Under Government Code Sec. 551.071, the Commission may open an executive session to confer with its attorney regarding pending or contemplated litigation on any matter listed in this agenda.
- B. Under Government Code Sec. 551.071(2), the Commission may open an executive session to discuss all matters identified in this agenda where the commission seeks the advice of their attorney as privileged communications under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas and to discuss the Open Meetings Act and the Administrative Procedures Act.
- C. Under Government Code Sec. 551.071, the Commission may open an executive session to confer with its attorney regarding litigation by Trinity Meadows Raceway, Inc., against the Commission in Bankruptcy Case No. 97-41302, Adversary No. 06-04165.
- D. Under Government Code Sec. 551.071, the Commission may open an executive session to confer with its attorney regarding contemplated litigation by the Commission against Longhorn Downs, Inc.

VII. OLD/NEW BUSINESS

Schedule next Commission Meeting

VIII. ADJOURN

Texas Racing Commission

LBB-4

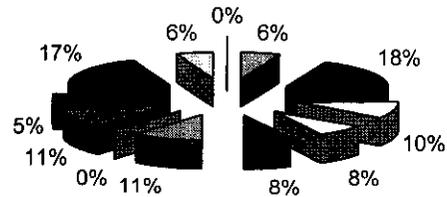
FYE 08/31/2008
 Cumulative Operating Budget Status
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2008 Annual Budget	FY 2008 Expended Thru 10/31/2007	FY 2008 Unexpended Bal 10/31/2007	With 16.66% of Year Lapsed % of Budget Expended
\$ 0	FTE's = 76.60				
	<u>Sum Of All Strategies other than A.2.1</u>				
	1001 Salaries and Wages	3,793,297	571,492	3,221,805	15.07%
	1002 Other Personnel Cost	142,540	15,330	127,210	10.75%
	2001 Prof Fees and Services	186,242	1,255	184,987	0.67%
	2003 Consumables	27,750	2,085	25,665	7.51%
	2004 Utilities	22,500	2,210	20,290	9.82%
	2005 Travel	228,878	11,648	217,230	5.09%
	2006 Rent Building	105,314	26,078	79,235	24.76%
	2007 Rent Machine	13,500	4,303	9,197	31.87%
	2009 Other Operating Cost	301,128	19,522	281,606	6.48%
	CB Computer Equipment	35,340	7,666	27,674	21.69%
\$ 4,856,488	Total Operating Budget	4,856,488	661,589	4,194,900	13.62%
\$ 5,389,159	Strategy A.2.1. TX Bred Incentive	5,389,159	757,683	4,631,476	14.06%
\$ 10,245,647	Total All Strategies	10,245,647	1,419,272	8,826,376	13.85%

Expended Operational Budget By Strategy

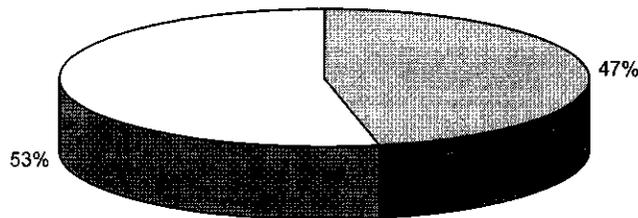
Regulate Racetrack Owners	\$ 40,105
Supervise Racing	\$ 121,516
Monitor Licensee Activities	\$ 68,809
Inspect & Provide Emergency Care	\$ 50,950
Administer Drug Test	\$ 49,671
Occupational Licensing Program	\$ 72,455
Texas On-Line Program	\$ 1,248
Monitor Pari-Mutuel Wagering	\$ 73,038
Wagering & Compliance Inspection	\$ 30,935
Central Administration	\$ 113,443
Information Resources	\$ 39,419
Other Support Services	\$ -

Expended Operational Budget



- Regulate Racetrack Owners
- Supervise Racing
- Monitor Licensee Activities
- Inspect & Provide Emergency Care
- Administer Drug Test
- Occupational Licensing Program
- Texas On-Line Program
- Monitor Pari-Mutuel Wagering
- Wagering & Compliance Inspection
- Central Administration
- Information Resources
- Other Support Services

Expended Appropriations



Operational Budget ATB Budget

Expended Appropriations	
Operational Budget	\$ 661,589
ATB Budget	\$ 757,683

Texas Racing Commission

LBB-1

FYE 08/31/2008
 Cumulative Operating Budget Status
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2008 Annual Budget	FY 2008 Expended Thru 10/31/2007	FY 2008 Unexpended Bal 10/31/2007	With 16.66% of Year Lapsed % of Budget Expended
	FTE's = 4.00				
A.1.1.	Regulate Racetrack Owners				
	1001 Salaries and Wages	234,022	39,004	195,018	16.67%
	1002 Other Personnel Cost	5,140	840	4,300	16.34%
	2001 Prof Fees and Services	5,000	155	4,845	3.10%
	2003 Consumables	250	-	250	0.00%
	2004 Utilities	-	-	-	-
	2005 Travel	8,100	-	8,100	0.00%
	2006 Rent Building	-	-	-	-
	2007 Rent Machine	-	-	-	-
\$ 4,589	2009 Other Operating Cost	16,075	106	15,969	0.66%
\$ 251,055	CB Computer Equipment	-	-	-	-
\$ 12,943					
\$ 268,587	Total Strategy A.1.1.	268,587	40,105	228,482	14.93%
	FTE's = 0				
A.2.1.	Texas Bred Incentive				
	ATB Money Expended	5,389,159	757,683	4,631,476	14.06%
\$ 5,389,159	Total Strategy A.2.1.	5,389,159	757,683	4,631,476	14.06%
	FTE's = 12.00				
A.3.1.	Supervise Racing and Licensees				
	1001 Salaries and Wages	706,650	109,309	597,341	15.47%
	1002 Other Personnel Cost	20,800	2,320	18,480	11.15%
	2001 Prof Fees and Services	12,742	1,100	11,642	-
	2003 Consumables	-	-	-	-
	2004 Utilities	-	-	-	-
	2005 Travel	45,000	1,116	43,884	2.48%
	2006 Rent Building	-	-	-	-
	2007 Rent Machine	-	-	-	-
\$ 13,855	2009 Other Operating Cost	4,875	6	4,869	0.12%
\$ 849,215	CB Computer Equipment	35,340	7,666	27,674	21.69%
\$ (37,664)					
\$ 825,407	Total Strategy A.3.1.	825,407	121,516	703,890	14.72%
	FTE's = 7.00				
A.3.2.	Monitor Occupational Licensee Act.				
	1001 Salaries and Wages	389,723	64,954	324,769	16.67%
	1002 Other Personnel Cost	24,300	1,300	23,000	5.35%
	2001 Prof Fees and Services	-	-	-	-
	2003 Consumables	-	-	-	-
	2004 Utilities	-	-	-	-
	2005 Travel	29,450	2,511	26,939	8.53%
	2006 Rent Building	-	-	-	-
	2007 Rent Machine	-	-	-	-
\$ 7,641	2009 Other Operating Cost	3,875	44	3,831	1.14%
\$ 434,687	CB Computer Equipment	-	-	-	-
\$ 5,020					
\$ 447,348	Total Strategy A.3.2.	447,348	68,809	378,539	15.38%
	FTE's = 6.80				
A.4.1.	Inspect and Provide Emerg. Care				
	1001 Salaries and Wages	379,651	47,642	332,009	12.55%
	1002 Other Personnel Cost	10,260	800	9,460	7.80%
	2001 Prof Fees and Services	23,000	-	23,000	0.00%
	2003 Consumables	-	-	-	-
	2004 Utilities	-	-	-	-
	2005 Travel	14,100	1,958	12,142	13.89%
	2006 Rent Building	-	-	-	-
	2007 Rent Machine	-	-	-	-
\$ 6,730	2009 Other Operating Cost	7,125	550	6,575	7.72%
\$ 436,742	CB Computer Equipment	-	-	-	-
\$ (9,337)					
\$ 434,136	Total Strategy A.4.1.	434,136	50,950	383,186	11.74%

Texas Racing Commission

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FYE 08/31/2008
 Cumulative Operating Budget Status
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2008 Annual Budget	FY 2008 Expended Thru 10/31/2007	FY 2008 Unexpended Bal 10/31/2007	With 16.66% of Year Lapsed % of Budget Expended
A.4.2.	FTE's = 6.50 Administer Drug Testing				
	1001 Salaries and Wages	289,340	47,168	242,172	16.30%
	1002 Other Personnel Cost	12,280	920	11,360	7.49%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	23,190	1,208	21,982	5.21%
	2006 Rent Building	-	-	-	
\$ 5,449	2007 Rent Machine	-	-	-	
\$ 325,703	2009 Other Operating Cost	6,375	375	6,000	5.88%
\$ 33	CB Computer Equipment	-	-	-	
\$ 331,185	Total Strategy A.4.2.	331,185	49,671	281,514	15.00%
B.1.1.	FTE's = 13.30 Occupational Licensing				
	1001 Salaries and Wages	428,147	66,592	361,556	15.55%
	1002 Other Personnel Cost	29,540	2,990	26,550	10.12%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	2,500	-	2,500	0.00%
	2004 Utilities	-	-	-	
	2005 Travel	32,250	822	31,428	2.55%
	2006 Rent Building	-	-	-	
\$ 8,127	2007 Rent Machine	-	-	-	
\$ 547,692	2009 Other Operating Cost	11,000	1,334	9,666	12.12%
\$ (15,757)	CB Computer Equipment	36,625	717	35,908	1.96%
\$ 540,062	Total Strategy B.1.1.	540,062	72,455	467,608	13.42%
B.1.2.	FTE's = 0 Texas OnLine				
	1001 Salaries and Wages	-	-	-	
	1002 Other Personnel Cost	-	-	-	
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	-	-	-	
	2006 Rent Building	-	-	-	
	2007 Rent Machine	-	-	-	
\$ 23,250	2009 Other Operating Cost	23,250	1,248	22,002	5.37%
\$ -	CB Computer Equipment	-	-	-	
\$ 23,250	Total Strategy B.1.2.	23,250	1,248	22,002	5.37%
C.1.1.	FTE's = 9.00 Monitor Wagering and Audit				
	1001 Salaries and Wages	412,344	68,724	343,620	16.67%
	1002 Other Personnel Cost	11,780	1,920	9,860	16.30%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	24,944	2,310	22,634	9.26%
	2006 Rent Building	-	-	-	
\$ 8,085	2007 Rent Machine	-	-	-	
\$ 457,218	2009 Other Operating Cost	19,235	84	19,151	0.44%
\$ 3,000	CB Computer Equipment	-	-	-	
\$ 468,303	Total Strategy C.1.1.	468,303	73,038	395,265	15.60%
C.1.2.	FTE's = 5.00 Wagering & Compliance Inspections				
	1001 Salaries and Wages	228,004	29,375	198,629	12.88%
	1002 Other Personnel Cost	6,060	1,000	5,060	16.50%
	2001 Prof Fees and Services	75,000	-	75,000	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	18,431	560	17,871	3.04%
	2006 Rent Building	-	-	-	
\$ 3,477	2007 Rent Machine	-	-	-	
\$ 327,143	2009 Other Operating Cost	4,125	-	4,125	0.00%
\$ 1,000	CB Computer Equipment	-	-	-	
\$ 331,620	Total Strategy C.1.2.	331,620	30,935	300,685	9.33%

Texas Racing Commission

LBB-3

FYE 08/31/2008
 Cumulative Operating Budget Status
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2008 Annual Budget	FY 2008 Expended Thru 10/31/2007	FY 2008 Unexpended Bal 10/31/2007	With 16.66% of Year Lapsed % of Budget Expended
D.1.1.	FTE's = 8.00 Central Administration				
	1001 Salaries and Wages	439,059	60,329	378,730	13.74%
	1002 Other Personnel Cost	16,620	2,320	14,300	13.96%
	2001 Prof Fees and Services	25,500	-	25,500	0.00%
	2003 Consumables	25,000	2,085	22,915	8.34%
	2004 Utilities	22,500	2,130	20,370	9.46%
	2005 Travel	30,413	1,163	29,250	3.82%
	2006 Rent Building	105,314	26,078	79,235	24.76%
\$ 5,924	2007 Rent Machine	2,500	2,969	(469)	118.77%
\$ 753,938	2009 Other Operating Cost	106,857	16,369	90,488	15.32%
\$ 13,900	CB Computer Equipment	-	-	-	
\$ 773,763	Total Strategy D.1.1.	773,763	113,443	660,320	14.66%
D.2.1.	FTE's = 5.00 Information Resources				
	1001 Salaries and Wages	286,357	38,396	247,961	13.41%
	1002 Other Personnel Cost	5,760	920	4,840	15.97%
	2001 Prof Fees and Services	45,000	-	45,000	0.00%
	2003 Consumables	-	-	-	
	2004 Utilities	-	80	(80)	
	2005 Travel	3,000	-	3,000	0.00%
	2006 Rent Building	-	-	-	
\$ 5,498	2007 Rent Machine	-	-	-	
\$ 380,469	2009 Other Operating Cost	72,711	22	72,689	0.03%
\$ 26,861	CB Computer Equipment	-	-	-	
\$ 412,828	Total Strategy D.1.2.	412,828	39,419	373,409	9.55%
D.1.3.	FTE's = - Other Support Services				
	1001 Salaries and Wages	-	-	-	
	1002 Other Personnel Cost	-	-	-	
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	-	-	-	
	2006 Rent Building	-	-	-	
\$ -	2007 Rent Machine	-	-	-	
\$ -	2009 Other Operating Cost	-	-	-	
\$ -	CB Computer Equipment	-	-	-	
\$ -	Total Strategy D.1.3.	-	-	-	
\$ 69,376	Estimated 2% appropriation rider FY-08				
\$ 4,787,112	Operating Budget regular appropriations	4,856,488	661,589	3,212,160	13.62%
\$ 5,389,159	Strategy A.2.1. TX Bred Incentive	5,389,159	757,683	4,631,476	14.06%
\$ 10,245,647	Total M.O.F.				
\$ 10,245,647	Total All Strategies	10,245,647	1,419,272	7,843,636	13.85%

DRAFT

**Operating Budget
for Fiscal Year 2008**

Submitted to the
Governor's Office of Budget, Planning and Policy
And the Legislative Budget Board

by

THE TEXAS RACING COMMISSION

December 3, 2007

DRAFT

TEXAS RACING COMMISSION

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Austin, Texas 78754-4552

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TEXAS RACING COMMISSION
P. O. BOX 12080
AUSTIN, TEXAS 78711-2080
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FAX (512) 833-6907

CERTIFICATE FROM THE TEXAS RACING COMMISSION

This is to certify that the information contained in the operating budget filed with the Legislative Budget Board (LBB) and the Governor's Office of Budget, Planning and Policy (GOBPP) is accurate to the best of my knowledge and that the electronic submission to the LBB via the Automated Budget and Evaluation System of Texas (ABEST) and the bound paper copies are identical.

Additionally, should it become likely at any time that unexpended balances will accrue for any account the LBB and the GOBPP will be notified in writing in accordance with Article IX, Section 6.26 (2008-09 GAA).

Charla Ann King
Executive Director

Jesse R. Adams
Chair

Date

Date

Shelley D. Harris-Curtsinger
Director of Administration/CFO

Date

II.A. SUMMARY OF BUDGET BY STRATEGY
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: **Racing Commission**

Goal/Objective/STRATEGY	EXP 2006	EXP 2007	BUD 2008
1 Enforce Racing Regulations in Texas			
1 Regulate Pari-mutuel Racetracks Effectively			
1 LICENSE/REGULATE RACETRACKS	\$256,217	\$263,143	\$271,587
2 Increase the Number of Texas Bred Race Animals Competing			
1 TEXAS BRED INCENTIVE PROGRAM	\$5,260,613	\$5,202,852	\$5,389,159
3 Reduce the Rate of Rulings Per Occupational Licensee			
1 SUPERVISE & CONDUCT LIVE RACES	\$785,766	\$809,533	\$825,407
2 MONITOR LICENSEE ACTIVITIES	\$422,872	\$416,707	\$447,348
4 Reduce the Percentage of Race Animals Injured or Dismissed			
1 INSPECT & PROVIDE EMERGENCY CARE	\$395,900	\$395,820	\$434,136
2 ADMINISTER DRUG TESTS	\$300,699	\$342,690	\$331,185
TOTAL, GOAL 1	\$7,422,067	\$7,430,745	\$7,698,822
2 Regulate the Participation in Racing			
1 Maintain the Efficiency of the Occupational Licensing Process			
1 OCCUPATIONAL LICENSING PROGRAM	\$495,359	\$495,212	\$540,062
2 TEXASONLINE	\$25,540	\$27,584	\$23,250
TOTAL, GOAL 2	\$520,899	\$522,796	\$563,312
3 Regulate pari-mutuel wagering in Texas			
1 Increase Pass Rate for Initial Tote Test and Compliance Audits			
1 MONITOR WAGERING AND AUDIT	\$458,048	\$459,034	\$468,303
2 WAGERING COMPLIANCE INSPECTIONS	\$185,465	\$201,318	\$331,620
TOTAL, GOAL 3	\$643,513	\$660,352	\$799,923

II.A. SUMMARY OF BUDGET BY STRATEGY
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: **Racing Commission**

Goal/Objective/STRATEGY	EXP 2006	EXP 2007	BUD 2008
4 Indirect Administration			
1 <i>Indirect Administration</i>			
1 CENTRAL ADMIN & OTHER SUPPORT SVCS	\$791,751	\$774,634	\$770,762
2 INFORMATION RESOURCES	\$286,835	\$309,481	\$412,828
TOTAL, GOAL 4	\$1,078,586	\$1,084,115	\$1,183,590

II.A. SUMMARY OF BUDGET BY STRATEGY
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: **Racing Commission**

Goal/Objective/STRATEGY	EXP 2006	EXP 2007	BUD 2008
General Revenue Funds:			
1 GENERAL REVENUE FUND	\$0	\$0	\$0
General Revenue Dedicated Funds:			
597 TEXAS RACING COMM ACCT	\$9,665,065	\$9,698,008	\$10,245,647
8073 Breeders' Cup Developmental Account	\$0	\$0	\$0
TOTAL, METHOD OF FINANCING	\$9,665,065	\$9,698,008	\$10,245,647
FULL TIME EQUIVALENT POSITIONS	68.6	71.0	76.6

II.B. SUMMARY OF BUDGET BY METHOD OF FINANCE
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476

Agency name: Racing Commission

METHOD OF FINANCING

Exp 2006 Exp 2007 Bud 2008

GENERAL REVENUE FUND - DEDICATED

597 GR Dedicated - Texas Racing Commission Account No. 597

REGULAR APPROPRIATIONS

Regular Appropriations

\$9,801,558 \$9,801,557 \$10,176,271

RIDER APPROPRIATION

Art VIII, Agency 476 Rider 8

\$0 \$0 \$601,052

TRANSFERS

Art IX, Sec 13.17(a), Salary Increase (2008-09 GAA)

\$0 \$0 \$69,376

Art IX, Sec 13.17, Salary Increases (2006-07)

\$124,719 \$217,218 \$0

Art IX, Sec 11.03, Lease Space Reduction

\$(28,403) \$(48,691) \$0

Art IX, Sec 5.09 Air Travel Reduction

\$(1,892) \$0 \$0

LAPSED APPROPRIATIONS

79th Leg SB1

\$0 \$0 \$0

Art VIII, Agency 476 Rider 8

\$0 \$0 \$(601,052)

UNEXPENDED BALANCES AUTHORITY

Art IX, Sec 6.16 (j) Unexpended balances (2006-07)

\$(230,917) \$(272,076) \$0

TOTAL, GR Dedicated - Texas Racing Commission Account No. 597

\$9,665,065 \$9,698,008 \$10,245,647

TOTAL, ALL GENERAL REVENUE FUND - DEDICATED

\$9,665,065 \$9,698,008 \$10,245,647

GRAND TOTAL

\$9,665,065 \$9,698,008 \$10,245,647

II.B. SUMMARY OF BUDGET BY METHOD OF FINANCE
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476

Agency name: Racing Commission

METHOD OF FINANCING	Exp 2006	Exp 2007	Bud 2008
FULL-TIME-EQUIVALENT POSITIONS			
REGULAR APPROPRIATIONS			
Regular Appropriations	77.9	77.9	76.6
RIDER APPROPRIATION			
Rider #8 Contingent Appropriations: New Horse Racetrack	0.0	0.0	5.0
UNAUTHORIZED NUMBER OVER (BELOW) CAP			
Lapsed FTE Count	(9.3)	(6.9)	(5.0)
TOTAL, ADJUSTED FTES	68.6	71.0	76.6

II.C. SUMMARY OF BUDGET BY OBJECT OF EXPENSE
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476

Agency name: Racing Commission

OBJECT OF EXPENSE	EXP 2006	EXP 2007	BUD 2008
1001 SALARIES AND WAGES	\$3,360,224	\$3,496,092	\$3,796,297
1002 OTHER PERSONNEL COSTS	\$113,145	\$185,329	\$142,540
2001 PROFESSIONAL FEES AND SERVICES	\$126,048	\$63,256	\$186,242
2003 CONSUMABLE SUPPLIES	\$45,543	\$27,704	\$27,750
2004 UTILITIES	\$42,720	\$24,054	\$22,500
2005 TRAVEL	\$183,601	\$212,875	\$225,877
2006 RENT - BUILDING	\$127,537	\$107,498	\$105,314
2007 RENT - MACHINE AND OTHER	\$12,498	\$12,612	\$13,500
2009 OTHER OPERATING EXPENSE	\$356,953	\$333,759	\$301,128
4000 GRANTS	\$5,260,613	\$5,202,852	\$5,389,159
5000 CAPITAL EXPENDITURES	\$36,183	\$31,977	\$35,340
Agency Total	\$9,665,065	\$9,698,008	\$10,245,647

ILD. SUMMARY OF OBJECTIVE OUTCOMES
80th Regular Session, Fiscal Year 2008 Operating Budget
Automated Budget and Evaluation system of Texas (ABEST)

Agency code: 476 Agency name: Racing Commission

Goal/ Objective / OUTCOME	Exp 2006	Exp 2007	Bud2008
1 Enforce Racing Regulations in Texas			
1 Regulate Pari-mutuel Racetracks Effectively			
1 Percentage of Racetrack Operations Complaints Resolved in 6 Months	100.00 %	100.00 %	100.00 %
2 Percent Racetracks with Inspection Score of 100 Percent	65.00 %	60.00 %	70.00 %
3 Percentage of Deficiency Items Closed	98.00 %	77.00 %	95.00 %
2 Increase the Number of Texas Bred Race Animals Competing			
1 Percent Increase in Texas Bred Accredited Animals	-22.00 %	0.00 %	-7.50 %
3 Reduce the Rate of Rulings Per Occupational Licensee			
1 Average Number of Rulings Per Occupational Licensee	0.04	0.04	0.04
2 Recidivism Rate for Those Receiving Disciplinary Action	18.80 %	13.40 %	13.00 %
3 Percentage of Investigations Resulting in Disciplinary Action	99.00 %	97.00 %	99.00 %
4 Percentage of Licensees with No Recent Violations	97.00 %	97.00 %	97.50 %
4 Reduce the Percentage of Race Animals Injured or Dismissed			
1 Percentage of Race Animals Injured or Dismissed from the Racetrack	0.21 %	0.23 %	0.30 %
2 Number of Positive Drug Tests for Illegal Medications	5.10	2.70	6.00
2 Regulate the Participation in Racing			
1 Maintain the Efficiency of the Occupational Licensing Process			
1 Average Time Required to Issue a New Occupational License (Minutes)	5.83	6.88	7.50
2 Percent of License Holders Meeting Qualifications	100.00 %	100.00 %	100.00 %
3 Regulate pari-mutuel wagering in Texas			
1 Increase Pass Rate for Initial Tote Test and Compliance Audits			
1 Percentage of Tote Tests Passed on the First Run	89.00 %	100.00 %	96.00 %
2 Percentage of Compliance Audits Passed	100.00 %	98.00 %	98.00 %

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: Racing Commission Statewide Goal/Benchmark: 8 3
 GOAL: 1 Enforce Racing Regulations in Texas Service Categories:
 OBJECTIVE: 1 Regulate Pari-mutuel Racetracks Effectively Service: 17 Income: A.2 Age: B.3
 STRATEGY: 1 Provide Regulatory and Enforcement Services to Racetrack Owners

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
Output Measures:				
1	Number of Racetrack Operation Complaints Closed	16.00	16.00	14.00
2	Number of Racetrack Inspections	68.00	79.00	71.00
Efficiency Measures:				
1	Average Regulatory Cost Per Horse Racetrack	28,911.00	24,259.00	33,046.00
2	Average Regulatory Cost Per Greyhound Racetrack	28,911.00	24,259.00	32,491.00
3	Average Length of Time (Days) to Resolve Complaints	2.90	5.45	10.00
Explanatory/Input Measures:				
1	Number of Horse Tracks Regulated	7.00	7.00	10.00
2	Number of Greyhound Tracks Regulated	3.00	7.00	3.00
Objects of Expense:				
1001	SALARIES AND WAGES	\$187,737	\$229,433	\$237,022
1002	OTHER PERSONNEL COSTS	\$3,340	\$8,070	\$5,140
2001	PROFESSIONAL FEES AND SERVICES	\$3,403	\$3,028	\$5,000
2003	CONSUMABLE SUPPLIES	\$455	\$21	\$250
2004	UTILITIES	\$0	\$0	\$0
2005	TRAVEL	\$2,442	\$4,614	\$8,100
2006	RENT - BUILDING	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$58,840	\$17,977	\$16,075
4000	GRANTS	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$256,217	\$263,143	\$271,587

Method of Financing:

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: **Racing Commission**
 GOAL: 1 Enforce Racing Regulations in Texas Statewide Goal/Benchmark: 8 3
 OBJECTIVE: 1 Regulate Pari-mutuel Racetracks Effectively Service Categories:
 STRATEGY: 1 Provide Regulatory and Enforcement Services to Racetrack Owners Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
597	TEXAS RACING COMM ACCT	\$256,217	\$263,143	\$271,587
	SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)	\$256,217	\$263,143	\$271,587
	TOTAL, METHOD OF FINANCE :	\$256,217	\$263,143	\$271,587
	FULL TIME EQUIVALENT POSITIONS:	4.0	4.0	4.0

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas Statewide Goal/Benchmark: 6 0
 OBJECTIVE: 2 Increase the Number of Texas Bred Race Animals Competing Service Categories:
 STRATEGY: 1 Allocate Texas Bred Funds to Breed Registries. Nontransferable. Service: 13 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
Output Measures:				
1	Number of Texas-bred Awards	24,003.00	22,144.00	23,450.00
Explanatory/Input Measures:				
1	Total Amount of Money Dedicated to Texas Bred Incentive Programs	5,260,611.00	5,204,449.00	5,389,159.00
Objects of Expense:				
4000	GRANTS	\$5,260,613	\$5,202,852	\$5,389,159
TOTAL, OBJECT OF EXPENSE		\$5,260,613	\$5,202,852	\$5,389,159
Method of Financing:				
597	TEXAS RACING COMM ACCT	\$5,260,613	\$5,202,852	\$5,389,159
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$5,260,613	\$5,202,852	\$5,389,159
TOTAL, METHOD OF FINANCE :		\$5,260,613	\$5,202,852	\$5,389,159
FULL TIME EQUIVALENT POSITIONS:				

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: Racing Commission Statewide Goal/Benchmark: 8 2
 GOAL: 1 Enforce Racing Regulations in Texas Service Categories:
 OBJECTIVE: 3 Reduce the Rate of Rulings Per Occupational Licensee Service: 17 Income: A.2 Age: B.3
 STRATEGY: 1 Supervise the Conduct of Racing through Enforcement and Monitoring

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
Output Measures:				
1	Number of Live Races Monitored	15,034.00	13,189.00	14,300.00
2	Number of Rulings Issued against Occupational Licensees	773.00	586.00	725.00
3	Number of Occupational Licenses Suspended or Revoked	201.00	220.00	212.00
Objects of Expense:				
1001	SALARIES AND WAGES	\$671,697	\$687,580	\$706,650
1002	OTHER PERSONNEL COSTS	\$20,435	\$26,867	\$20,800
2001	PROFESSIONAL FEES AND SERVICES	\$7,706	\$7,322	\$12,742
2003	CONSUMABLE SUPPLIES	\$0	\$0	\$0
2004	UTILITIES	\$4,866	\$600	\$0
2005	TRAVEL	\$40,084	\$52,185	\$45,000
2006	RENT - BUILDING	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$4,795	\$3,002	\$4,875
4000	GRANTS	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$36,183	\$31,977	\$35,340
TOTAL, OBJECT OF EXPENSE		\$785,766	\$809,533	\$825,407
Method of Financing:				
1	GENERAL REVENUE FUND	\$0	\$0	\$0
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$0	\$0
Method of Financing:				
597	TEXAS RACING COMM ACCT	\$785,766	\$809,533	\$825,407
8073	Breeders' Cup Developmental Account	\$0	\$0	\$0

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas

OBJECTIVE: 3 Reduce the Rate of Rulings Per Occupational Licensee

STRATEGY: 1 Supervise the Conduct of Racing through Enforcement and Monitoring

Statewide Goal/Benchmark: 8 2

Service Categories:

Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)				
		\$785,766	\$809,533	\$825,407
TOTAL, METHOD OF FINANCE :				
		\$785,766	\$809,533	\$825,407
FULL TIME EQUIVALENT POSITIONS:				
		11.3	11.6	12.0

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: **Racing Commission**
 GOAL: 1 Enforce Racing Regulations in Texas Statewide Goal/Benchmark: 8 0
 OBJECTIVE: 3 Reduce the Rate of Rulings Per Occupational Licensee Service Categories:
 STRATEGY: 2 Monitor Occupational Licensee Activities Service: NA Income: NA Age: NA

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
Output Measures:				
1	Number of Investigations Completed	947.00	3,286.00	900.00
Objects of Expense:				
1001	SALARIES AND WAGES	\$372,914	\$373,727	\$389,723
1002	OTHER PERSONNEL COSTS	\$15,537	\$16,209	\$24,300
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$5	\$0
2004	UTILITIES	\$4,866	\$0	\$0
2005	TRAVEL	\$23,051	\$23,972	\$29,450
2006	RENT - BUILDING	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$6,504	\$2,794	\$3,875
4000	GRANTS	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$422,872	\$416,707	\$447,348

Method of Financing:				
597	TEXAS RACING COMM ACCT	\$422,872	\$416,707	\$447,348
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$422,872	\$416,707	\$447,348
TOTAL, METHOD OF FINANCE :		\$422,872	\$416,707	\$447,348
FULL TIME EQUIVALENT POSITIONS:		6.8	6.9	7.0

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: Racing Commission
 GOAL: 1 Enforce Racing Regulations in Texas Statewide Goal/Benchmark: 8 0
 OBJECTIVE: 4 Reduce the Percentage of Race Animals Injured or Dismissed Service Categories:
 STRATEGY: 1 Inspect and Provide Emergency Care Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
Output Measures:				
1	Number of Race Animals Inspected Pre-Race	115,641.00	110,239.00	116,800.00
Efficiency Measures:				
1	Average Regulatory Cost Per Animal Inspected	3.86	4.26	4.68
Explanatory/Input Measures:				
1	Number of Race Animals Dismissed from Texas Pari-Mutuel Racetracks	242.00	251.00	292.00
2	Number of Race Animals Injured on Texas Pari-Mutuel Racetracks	758.00	755.00	785.00
Objects of Expense:				
1001	SALARIES AND WAGES	\$331,286	\$316,005	\$379,651
1002	OTHER PERSONNEL COSTS	\$3,585	\$12,310	\$10,260
2001	PROFESSIONAL FEES AND SERVICES	\$22,726	\$20,792	\$23,000
2003	CONSUMABLE SUPPLIES	\$3,873	\$1,253	\$0
2004	UTILITIES	\$7,728	\$600	\$0
2005	TRAVEL	\$11,816	\$11,969	\$14,100
2006	RENT - BUILDING	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$14,886	\$32,891	\$7,125
4000	GRANTS	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$395,900	\$395,820	\$434,136
Method of Financing:				
597	TEXAS RACING COMM ACCT	\$395,900	\$395,820	\$434,136
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$395,900	\$395,820	\$434,136

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: **476** Agency name: **Racing Commission**
 GOAL: 1 Enforce Racing Regulations in Texas Statewide Goal/Benchmark: 8 0
 OBJECTIVE: 4 Reduce the Percentage of Race Animals Injured or Dismissed Service Categories:
 STRATEGY: 1 Inspect and Provide Emergency Care Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
TOTAL, METHOD OF FINANCE :				
		\$395,900	\$395,820	\$434,136
FULL TIME EQUIVALENT POSITIONS:				
		5.8	6.6	6.8

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 11/19/2007
 TIME: 4:23:48PM

Agency code: 476 Agency name: Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas

OBJECTIVE: 4 Reduce the Percentage of Race Animals Injured or Dismissed

STRATEGY: 2 Administer Drug Tests

Statewide Goal/Benchmark: 8 0

Service Categories:

Service: NA Income: NA Age: NA

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
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Output Measures:

1 Number of Animal Specimens Collected for Drug Testing

Objects of Expense:

1001 SALARIES AND WAGES		25,583.00	23,568.00	25,238.00
1002 OTHER PERSONNEL COSTS		\$263,643	\$291,212	\$289,340
2001 PROFESSIONAL FEES AND SERVICES		\$5,360	\$18,400	\$12,280
2003 CONSUMABLE SUPPLIES		\$0	\$240	\$0
2004 UTILITIES		\$0	\$0	\$0
2005 TRAVEL		\$0	\$0	\$0
2006 RENT - BUILDING		\$18,878	\$27,556	\$23,190
2007 RENT - MACHINE AND OTHER		\$0	\$0	\$0
2009 OTHER OPERATING EXPENSE		\$0	\$0	\$0
4000 GRANTS		\$12,818	\$5,282	\$6,375
5000 CAPITAL EXPENDITURES		\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$300,699	\$342,690	\$331,185

Method of Financing:

597 TEXAS RACING COMM ACCT

SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)

TOTAL, METHOD OF FINANCE :

FULL TIME EQUIVALENT POSITIONS:

	\$300,699	\$342,690	\$331,185
TOTAL, METHOD OF FINANCE :	\$300,699	\$342,690	\$331,185
FULL TIME EQUIVALENT POSITIONS:	5.7	6.0	6.5

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: Racing Commission Statewide Goal/Benchmark: 8 0
 GOAL: 2 Regulate the Participation in Racing Service Categories:
 OBJECTIVE: 1 Maintain the Efficiency of the Occupational Licensing Process Service: 16 Income: A.2 Age: B.3
 STRATEGY: 1 Administer the Occupational Licensing Program through Enforcement

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
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Output Measures:

- 1 Number of New Occupational Licenses Issued
- 2 Number of Occupational Licenses Renewed

Efficiency Measures:

- 1 Average Regulatory Cost Per Licensee

Explanatory/Input Measures:

- 1 Total Number of Individuals Licensed

Objects of Expense:

- 1001 SALARIES AND WAGES
- 1002 OTHER PERSONNEL COSTS
- 2001 PROFESSIONAL FEES AND SERVICES
- 2003 CONSUMABLE SUPPLIES
- 2004 UTILITIES
- 2005 TRAVEL
- 2006 RENT - BUILDING
- 2007 RENT - MACHINE AND OTHER
- 2009 OTHER OPERATING EXPENSE
- 4000 GRANTS
- 5000 CAPITAL EXPENDITURES

TOTAL, OBJECT OF EXPENSE

Method of Financing:

- 597 TEXAS RACING COMM ACCT

SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)

		4,796.00	4,919.00	4,600.00
		8,087.00	7,741.00	8,000.00
		38.27	41.78	45.12
		11,612.00	11,408.00	11,340.00
		\$368,073	\$381,075	\$428,147
		\$23,356	\$35,482	\$29,540
		\$0	\$0	\$0
		\$13,658	\$2,439	\$2,500
		\$0	\$0	\$0
		\$27,157	\$34,466	\$32,250
		\$0	\$0	\$0
		\$10,470	\$10,340	\$11,000
		\$52,645	\$31,410	\$36,625
		\$0	\$0	\$0
		\$0	\$0	\$0
		\$495,359	\$495,212	\$540,062
		\$495,359	\$495,212	\$540,062
		\$495,359	\$495,212	\$540,062

DATE: 11/19/2007
 TIME: 4:23:48PM

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: **Racing Commission**
 GOAL: 2 Regulate the Participation in Racing Statewide Goal/Benchmark: 8 0
 OBJECTIVE: 1 Maintain the Efficiency of the Occupational Licensing Process Service Categories:
 STRATEGY: 1 Administer the Occupational Licensing Program through Enforcement Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
TOTAL, METHOD OF FINANCE :				
		\$495,359	\$495,212	\$540,062
FULL TIME EQUIVALENT POSITIONS:				
		10.0	11.3	13.3

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: Racing Commission Statewide Goal/Benchmark: 8 6
 GOAL: 2 Regulate the Participation in Racing Service Categories:
 OBJECTIVE: 1 Maintain the Efficiency of the Occupational Licensing Process Service: 16 Income: A.2 Age: B.3
 STRATEGY: 2 TexasOnline, Estimated and Nontransferable

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
Objects of Expense:				
1001	SALARIES AND WAGES	\$0	\$0	\$0
1002	OTHER PERSONNEL COSTS	\$0	\$0	\$0
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$0	\$0
2004	UTILITIES	\$0	\$0	\$0
2005	TRAVEL	\$0	\$0	\$0
2006	RENT - BUILDING	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$25,540	\$27,584	\$23,250
4000	GRANTS	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$25,540	\$27,584	\$23,250
Method of Financing:				
597	TEXAS RACING COMM ACCT	\$25,540	\$27,584	\$23,250
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$25,540	\$27,584	\$23,250
TOTAL, METHOD OF FINANCE :		\$25,540	\$27,584	\$23,250
FULL TIME EQUIVALENT POSITIONS:				

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: Racing Commission Statewide Goal/Benchmark: 8 0
 GOAL: 3 Regulate pari-mutuel wagering in Texas Service Categories:
 OBJECTIVE: 1 Increase Pass Rate for Initial Tote Test and Compliance Audits Service: 17 Income: A.2 Age: B.2
 STRATEGY: 1 Regulate Pari-mutuel Wagering to Maintain an Honest Racing Industry

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
Output Measures:				
1	Number of Live and Simulcast Races Audited and Reviewed	761,572.00	784,602.00	759,000.00
2	Number of Compliance Audits Completed	2,204.00	2,602.00	2,100.00
Efficiency Measures:				
1	Average Cost to Audit and Review a Live or Simulcast Race	0.93	0.90	0.95
Explanatory/Input Measures:				
1	Total Pari-Mutuel Handle (in Millions)	502.69	497.76	477.47
2	Total Take to the State Treasury from Pari-Mutuel Wagering	4,368,694.00	4,491,305.00	4,143,756.00
3	Ratio of Simulcast Handle to Live Handle	5.00	6.00	4.90
Objects of Expense:				
1001	SALARIES AND WAGES	\$392,579	\$404,259	\$412,344
1002	OTHER PERSONNEL COSTS	\$9,140	\$19,418	\$11,780
2001	PROFESSIONAL FEES AND SERVICES	\$15,785	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$110	\$0	\$0
2004	UTILITIES	\$4,866	\$0	\$0
2005	TRAVEL	\$21,182	\$21,789	\$24,944
2006	RENT - BUILDING	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$14,386	\$13,568	\$19,235
4000	GRANTS	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$458,048	\$459,034	\$468,303
Method of Financing:				
597 TEXAS RACING COMM ACCT		\$458,048	\$459,034	\$468,303

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: **Racing Commission**
 GOAL: 3 Regulate pari-mutuel wagering in Texas Statewide Goal/Benchmark: 8 0
 OBJECTIVE: 1 Increase Pass Rate for Initial Tote Test and Compliance Audits Service Categories:
 STRATEGY: 1 Regulate Pari-mutuel Wagering to Maintain an Honest Racing Industry Service: 17 Income: A.2 Age: B.2

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)				
		\$458,048	\$459,034	\$468,303
TOTAL, METHOD OF FINANCE :				
		\$458,048	\$459,034	\$468,303
FULL TIME EQUIVALENT POSITIONS:				
		9.0	9.0	9.0

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: Racing Commission

GOAL: 3 Regulate pari-mutuel wagering in Texas

OBJECTIVE: 1 Increase Pass Rate for Initial Tote Test and Compliance Audits

STRATEGY: 2 Conduct Wagering Compliance Inspections

Statewide Goal/Benchmark: 8 0

Service Categories:

Service: NA Income: NA Age: NA

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
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Output Measures:

1 Number of Tote Tests Completed

12.00 13.00 13.00

Objects of Expense:

1001 SALARIES AND WAGES

\$173,366 \$228,004

1002 OTHER PERSONNEL COSTS

\$7,460 \$9,135 \$6,060

2001 PROFESSIONAL FEES AND SERVICES

\$0 \$0 \$75,000

2003 CONSUMABLE SUPPLIES

\$0 \$21 \$0

2004 UTILITIES

\$0 \$0 \$0

2005 TRAVEL

\$12,915 \$14,815 \$18,431

2006 RENT - BUILDING

\$0 \$0 \$0

2007 RENT - MACHINE AND OTHER

\$0 \$0 \$0

2009 OTHER OPERATING EXPENSE

\$2,792 \$3,981 \$4,125

4000 GRANTS

\$0 \$0 \$0

5000 CAPITAL EXPENDITURES

\$0 \$0 \$0

TOTAL, OBJECT OF EXPENSE

\$185,465 \$201,318 \$331,620

Method of Financing:

597 TEXAS RACING COMM ACCT

\$201,318 \$331,620

SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)

\$201,318 \$331,620

TOTAL, METHOD OF FINANCE :

\$201,318 \$331,620

FULL TIME EQUIVALENT POSITIONS:

4.0 4.0 5.0

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: **Racing Commission**
 GOAL: 4 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 1 Central Administration and Other Support Services

Statewide Goal/Benchmark: 7 0
 Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
Objects of Expense:				
1001	SALARIES AND WAGES	\$364,817	\$386,869	\$439,059
1002	OTHER PERSONNEL COSTS	\$19,712	\$29,249	\$16,620
2001	PROFESSIONAL FEES AND SERVICES	\$56,520	\$26,116	\$25,500
2003	CONSUMABLE SUPPLIES	\$26,693	\$21,913	\$25,000
2004	UTILITIES	\$20,113	\$18,849	\$22,500
2005	TRAVEL	\$23,337	\$19,554	\$27,412
2006	RENT - BUILDING	\$124,837	\$104,798	\$105,314
2007	RENT - MACHINE AND OTHER	\$2,028	\$2,272	\$2,500
2009	OTHER OPERATING EXPENSE	\$153,694	\$165,014	\$106,857
4000	GRANTS	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$791,751	\$774,634	\$770,762
Method of Financing:				
597	TEXAS RACING COMM ACCT	\$791,751	\$774,634	\$770,762
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$791,751	\$774,634	\$770,762
TOTAL, METHOD OF FINANCE :		\$791,751	\$774,634	\$770,762
FULL TIME EQUIVALENT POSITIONS:		7.0	7.0	8.0

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: Racing Commission

GOAL: 4 Indirect Administration
 OBJECTIVE: 1 Indirect Administration
 STRATEGY: 2 Information Resources

Statewide Goal/Benchmark: 7 0
 Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2006	EXP 2007	BUD 2008
Objects of Expense:				
1001	SALARIES AND WAGES	\$245,180	\$252,566	\$286,357
1002	OTHER PERSONNEL COSTS	\$5,220	\$10,189	\$5,760
2001	PROFESSIONAL FEES AND SERVICES	\$19,908	\$5,758	\$45,000
2003	CONSUMABLE SUPPLIES	\$754	\$2,052	\$0
2004	UTILITIES	\$281	\$4,005	\$0
2005	TRAVEL	\$2,739	\$1,955	\$3,000
2006	RENT - BUILDING	\$2,700	\$2,700	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$10,053	\$30,256	\$72,711
4000	GRANTS	\$0	\$0	\$0
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$286,835	\$309,481	\$412,828

Method of Financing:
 597 TEXAS RACING COMM ACCT
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)

		\$286,835	\$309,481	\$412,828
TOTAL, METHOD OF FINANCE :		\$286,835	\$309,481	\$412,828
FULL TIME EQUIVALENT POSITIONS:		5.0	4.6	5.0

III.A. STRATEGY LEVEL DETAIL
 80th Regular Session, Fiscal Year 2008 Operating Budget
 Automated Budget and Evaluation System of Texas(ABEST)

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$9,665,065	\$9,698,008	\$10,245,647
METHODS OF FINANCE :	\$9,665,065	\$9,698,008	\$10,245,647
FULL TIME EQUIVALENT POSITIONS:	68.6	71.0	76.6

Agency code 476 Agency name: **Racing Commission**

Category Code / Category Name
Project Sequence / Project Id / Name
OOE / TOF / MOF CODE EXP 2006 EXP 2007 BUD 2008

5005 Acquisition of Information Resource Technologies

1/1 Purchase Computer Hardware & Software

OBJECTS OF EXPENSE

Capital

5000 CAPITAL EXPENDITURES	\$36,183	\$31,977	\$35,340
Capital Subtotal OOE, Project 1	\$36,183	\$31,977	\$35,340
Subtotal OOE, Project 1	\$36,183	\$31,977	\$35,340

TYPE OF FINANCING

Capital

CA 597 TEXAS RACING COMM ACCT	\$36,183	\$31,977	\$35,340
Capital Subtotal TOF, Project 1	\$36,183	\$31,977	\$35,340
Subtotal TOF, Project 1	\$36,183	\$31,977	\$35,340

Capital Subtotal, Category 5005	\$36,183	\$31,977	\$35,340
Informational Subtotal, Category 5005	\$36,183	\$31,977	\$35,340
Total, Category 5005	\$36,183	\$31,977	\$35,340

AGENCY TOTAL -CAPITAL	\$36,183	\$31,977	\$35,340
AGENCY TOTAL -INFORMATIONAL	\$36,183	\$31,977	\$35,340
AGENCY TOTAL	\$36,183	\$31,977	\$35,340

METHOD OF FINANCING

Capital

597 TEXAS RACING COMM ACCT	\$36,183	\$31,977	\$35,340
Total, Method of Financing-Capital	\$36,183	\$31,977	\$35,340
Total, Method of Financing	\$36,183	\$31,977	\$35,340

Agency code 476

Agency name: **Racing Commission**

Category Code / Category Name
Project Sequence / Project Id / Name

OOE / TOF / MOF CODE	EXP 2006	EXP 2007	BUD 2008
TYPE OF FINANCING:			
<u>Capital</u>			
CA CURRENT APPROPRIATIONS	\$36,183	\$31,977	\$35,340
Total, Type of Financing-Capital	\$36,183	\$31,977	\$35,340
Total, Type of Financing	\$36,183	\$31,977	\$35,340

IV.D. ESTIMATED REVENUE COLLECTIONS SUPPORTING SCHEDULE

DATE: 11/16/2007
TIME: 3:39:11PM

80th Regular Session, Fiscal Year 2008 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)
Agency name: **Racing Commission**

Agency Code: **476**

FUND/ACCOUNT	Exp 2006	Exp 2007	Bud 2008
597 TEXAS RACING COMM ACCT			
Beginning Balance (Unencumbered):			\$491,193
Estimated Revenue:	\$1,890,942	\$675,753	
3188 Race Track Licenses - Horse	1,254,925	1,336,550	1,723,820
3189 Racing and Wagering Licenses	848,558	825,230	800,000
3190 Race Track Licenses - Greyhound	899,500	1,070,070	1,153,345
3191 Race Track Appl Fees - Horse	0	0	0
3193 Breakage - Horse Racing	4,579,911	4,540,019	4,803,896
3194 Outstanding Wager Tickets-Outs	2,066,591	1,751,703	1,766,799
3197 Breakage - Greyhound Racing	799,921	764,292	585,263
3719 Fees/Copies or Filing of Records	1,791	435	500
3777 Default Fund - Warrant Voided	0	0	0
3802 Reimbursements-Third Party	32,238	23,718	20,000
Subtotal: Estimated Revenue	10,483,435	10,312,017	10,853,623
Total Available	\$12,374,377	\$10,987,770	\$11,344,816

DEDUCTIONS:

Expended Budget	(9,665,020)	(9,734,671)	(10,245,647)
Transfer-Employee Benefits	(884,526)	(932,062)	(1,013,938)
Statewide Cost Allocation Program	(24,942)	(29,805)	(19,487)
Transfer - 50% Unemployment	0	(1,369)	(6,000)
Total, Deductions	\$(10,574,488)	\$(10,697,907)	\$(11,285,072)

Ending Fund/Account Balance

	\$1,799,889	\$289,863	\$59,744
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REVENUE ASSUMPTIONS:

CONTACT PERSON:
Shelley Harris-Curtsinger

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE TEXAS RACING COMMISSION
AND
THE TEXAS VETERINARY MEDICAL DIAGNOSTIC LABORATORY**

Pursuant to Texas Racing Act, §3.07(d), V.T.C.S. Art. 179e (Act), the Drug Testing Laboratory of the Texas Veterinary Medical Diagnostic Laboratory (TVMDL) is to perform drug testing services on race animals for the Texas Racing Commission (TxRC). TxRC and TVMDL enter into this Memorandum of Understanding to delineate the responsibilities of the Parties in administering TxRC's drug testing program for race animals.

**I.
DEFINITIONS**

Association – A pari-mutuel racetrack licensed by TxRC under the Act to conduct horse or greyhound racing with pari-mutuel wagering.

ELISA – Enzyme-linked immunosorbent assay.

Executive Secretary - the Executive Secretary for the TxRC or a designee of the Executive Secretary.

TLC - Thin layer chromatography.

**II.
LABORATORY COVENANTS**

TVMDL agrees to:

1. Provide sufficient security to control access to the TVMDL Drug Testing Lab and to ensure only authorized persons handle samples or gain access to TVMDL processes or to areas where records and samples are stored.
2. Supply, with Executive Secretary approval, all supplies for the collection and shipment of samples, including sample jars, blood tubes, seals, labels, vacutainer sleeves, collection needles, and shipping containers. TVMDL will bill the actual cost of supplies to the association at which the supplies are used. On request by the Executive Secretary, TVMDL shall provide documentation regarding the cost of supplies. TVMDL shall obtain Executive Secretary approval before changing supplies.
3. Inspect each shipment of samples on arrival at TVMDL for evidence of possible tampering. Any evidence of tampering shall be noted and reported to the Executive Secretary in writing.

4. Use chain-of-custody procedures to maintain control and accountability of samples at all stages of the testing process, from receipt to final disposition of the samples.
5. Provide secured, cooled storage of samples while at TVMDL.
6. Maintain and follow a Standard Operating Procedures Manual.
7. Provide TLC screening tests developed and validated through the Racing Commissioners International Quality Assurance Program, the Testing Integrity Program, Inc., TVMDL, or elsewhere on approximately 50% of the canine and equine urine samples (or on equine sera if urine was not collected). TVMDL will make every effort to ensure that this closely approximates 50% of all samples actually submitted from each racetrack throughout the year. TVMDL shall maintain records to substantiate compliance with this paragraph.
8. Perform an average of at least thirty-five ELISA tests on all equine urine samples, with an emphasis on drugs classified as Category I or II by the TxRC Equine Medication Classification. The tests will be selected from a rotating menu of at least fifty different immunoassays.
9. Except for samples containing medication requiring quantitation, perform confirmatory testing on all samples identified through screening tests as possibly containing a foreign substance. The confirmatory test shall be gas chromatography/mass spectrometry or equivalent confirmatory procedures.
10. Provide phenylbutazone quantitation in equine sera or plasma by high performance liquid chromatography (HPLC) if phenylbutazone appears on routine urine screening procedures. Each sample containing more than 5 µg/ml shall be reported to TxRC.
11. Provide furosemide quantitation in equine sera or plasma by HPLC for the sample from each horse that received furosemide treatment, which has a urine specific gravity of 1.015 or less. Report as positive each sample in which the furosemide quantitation indicates at least 100 ng/ml of furosemide and a urine specific gravity of less than 1.010. Report as a letter of notification each sample in which the furosemide quantitation indicates at least 100 ng/ml of furosemide and a urine specific gravity of 1.010 – 1.012. Before reporting results to TxRC, the results must be confirmed by an independent laboratory.
12. Perform tests for total carbon dioxide on samples of equine sera as requested by the TxRC.
13. Perform tests on samples from horses that participated in graded stakes races for the substances required by the Thoroughbred Owners and Breeders Association.

14. Perform an average of at least ten ELISA tests on all canine urine samples, with an emphasis on drugs classified as Category I or II by the TxRC Greyhound Medication Classification.
15. Performance of immunoassays is contingent on the availability of approved/industry-recognized tests. If the tests are not available or become unavailable, immunoassays mutually acceptable to TxRC and TVMDL will be substituted.
16. After testing is complete, store each sample in a secured, frozen environment (-10 degree C or less) until all legal proceedings concerning the sample are concluded.
17. Report the results of all negative tests to TxRC within 120 hours of sample receipt, if possible, by the method required by the Executive Secretary. Report results of the remaining tests to TxRC within three weeks of sample receipt. On request by the Executive Secretary, TVMDL shall make available to TxRC a copy of the analytical results of any test conducted pursuant to this Memorandum of Understanding.
18. Provide qualified professional personnel to testify in an administrative hearing or other legal proceeding involving a test performed pursuant to this Memorandum of Understanding and participate in and assist with pretrial matters in those proceedings, such as interrogatories and depositions.
19. Notify the TxRC in writing at least 30 days before implementing a change in analytical procedures for a substance classified as Category III, IV, or V in the TxRC Equine Medication Classification, which makes the test for such a substance more sensitive.
20. Participate, through TxRC, in an industry-recognized quality assurance program.
21. Refrain from disclosing any information relating to a sample to any person other than one designated by TxRC to receive the information.
22. Maintain qualified staff with no financial interest in racehorses, racing greyhounds, or an association or any other conflict of interest within the racing industry. All laboratory personnel must be employees of the Texas Veterinary Medical Diagnostic Laboratory, a member of the Texas A&M University System, and at all times be subject to the rules and policies of the A&M System, as promulgated by the Board of Regents of the A&M System or the Executive Director of TVMDL.
23. Consent to background investigation conducted by the Texas Department of Public Safety, including fingerprinting, of all TVMDL staff involved in drug testing.
24. Allow access by TxRC to all records of TVMDL that pertain to drug testing services performed pursuant to this Memorandum of Understanding.

25. Make reasonable efforts to collect payment from each association and notify the Executive Secretary of any charges that are unpaid after 30 days of invoicing.
26. Notify the Executive Secretary, within 30 days of receipt, of all findings and recommendations made by the State Auditor, an internal auditor of the Texas A&M University System, or another auditor acting on behalf of or under contract with TVMDL or the Texas A&M University System regarding the fiscal operations of TVMDL or any operations of the Drug Testing Laboratory of TVMDL.

III. COMMISSION COVENANTS

TxRC agrees to:

1. Supervise the sample collection site at each association to ensure the site has the necessary personnel, supplies, equipment, facilities, and supervision to provide for the identification of animals and humans and to collect, identify, secure, store, and ship each sample to TVMDL.
2. Provide for testing approximately 8,000 equine urine and/or serum samples and approximately 11,000 canine urine samples. TxRC will make every effort to send for testing approximately 2.3 equine samples per race and 18 canine samples per full performance (up to 13 races) or 1.3 samples per race for abbreviated performances (fewer than 5 races). If the number of racing performances changes during the calendar year, the number of specimens may be adjusted accordingly, and the Executive Secretary will notify the Head of the Drug Testing Laboratory as soon as practicable.
3. Require each association to deliver all samples to TVMDL in a secure manner, at the association's expense, in accordance with a delivery schedule approved by TVMDL.
4. Apprise and update TVMDL of all drugs on the permitted list and all changes in medication rules, practices, or procedures.
5. Participate in and fund an industry-recognized quality assurance program.
6. No later than 90 days before the anticipated opening of a racing facility, TxRC shall notify TVMDL in writing of the anticipated race dates for the facility and anticipated number of samples.
7. Employ enforcement measures necessary to ensure that the costs incurred by TVMDL for drug testing services pursuant to this Memorandum of Understanding are promptly paid by each association.

**IV.
COST OF SERVICES**

Except as otherwise provided by this paragraph, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$76.00 for equine samples and \$34.25 for canine samples. For tests conducted pursuant to Section II, ¶12, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$10.25. For tests conducted pursuant to Section II, ¶13, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$200.00.

Pursuant to the Act, §3.07, the associations are responsible for payment of these charges.

Fees associated for anabolic testing are not included in this understanding, and will be negotiated prior to implementation.

**V.
EXECUTION**

The Parties agree to use due diligence in the exercise of their responsibilities as outlined in this Memorandum of Understanding. The term of this Memorandum of Understanding is commission approval to August 31, 2008. To ensure the continuity of the drug testing program in pari-mutuel racing, all terms of this Memorandum of Understanding continue in effect until a new Memorandum of Understanding is executed. If either Party determines that events have changed and significantly affect a material term of the Memorandum of Understanding, including but not limited to, the closing of a race track or a significant increase in the cost of drug-testing supplies, the Parties may renegotiate the terms of this Memorandum of Understanding.

For the faithful performance of this agreement, this agreement is executed by the undersigned persons in their capacities described below. This agreement takes effect on following approval by the commissioners of the Texas Racing Commission.

TEXAS RACING COMMISSION

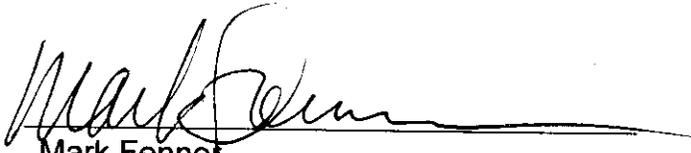
TEXAS VETERINARY MEDICAL
DIAGNOSTIC LABORATORY

Charla Ann King
Executive Secretary



Gayne Fearneyhough, DVM
Executive Director

Approved as to form:

A handwritten signature in black ink, appearing to read "Mark Fennel", with a long horizontal flourish extending to the right.

Mark Fennel
General Counsel

Texas Racing Commission
Report on Racetrack Inspection Activities
 November 27, 2007

Date of Inspection	Track	Type of Inspection	Number of Unsatisfactory Items	Track Remediation Complete	Inspection resolved
4/12/07	Manor	Administrative	4	Pending	
6/28/07	Corpus Christi	Racing-Judges	1	1 resolved 10/3/07	10/3/07
6/29/07	Corpus Christi	Veterinary	4	2 resolved 11/10/07 2 remain	
7/3/07	Corpus Christi	Administrative	5	3 resolved 7/24/07, 1 resolved 9/10/07 1 remains	
8/22/07	Gulf	Racing-Judges	4	4 resolved 10/3/07	10/3/07
9/5/07	Gulf	Veterinary-GH	5	5 resolved 10/24/07	10/24/07
10/1/07	Lone Star	Administrative	0		
10/2/07	Lone Star	Pari-mutuel	0		
9/28/07 & 10/4/07	Lone Star	Racing-Stewards	2	2 resolved 10/11/07	10/11/07
10/4/07	Lone Star	Veterinary-Horse	0		
9/26/07 & 10/20/07	Lone Star	Enforcement	2	2 resolved 11/9/07	11/9/07
11/9/07	Valley	Racing-Judges	3		
11/9/07	Valley	Veterinary-GH	0		
11/16/07	Valley	Enforcement	1		



2007 OCT 22 PM 3: 45

October 16, 2007

Charla Ann King
Executive Secretary
Texas Racing Commission
P.O. Box 12080
Austin, Texas 78711-2080

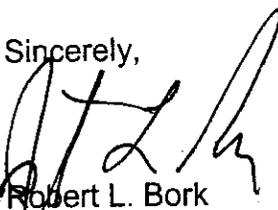
Dear Charla Ann,

At the Texas Racing Commission meeting on October 4, 2007 Valley Race Park withdrew its request to add additional Wednesdays in November and December 2007.

Now we have finalized our kennel contracts and feel confident that their will be 10 full kennels. Accordingly we hereby request to add performances on Wednesday, November 28th, and December 5, 12, and 19th. These performances will consist of 13 races.

Thank you for your consideration on this matter.

Sincerely,


Robert L. Bork
President

RLB/jlc

cc: Sammy Jackson
Diane Whiteley



Texas Greyhound Association

Representing the Greyhound Breeding and Racing Industry in Texas

Mr. Sammy Jackson
Texas Racing Commission
PO Box 12080
Austin, Tx 78711-2080

November 15, 2007

Dear Sammy:

The Texas Racing Commission, pursuant to rule Sec. 303.102(d)(2), requested the Texas Greyhound Association to submit the proposed formula for allocation of interstate cross-species simulcasting purses received under §6.091(d)(2) of the Texas Racing Act for consideration by the Commissioners on the November 27 agenda.

The TGA requests that the current allocation of cross-species simulcasting purses, as follows, be kept in place through December 31, 2007 unless Corpus Christi ceases live racing in 2007. In that event, the following formula will be changed to eliminate any allocation or reference to Corpus Christi as of the day Corpus Christi ceases live racing.

FORMULA FOR REMAINDER OF 2007

The formula proposed to determine the allocation of purses, after allowable TGA administrative expenses, to the three greyhound tracks is as follows:

Horse handle at Gulf Greyhound Park (GGP)	\$ xx,xxx
Horse handle at Corpus Christi Greyhound Racetrack (CCGRT)	xx,xxx
Horse handle at Valley Race Park (VRP)	<u>xx,xxx</u>
Total horse handle all tracks	<u>\$xxx,xxx</u>
GGP horse handle/Total horse handle	xx%
CCGRT horse handle/Total horse handle	xx%
VRP horse handle/Total horse handle	<u>xx%</u>
	<u>100%</u>

Post Office Box 40: Lorena, TX 76655-0040 • (254) 857-4377 • (254) 857-4299 Fax

Email: txga@texasgreyhoundassociation.com • Website: www.texasgreyhoundassociation.com

FORMULA FOR 2008

The formula proposed to determine the allocation of purses, after allowable TGA administrative expenses, to the two greyhound tracks is as follows:

Horse handle at Gulf Greyhound Park (GGP)	\$ xx,xxx
Horse handle at Valley Race Park (VRP)	<u>xx,xxx</u>
Total horse handle all tracks	<u>\$xxx,xxx</u>
GGP horse handle/Total horse handle	xx%
VRP horse handle/Total horse handle	<u>xx%</u>
	<u>100%</u>

Please contact me if you have questions or comments.

Sincerely,



Diane Whiteley
Executive Director

cc: Sally Briggs/ Scott Sherwood
Rick Pimentel/ Juan Fra
Milt Roth/ Bob Bork



November 13, 2007

Charla Ann King
Executive Director
Texas Racing Commission
P.O. Box 12080
Austin, Tx 78711-2080

Dear Charla Ann:

We have executed the attached agreement which outlines our proposal for simulcast breed splits, escrowed purse account sharing between tracks and escrowed purse account breed splits.

The fully executed agreement should be in your hands today.

Please let me know if you have any questions.

Many thanks

Bryan P. Brown
Chief Executive Officer

BPB/bs

Agreement

In an effort to achieve a fair and equitable split of revenue available to horsemen, the following Agreement is made by and between Lone Star Park, Gillespie County Fair, Manor Downs, Retama Park, Sam Houston Race Park, Texas Horsemen's Benevolent and Protective Association and Texas Thoroughbred HBPA, Inc. The term of the agreement shall be for calendar years 2008, 2009 and 2010.

The parties believe that this is the best possible allocation of revenue, at this time, for the specified term of the Agreement and recognize that the overall distribution of revenue must be observed to maintain the equity interests of each signatory party and the horsemen they represent. This Agreement is submitted in accordance with 16 Tex. Admin. Code Sec. 321.505

Purse revenue generated by importing horse simulcasting at each of the horse racetracks shall be allocated between the breeds of horses participating as follows:

Lone Star Park for calendar years 2008, 2009, 2010 - 1.25% to the Minor Breed Account; 83% of the balance to the Thoroughbred Account and 17% of the balance to the Quarter Horse Account;

Retama Park for calendar year 2008 - 2% to the Minor Breed Account; 79% of the balance to the Thoroughbred Account and 21% of the balance to the Quarter Horse Account;

Retama Park for calendar years 2009 & 2010 - 2% to the Minor Breed Account; 78% of the balance to the Thoroughbred Account and 22% of the balance to the Quarter Horse Account;

Sam Houston Race Park for calendar 2008 - 2% to the Minor Breed Account; 79% of the balance to the Thoroughbred Account and 21% of the balance to the Quarter Horse Account;

Sam Houston Race Park for calendar years 2009 & 2010 - 2% to the Minor Breed Account; 78% of the balance to the Thoroughbred Account and 22% of the balance to the Quarter Horse Account;

Manor Downs for calendar years 2008, 2009, 2010 - 1.5% to the Minor Breed Account; 26% of the balance to the Thoroughbred Account and 74% of the balance to the Quarter Horse Account; and

(SA)
b BOM
W

Gillespie County Fair for calendar years 2008, 2009, 2010 – 1.5% to the Minor Breed Account; 30% of the balance to the Thoroughbred Account and 70% of the balance to the Quarter Horse Account.

The escrowed horse purse account funds generated by importing inter-state horse simulcasting at each of the Texas greyhound racetracks and collected/administered by the Texas Racing Commission shall be allocated to the Texas horse racetracks for purses as follows:

Lone Star Park for calendar years 2008, 2009, 2010 – 24.65%,

Retama Park for calendar years 2008, 2009, 2010 – 24.65%.

Sam Houston Race Park for calendar years 2008, 2009, 2010 – 41.3%,

Manor Downs for calendar years 2008, 2009, 2010 – 7.8%, and

Gillespie County Fair for calendar years 2008, 2009, 2010 – 1.6%

The escrowed horse purse account funds collected by the Texas Racing Commission and allocated to each Texas horse racetrack shall be allocated between the breeds of horses participating as follows:

Lone Star Park for calendar years 2008, 2009, 2010 – 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account;

Retama Park for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account;

Sam Houston Race Park for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account;

Manor Downs for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account; and

Handwritten signature and initials in the bottom right corner of the page. The signature appears to be "B. G. R." with a large flourish, and the initials "W" are written below it.

Gillespie County Fair for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account.

This Agreement does not establish a precedent, nor are its provisions binding beyond the stated 3 - year term.

The foregoing is acknowledged and agreed to on this _____ day of November 2007.

Brian F. White

Gillespie County Fair

Manor Downs

W. M. S. [Signature]

[Signature]

Lone Star Park

Retama Park

[Signature]

[Signature]

Sam Houston Race Park
and Protective Association

Texas Horsemen's Benevolent

Texas Thoroughbred HBPA, Inc.

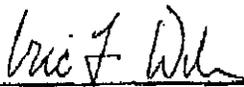
11/13/2007 13:24 B + 91512467979MPP9460

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Gillespie County Fair for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account.

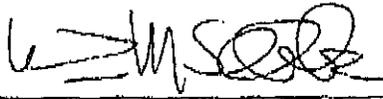
This Agreement does not establish a precedent, nor are its provisions binding beyond the stated 3 - year term.

The foregoing is acknowledged and agreed to on this _____ day of November 2007.



Gillespie County Fair

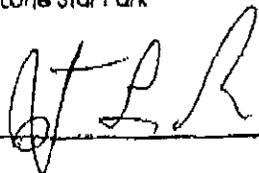
Manor Downs



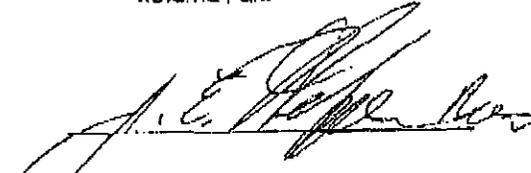
Lone Star Park



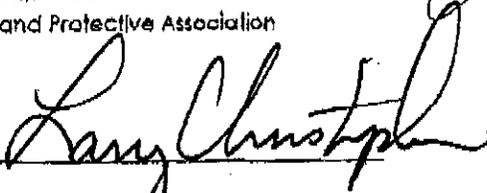
Relama Park



Sam Houston Race Park
and Protective Association



Texas Horsemen's Benevolent



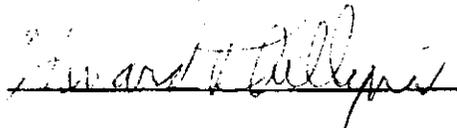
Texas Thoroughbred HBPA, Inc.

Gillespie County Fair for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account.

This Agreement does not establish a precedent, nor are its provisions binding beyond the stated 3 - year term.

The foregoing is acknowledged and agreed to on this _____ day of November 2007.

Gillespie County Fair


Manor Downs

Lone Star Park


Refama Park

Sam Houston Race Park
and Protective Association

Texas Horsemen's Benevolent

Texas Thoroughbred HBPA, Inc.



TEXAS RACING COMMISSION

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

October 10, 2007

Lee DeLong
General Manager
Gillespie County Fair & Festival Assn.
P.O. Box 526
Frdericksburg, TX 78624

Drew Shubeck
General Manager
Lone Star Park
1000 Lone Star Parkway
Grand Prairie, TX 75050

Howard Phillips
Chief Executive Officer
Manor Downs
P.O. Box 141309
Austin, TX 78714

Robert Pollock
General Manager
Retama Park
P.O. Box 47535
San Antonio, TX 78265-7535

Robert Bork
Vice Chairman
Sam Houston Race Park
7575 N Sam Houston Pkwy W
Houston, TX 77064-3417

Gentlemen:

Please be advised that the Commission will take up the following items at the next Commission meeting:

- Allocation of Purses and Funds for Texas Bred Incentive Programs under Commission Rule 321.505
- Distribution of Funds Accrued in the Escrowed Purse Account under Commission Rule 321.509.

The Commission will consider these items under the rules as amended and adopted at the meeting on October 4, 2007. I am attaching copies of these revised rules for your use.

Under subsection 321.505(a), each association shall recommend to the Commission as to how the purse revenue shall be allocated among the various breeds of horses. At least 30 days before making the recommendation, associations shall begin negotiations with the horsemen's organizations. If the association and all of the organizations reach a signed agreement, the association may submit the agreement to the Commission for approval. If there is no agreement, the association shall submit studies, statistics, or other documentation that support its application of the criteria described in paragraph 321.505(a)(4) along with its recommended purse allocation.

Under Rule 321.509, the Commission distributes the funds accrued in the Escrowed Purse Account to the horse racetrack associations at least once per year. In making requests for distribution from the Account, associations shall also recommend the percentages by which the distribution will be divided among the breeds. In support of their breed split recommendations, associations shall present written studies, statistics, or other documentation. The Commission may look to the criteria listed in subsection 321.509(c) when evaluating those recommendations.

Alternatively, the Commission may approve an agreement that is signed by the association and all of the official horsemen's organizations and that sets out the percentages by which these funds are to be divided among the various breeds of horses.

The due date for receiving each request, recommendation, or agreement, as well as the supporting documentation, is November 13, 2007.

Should you have any questions, please feel free to contact Sammy Jackson or me.

Sincerely,



Mark Fenner
General Counsel

Attachments: Revised Commission Rule 321.505
Revised Commission Rule 321.509

cc: Ed Wilson, Texas Arabian Breeders' Assn.
Rob Werstler, Texas Quarter Horse Assn.
Lewis "Tooter" Jordan, THP QH Rep.
Charla Ann King, Executive Director
John Ferrara, Director of Racing

Karen Utecht, Texas Paint Horse Breeders Assn.
David Hooper, Texas Thoroughbred Assn.
Terry Blanton, THP TB Rep.
Sammy Jackson, TxRC Deputy Director
Reading File, Racetrack Files & Breed Files



TEXAS RACING COMMISSION

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

October 10, 2007

Ed Wilson
President
Texas Arabian Breeders' Assn.
P.O. Box 215
Forney, TX 75126

Karen Utecht
Director of Racing
Texas Paint Horse Breeders Assn.
P.O. Box 161746
Fort Worth, TX 76161

Robert Werstler
Director of Racing
Texas Quarter Horse Assn.
P.O. Box 9449
Austin, TX 78766

David Hooper
Executive Director
Texas Thoroughbred Assn.
P.O. Box 14967
Austin, TX 78761

Lady and Gentlemen:

Please be advised that the Commission will take up the following items at the next Commission meeting:

- Allocation of Purses and Funds for Texas Bred Incentive Programs under Commission Rule 321.505
- Distribution of Funds Accrued in the Escrowed Purse Account under Commission Rule 321.509.

The Commission will consider these items under the rules as amended and adopted at the meeting on October 4, 2007. I am attaching copies of these revised rules for your use.

Under subsection 321.505(a), each association shall recommend to the Commission the allocation of purse revenue among the various breeds of horses. At least 30 days before making the recommendation, associations shall begin negotiations with the horsemen's organizations. If the association and all of the organizations reach a signed agreement, the association may submit the agreement to the Commission for approval. If there is no agreement, the association shall submit studies, statistics, or other documentation that support its application of the criteria described in paragraph 321.505(a)(4) to its recommended purse allocation.

Under subsection 321.505(b), the Commission determines the division of Texas Bred Incentive Program funds after providing an opportunity for each official horse breed registry to present written information addressing the criteria listed in paragraph 321.505(b)(2). Alternatively, the Commission may approve an agreement that is signed by all of the official breed registries and that sets out the percentages by which these funds are to be divided among the various breeds of horses.

Under Rule 321.509, the Commission distributes the funds accrued in the Escrowed Purse Account to the horse racetrack associations at least once per year. In making requests for distribution from the Account, associations shall also recommend the percentages by which the distribution will be divided among the breeds. In support of the breed split recommendation, each association shall present written studies, statistics, or other documentation. The Commission may look to the criteria listed in subsection 321.509(c) when evaluating those recommendations. Alternatively, the Commission may approve an agreement that is signed by the association and all of the official horsemen's organizations and that sets out the percentages by which these funds are to be divided among the various breeds of horses.

The due date for receiving each request, recommendation, agreement, and supporting documentation, is November 13, 2007.

Should you have any questions, please feel free to contact Sammy Jackson or me.

Sincerely,



Mark Fenner
General Counsel

Attachments: Revised Commission Rule 321.505
Revised Commission Rule 321.509

cc: Lee DeLong, Gillespie
Howard Phillips, Manor
Robert Bork, SHRP
Terry Blanton, THP TB Rep.
Sammy Jackson, TxRC Deputy Director
Reading File, Racetrack Files & Breed Files

Drew Schubeck, LSP
Robert Pollock, Retama
Lewis "Tooter" Jordan, THP QH Rep.
Charla Ann King, Executive Director
John Ferrara, Director of Racing

Sec. 321.505. Allocation Of Purses And Funds For Texas Bred Incentive Programs.

(a) Purses.

(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 subsection (a)(3) 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) 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

Texas Racing Commission
Title 16, Part VIII
Chapter 321. Pari-Mutuel Wagering

- (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 above in paragraphs (a)(3) through (a)(5), the association may submit a signed agreement between the association and the organizations referenced in paragraph (a)(2) 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 (a)(2).
- (b) Texas Bred Incentive 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;

Texas Racing Commission
Title 16, Part VIII
Chapter 321. Pari-Mutuel Wagering

- (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.

(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 (b)(2) and any other information that the registries believe may be useful to the Commission.

(4) In lieu of the process outlined in paragraphs (b)(2) and (b)(3), a signed agreement between the organizations referenced in paragraph (b)(3) 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 (b)(3).

Sec. 321.509. Escrowed Purse Account.

(a) At least once a year, the Commission shall distribute all funds accrued in the escrowed purse account created by the Act, § 6.091(e). The executive secretary shall establish a deadline for receiving requests for distribution from the account and publicize that deadline to the horse racetrack associations at least 30 days before the deadline. The associations when requesting for distribution from the account shall also recommend the percentages by which it will divide the escrowed purse account revenue among the various breeds of horses.

(b) The Commission shall determine the amount of the distribution to each racetrack in accordance with the standards set forth in the Act, § 6.091(e) and (f).

(c) The percentages by which an association will divide the escrowed purse account revenue among the various breeds of horses is subject to the approval of the Commission. When requesting Commission approval of the percentages, the association shall present in writing studies, statistics, or other documentation to support its proposed division of escrowed purse account revenue. The Commission may consider the following criteria when evaluating the association's studies, statistics, or other documentation submitted to support its proposed division of escrowed purse account revenue before granting its approval:

(1) local public interest in each breed as demonstrated by, but not limited to, the following factors:

- (A) simulcast import handle by breed;
- (B) live handle by breed; and
- (C) live attendance.

(2) earnings generated by the association from each breed;

(3) racetrack race date request and opportunities given to each breed;

(4) statewide need by breed; and

(5) national public interest in each breed as determined by the live simulcast export handle of each Texas meet.

(d) If the Commission determines that the association's proposed division of the escrowed purse account revenue is inconsistent with the association's obligation to accord reasonable access to races for all breeds of horses, the Commission may:

Texas Racing Commission
Title 16, Part VIII
Chapter 321. Pari-Mutuel Wagering

- (1) require the association to submit additional information supporting its recommendation for consideration at the next Commission meeting;
 - (2) reject the association's recommendation and require the association to submit a new recommendation for consideration at the next Commission meeting; or
 - (3) reject the association's recommendation and approve an alternate division of the escrowed purse account revenue as determined by the Commission.
- (e) In lieu of the process outlined in paragraphs (c) and (d) above, a signed agreement between the association and the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders maybe submitted to the Commission for consideration an approval. For the Commission to approve the agreement, the agreement must:
- (1) delineates the percentages by which the escrowed purse account revenue received by the association will be divided amongst the various breeds of horses; and
 - (2) be signed by all organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders.



TEXAS RACING COMMISSION

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

August 31, 2007

Ed Wilson
President
Texas Arabian Breeders' Assn.
P.O. Box 215
Forney, TX 75126

Lewis "Tooter" Jordan
Quarter Horse Rep.
Texas Horsemen's Partnership
P.O. Box 142533
Austin, TX 78754

Terry Blanton
Thoroughbred Rep.
Texas Horsemen's Partnership
P.O. Box 142533
Austin, TX 78754

Karen Utecht
Director of Racing
Texas Paint Horse Breeders Assn.
P.O. Box 161746
Fort Worth, TX 76161

Robert Werstler
Director of Racing
Texas Quarter Horse Assn.
P.O. Box 9449
Austin, TX 78766

David Hooper
Executive Director
Texas Thoroughbred Assn.
P.O. Box 14967
Austin, TX 78761

Ladies and Gentlemen:

We have received the requested examples of the studies, statistics or other supporting documentation that the class one racetracks would use to support their application of the criteria as incorporated into the published drafts of §321.505 and §321.509. Copies have been attached to this letter for your review to help facilitate and assist in the upcoming discussions at the Working Group Meeting that will be held Thursday, September 6, 2007 at the Texas Horsemen's Partnership Office beginning at 10:30am.

Should you have any questions regarding the Race Day Working Group Meeting, please feel free to contact John Ferrara or me.

Respectfully,

A handwritten signature in cursive script that reads "Sammy Jackson".

Sammy Jackson
Deputy Director

CC: G. Kent Carter, DVM, Vice Chair
Ronald F. Ederer, Commissioner
Charla Ann King, Executive Director
Mark Fenner, General Counsel
John Ferrara, Director of Racing
Tommy Azopardi, THP Executive Director
Wanda O'Bannon, THP Executive Assistant
Reading File, Breed Registry Files & THP File



ONE STAR PARK

at Grand Prairie
MAGNA ENTERTAINMENT VENUE

Our Mission:

to provide the Best Whining Experiences.

August 29, 2007

Mr. Sammy Jackson
Deputy Director
Texas Racing Commission
P. O. Box 12080
Austin, TX 78711-2080

VIA FACSIMILE: (512) 833-6907

Dear Sammy:

In preparation for the Working Group Meeting on September 6, attached is documentation you requested that will support Lone Star Park's recommendation with regard to the breed split criteria.

I am prepared to discuss this information in greater detail at next week's meeting and can provide additional data as necessary.

If you have any questions, please don't hesitate to give me a call at (972) 237-1112.

Sincerely,

Drew M. Shubeck
President and General Manager

DMS/sa

Attachments

HOST SITE OF THE
2004 BREEDERS' CUP
WORLD THOROUGHBRED CHAMPIONSHIPS

100 Lone Star Parkway
Grand Prairie, Texas 75050
(972) 263-7223
lonestarpark.com

LONG STAR PARK SUMMARY
 Income Statement - Live Racing
 For the Period Ending December 31, 2006

Period:	Thoroughbred				Quarter Horse	
	April	May	June	July	October	November
Handle						
Live	\$6,698,517	\$7,945,972	\$6,504,969	\$6,090,063	\$2,193,997	\$1,842,989
Import	17,978,886	12,681,030	12,451,160	14,630,893	14,283,703	10,452,525
Export	30,422,448	26,751,009	22,425,750	18,344,843	7,208,139	6,409,005
Total Handle	57,099,851	47,378,011	41,381,879	39,065,799	23,685,839	18,704,519
Revenues						
Gross Wagering						
Live Wagering	1,822,500	1,664,242	1,361,817	1,279,605	484,333	389,803
On Track - Live	1,822,500	1,664,242	1,361,817	1,279,605	484,333	389,803
Total Live Wagering						
Import Wagering						
On-Track Simulcast Import - IntraState	20,469	27,896	33,237	38,406	76,147	45,532
On-Track Simulcast Import - InterState	2,557,071	2,057,832	1,940,953	1,446,076	1,905,819	1,319,843
On-Track - ITW IntraState	23,356			22,268	8,194	16,409
On-Track - ITW InterState	1,019,686	509,184	581,169	1,517,649	939,579	788,592
Total Import Wagering	3,620,582	2,594,912	2,555,359	3,024,399	2,929,739	2,170,378
Export Wagering						
Signal Sales - IntraState	46,476	40,843	34,755	26,726	29,449	22,215
Signal Sales - InterState	886,799	803,893	658,294	534,141	177,108	159,802
Signal Sales - Interstate Intercompany	77,152	67,719	54,255	47,696	17,565	15,237
Total Export Wagering	1,009,427	912,455	747,304	608,563	224,122	197,254
Other						
Wagering - Other	2,793			2,559	2,760	
Total Other	2,793			2,559	2,760	
Total Racetrack Revenue - Wagering	6,455,302	5,171,609	4,844,480	4,815,126	3,620,954	2,757,433
Total Food & Beverage Revenue	1,886,745	1,506,792	1,416,299	1,361,914	817,620	597,704
Total Non-Wagering Revenue	1,675,752	1,291,391	1,274,637	1,122,609	815,908	471,650
Total Revenue	10,019,799	7,969,792	7,335,416	7,999,649	5,254,480	3,826,787

	April	May	June	July	October	November
Expenses						
Total Prizes, Awards and Other	3,511,219	2,737,856	2,502,112	2,695,328	2,205,365	1,608,732
Total Food & Beverage Cost of Sales	918,459	461,264	443,185	455,765	276,223	239,893
Total Cost of Sales	4,429,678	3,199,120	2,945,297	3,151,093	2,481,588	1,848,625
Contribution Margin	5,990,121	4,770,672	4,390,119	4,248,556	2,772,892	1,978,162
Total Departmental Expenses	3,780,194	3,253,655	3,213,893	3,389,517	2,463,765	2,038,443
Total Other Income & Expenses	(3,716)	(8,805)				
EBITDA Before Fees	1,938,653	1,475,933	1,150,613	781,777	233,257	(108,320)
Net Income/(Loss)	976,432	595,229	401,211	163,690	(181,141)	(361,523)

Lone Star Park at Grand Prairie



LONE STAR PARK
at Grand Prairie

IMPORT HANDLE BY BREED

Date	Thoroughbred		Quarter Horse		Mixed Meet (TH & QT)		Harness		Greyhound	
	Handle	#Races	Handle	#Races	Handle	#Races	Handle	#Races	Handle	#Races
2007 Total	93,229,193	29,784	6,648,343	3,289	3,308,839	3,845	4,335,853	6,743	4,214,666	15,344
% Of Total	83.44%		5.95%		2.96%		3.88%		3.77%	
2006 Total	131,712,733	45,439	8,648,951	4,022	4,624,809	5,559	6,076,322	9,979	5,887,449	21,382
% Of Total	83.92%		5.51%		2.95%		3.87%		3.75%	

ON-TRACK ATTENDANCE

	Spring Meet	Diff	# Days	Fall Meet	Diff	# Days	Live Total	Diff	# Days	Simulcast Only	Diff	Annual Total	Diff
2007	475,097	4.00%	67	---	---	32	---	---	99	171,666	-8.70%	646,763	0.30%
2006	456,702	-2.80%	66	111,346	7.00%	31	568,048	-1.00%	97	234,620	-3.40%	802,668	-1.70%

** Through August 26, 2007

STALL APPLICATIONS -- 1,596 TOTAL STALLS

2007 Thoroughbreds
• 140 trainers applied for 2,318 stalls

2006 Thoroughbreds
• 135 trainers applied for 2,426 stalls

2007 Quarter Horse

• 65 trainers applied for 950 stalls (estimate)

2006 Quarter Horse

• 72 trainers applied for 1,382 stalls

Lone Star Park at Grand Prairie



GROUP SALES / CATERING STATISTICS

2007 Thoroughbred Meet

- 51,320 Attendance
- \$3,726,650 in Revenue

** 2007 includes catering revenue

2006 Thoroughbred Meet

- 53,511 Attendance
- \$2,762,975 in Revenue

SEASON SEAT SALES STATISTICS

2007 Season Seat Sales

- \$279,875 (Fall not included)

** In 2007 Lone Star Park "split" the meets with regard to seasons seat sales. No one was inclined to purchase seats for the fall so Lone Star Park management made the decision to close the second floor for all but Breeders' Cup Day.

SPONSORSHIP SALES

- \$774,000 in sponsorship revenue with only two identified as Quarter Horse sponsors (JEH and 6666 Ranch).

PUBLICITY

Dallas-Fort Worth area media traditionally provide horse racing coverage to big events and major newsworthy stories:

- Opening Weekend of Spring Thoroughbred Season
- Lone Star Park Hall of Fame Day
- Lone Star Million Preview Day/Texas Mile Day/Dollar Day
- Kentucky Derby Day
- Lone Star Derby Day
- Preakness Stakes Day
- Lone Star Million Day
- Belmont Stakes Day
- Opening of Fall Meeting of Champions
- Dash For Cash Futurity & Derby
- Breeders' Cup World Championships
- Texas Classic Futurity & Derby
- Major Promotions: National Anthem auditions, post-race concerts, Dollar Days, Mother's Day Diamond Dig, Lone Stars & Stripes Fireworks

2007 Quarter Horse Meet (estimates)

- 20,606 Attendance
- \$1,300,000 in Revenue

2006 Quarter Horse Meet

- 18,411 Attendance
- \$795,207 in Revenue

2006 Season Seat Sales

- \$343,250 (Spring and Fall included)

Thoroughbred racing coverage greatly outweighs coverage American Quarter Horses and other breeds for two reasons: 1) popularity of the sport and significantly larger attendance and handle business levels and 2) time of year (Lone Star Park's Fall Meeting of Champions is staged during football season, which dominates media coverage).

Due to reduced revenue and escalating printing costs, The Dallas Morning News and Fort Worth Star-Telegram have reduced staff and the size of the actual papers. As a result, horseracing coverage is now limited to feature packages and major news briefs.

SPRING THOROUGHBRED SEASON TYPICAL NEWSPAPER COVERAGE

The Dallas Morning News:

- full-page season preview;
- weekly half-page column by Randy Jennings;
- major race previews and recaps accompanied by photographs;
- national Thoroughbred briefs from Associated Press;
- daily graded handicapping entries from handicapper Rick Lee with Ragozin speed figures;
- charts of each race;
- an exclusive online audio preview of each day's races with Rick Lee on dallasnews.com.

The Fort Worth Star-Telegram:

- full-page season preview;
- one-to-two weekly columns by Gary West;
- weekly stakes race previews and recaps with major event photos;
- national Thoroughbred briefs from Associated Press;
- daily "Day at The Races" feature by Gary West with entries and a selector's box;
- charts of each race.

FALL MEETING OF CHAMPIONS TYPICAL NEWSPAPER COVERAGE

The Dallas Morning News:

- Quarter-page season preview;
- Condensed results (no charts);
- National Thoroughbred briefs from Associated Press;
- Brief recaps on the Dash For Cash and Texas Classic futurities;
- No weekly columns
- No daily entries or graded handicap or pre-race selections
- Limited major race previews (Dash For Cash and Texas Classic Futurities possible if space is permitted)
- No exclusive online content

The Fort Worth Star-Telegram:

- Half-page season preview;
- One weekly column by Gary West (usually focused on Thoroughbred racing across the country);
- Briefs on the Dash for Cash and Texas Classic Derbies and Futurities;
- National Thoroughbred briefs from Associated Press;
- Condensed entries and a selector's box;
- Condensed results (no charts).

Thoroughbred coverage is greater than Quarter Horses because editors claim the Quarter Horse product does not warrant additional coverage based on business levels and surveys with readers and subscribers. Television coverage in the fall is greatly compromised by football season and lack of interest in Quarter Horse racing.

Over recent years, potential for any front page and prominently positioned stories in newspapers or television packages have gradually tilted from major news to features of interest.

08/31/2007 15:22 RETAMA PARK FAX NO. 218 001

FAX TRANSMISSION



RETAMA PARK

RETAMA ENTERTAINMENT GROUP, INC.
ACTING AS AGENT FOR RETAMA DEVELOPMENT CORPORATION
P. O. Box 47535
San Antonio, Texas 78265-7535
210-651-7142
Fax: 210-651-7097

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To: **Sammy Jackson** Date: **August 31, 2007**
Fax #: **(512) 833-6907** Pages: **2, including this page**
From: **Nina Sirak**
Subject: **Retama Breed Split Info**

Sammy,

Lisa asked me to fax this to you. She'll be back in the office on Monday if you have any questions.

Have a good weekend!

Thanks,

Nina

Information taken from 2006 race year.

	Thoroughbred	Quarterhorse	Minor	Total
Live Handle	\$3,812,778 59.33%	\$2,448,657 38.10%	\$165,028 2.57%	\$6,426,463
Simulcast Import	\$43,135,056	\$4,792,784	\$0	\$47,927,840
Live Attendance	112,143	66,281	0	178,424
Number of Race Days				
Export Handle	\$31,177,920 89.10%	\$2,718,030 7.77%	\$1,097,529 3.14%	\$34,993,479
Gross Commission Earned:				
Live	\$797,689	\$509,915	\$34,464	\$1,342,068
Export	\$904,326	\$78,046	\$31,815	\$1,014,186
Simulcast	\$10,682,757	\$1,186,973	\$11,869,730	\$11,869,730
	<u>\$12,384,771</u>	<u>\$1,774,934</u>	<u>\$66,279</u>	<u>\$14,225,984</u>

Note: Commission earned for minor breed was estimated by applying the percentage of handle earned by minor breeds to the total commission earned during each live meet.



August 30, 2007

Sammy Jackson
Deputy Director of Finance
& Regulatory Control
Texas Racing Commission
8505 Cross Park Drive, Ste. 110
Austin, Texas 78754

Dear Sammy:

In response to your request for studies, statistics or other supporting documentation regarding breed splits for the upcoming year, the following is hereby submitted.

In accordance with Section 321.505 (a)(4) the following is submitted:

- (i) Live handle by breed (**Schedule A**), also note (**Schedule C**) which reflects live, host and commission. Also includes percentage of total commission.
- (ii) Simulcast important handle by breed (**Schedule B**)
- (iii) (iv) (v) (vi) (vii) – These sections are not applicable, or even misleading for Sam Houston Race Park due to the seasonality of the different breeds.

For instance:

Thoroughbred Season – Group Sales from mid-November to year end are virtually at a sell out level. This has nothing to do with the breed; it is merely the time for Holiday parties. Conversely Group Sales during January and February are not significant, again, due to the time of the year.

Most of our sponsorship interest is on an annual basis, including Thoroughbred, Quarter Horse and non-racing season. There does not appear to be any identifiable allocation between the breeds.

Quarter Horses – Once again, the seasonality of the Quarter Horse season taking place during the summer could be misleading when comparing live attendance. As you know, SHRP conducts a very aggressive concert season during the summer Quarter Horse meet. These concerts attract thousands of customers to the track during this time period. Unfortunately, it would be difficult to maintain that these customers came because of a particular breed of horse,

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even though one of our objectives is to develop repeat customers by exposing them to pari-mutuel racing.

The seasonality of the racing season at SHRP make items (iii), (iv), (v), (vi), and (vii) inapplicable for any criteria of allocating breed splits.

Section (4)(b)(c) - (Schedule C) shows the handle and commissions for Thoroughbreds and Quarter Horses for the year 2006.

Section (4)(c) - For the year 2008 SHRP has requested 34 Quarter Horse dates and 62 Thoroughbred dates.

Section (4)(e) - During the Thoroughbred season SHRP runs directly against Delta Downs, the closest track in Louisiana and also the Fairgrounds in Louisiana. The purses at both of these tracks are substantially higher than SHRP. To remain competitive we must try to maintain our purses at the current level.

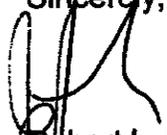
During the Quarter Horse season our overlap with Delta Downs is minimal and many of the Quarter Horses from Delta Down come to SHRP at that time.

The last consideration would be maintaining current purse levels. It must be remembered that any change in the percentage allocations could have a dramatic effect on the current purse levels. Raising a percentage for one breed over the other could tip the balances and have a negative financial effect on the tracks.

SHRP feels that the determination of the purse allocations is a business decision and that the tracks best financial interests should be considered in any allocation.

Finally, I have included a copy of our letter of June 11th regarding the same criteria.

Sincerely,



Robert L. Bork
Vice Chairman

RLB/jlc

**Sam Houston Race Park
Live Handle Wagered by Breed
2006**

	<u>Amount</u>	<u>Percentage</u>
Thoroughbred	\$ 7,872,157	62.82%
Quarter Horse	\$ 4,307,672	34.37%
Arabians	\$ 255,567	2.04%
Paint	\$ 81,146	0.65%
Mixed Breed Race	\$ 15,224	0.12%
Total	<u>\$ 12,531,766</u>	<u>100.00%</u>

**Sam Houston Race Park
 Simulcast Handle Wagered On-Track
 By Breed of Horse or Animal
 2006**

	<u>Amount</u>	<u>Percentage</u>
Thoroughbred	\$ 82,305,297	68.89%
Quarter Horse	\$ 5,594,274	4.68%
Arabians	\$ 311,767	0.26%
Appaloosa	\$ 1,798	0.00%
Paint	\$ 130,679	0.11%
Standard Bred (Harness)	\$ 5,088,872	4.26%
Greyhound	\$ 26,046,518	21.80%
Total	<u><u>\$ 119,479,205</u></u>	<u><u>100.00%</u></u>

131 T day
 31%
 72
 20%

162 day -
 44%

**Sam Houston Race Park
Live and Host Handle and Commission by Breed
2006**

	<u>Live Handle</u>	<u>Host Handle</u>	<u>Total Net Commissions</u>	<u>% of Total Commissions by Breed</u>
Thoroughbred	\$ 7,872,157	\$ 122,775,288	\$ 3,378,629	81.4%
Quarter Horse	\$ 4,307,672	\$ 9,970,382	\$ 770,365	18.6%
Total	<u>\$ 12,179,829</u>	<u>\$ 132,745,670</u>	<u>\$ 4,148,994</u>	<u>100%</u>



COPY

June 11, 2007

Sammy Jackson
Deputy Director of Finance
& Regulatory Control
Texas Racing Commission
8505 Cross Park Drive, Ste. 110
Austin, Texas 78754

RE: Simulcast Purse Allocations

Dear Sammy:

The Commission has requested that we provide the criteria for use on the division of simulcast purse money.

It is hoped that the Commission understands that it is very distasteful to give an appearance that a track is favoring one breed over the other. That is not the case on the part of Sam Houston Race Park, or the other Texas tracks. Our recommended allocation and business model determines where the track would receive the best benefit. A listing of these benefits is as follows:

- 1) Track Business Plan – Our business plan shows that our major profit center is during the Thoroughbred season. Encouraging growth in that area with simulcasting of our races to other jurisdictions provides the best profit center.
- 2) As evidence of the popularity of Thoroughbred simulcasting over Quarter Horse simulcasting. Our percentage of Guest simulcast handle on Thoroughbreds was 69% of the total and 5% of the total on Quarter Horses. The remainder was on other breeds.
- 3) Our business plan is to attract better Thoroughbreds. To do this our purse levels must be at a competitive level on a national basis. We are just marginally at that level. A decrease in purses would effect our live and simulcast handle.
- 4) Our Thoroughbred season occurs at a time of year when we have an opportunity to maximize our host simulcast handle. The quality of our horse population is important at that time.

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- 5) Continuity of maintaining current purse levels is important. Any increase in purse levels for one breed will result in a decrease for the other breed. With our marginally acceptable purse levels for both breeds of Quarter Horses and Thoroughbreds a change could be disastrous.

Sam Houston would recommend that the minor breeds receive an allocation that was received in prior years and that the balance is split 80% Thoroughbreds and 20% Quarter Horses.

The tracks have to maintain the economic business model that best suits their needs.

Sincerely,



Robert L. Bork
Vice Chairman

RLB/jlc

cc: Bryan Brown
Drew Shubeck



November 20, 2007

Charla Ann King
Executive Director
Texas Racing Commission
P.O. Box 12080
Austin, TX 78711-2080

Dear Charla Ann,

The Texas Quarter Horse Association, in an attempt to create an industry wide détente, supports the 2008 simulcast breed split purse agreement negotiated by the Texas Horsemen's Partnership.

The next two years may very well be the most important in the history of the Texas racing and breeding industry. Without legislative relief, I fear our industry will continue to leave Texas and conduct business in states where the racing and breeding industries are far more lucrative. In order to put forth our absolute best efforts, every facet of our industry must be in lock step. Even though we feel the agreed upon splits are not enough to significantly impact our purses, there is one thing for sure and that is we will have the best splits we have had in the last decade.

It is my understanding that the agreed upon splits for 2008 are 83% to thoroughbreds and 17% to Quarter Horse purses at Lone Star Park, 79%-21% at Sam Houston and 79%-21% at Retama Park. The splits at Manor Downs and Gillespie will remain status quo. It is also my understanding that this is a three-year agreement, which will allocate an additional one percent (22%) for Quarter Horse purses at both Sam Houston and Retama Park for 2009 and 2010.

We applaud the efforts of Tommy Azopardi, Executive Director of the THP, Jim Helzer, president of the TX HBPA and Larry Christopher, president of the TX Thoroughbred HBPA, for spearheading these negotiations. We also appreciate the work of every racetrack manager in Texas that has also signed off on this agreement.

If you have any questions regarding this matter, please do not hesitate to call on me anytime.

Sincerely,

Rob Werstler
Executive Director

A handwritten signature in cursive script that reads "Rob Werstler".

7-33

Post Office Box 9449
Austin, TX 78766

Phone 512-458-5202 Fax 512-458-1713

1101 W Anderson Lane
Austin, TX 78757



TEXAS RACING COMMISSION

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

October 10, 2007

Ed Wilson
President
Texas Arabian Breeders' Assn.
P.O. Box 215
Forney, TX 75126

Karen Utecht
Director of Racing
Texas Paint Horse Breeders Assn.
P.O. Box 161746
Fort Worth, TX 76161

Robert Werstler
Director of Racing
Texas Quarter Horse Assn.
P.O. Box 9449
Austin, TX 78766

David Hooper
Executive Director
Texas Thoroughbred Assn.
P.O. Box 14967
Austin, TX 78761

Lady and Gentlemen:

Please be advised that the Commission will take up the following items at the next Commission meeting:

- Allocation of Purses and Funds for Texas Bred Incentive Programs under Commission Rule 321.505
- Distribution of Funds Accrued in the Escrowed Purse Account under Commission Rule 321.509.

The Commission will consider these items under the rules as amended and adopted at the meeting on October 4, 2007. I am attaching copies of these revised rules for your use.

Under subsection 321.505(a), each association shall recommend to the Commission the allocation of purse revenue among the various breeds of horses. At least 30 days before making the recommendation, associations shall begin negotiations with the horsemen's organizations. If the association and all of the organizations reach a signed agreement, the association may submit the agreement to the Commission for approval. If there is no agreement, the association shall submit studies, statistics, or other documentation that support its application of the criteria described in paragraph 321.505(a)(4) to its recommended purse allocation.

Under subsection 321.505(b), the Commission determines the division of Texas Bred Incentive Program funds after providing an opportunity for each official horse breed registry to present written information addressing the criteria listed in paragraph 321.505(b)(2). Alternatively, the Commission may approve an agreement that is signed by all of the official breed registries and that sets out the percentages by which these funds are to be divided among the various breeds of horses.

Under Rule 321.509, the Commission distributes the funds accrued in the Escrowed Purse Account to the horse racetrack associations at least once per year. In making requests for distribution from the Account, associations shall also recommend the percentages by which the distribution will be divided among the breeds. In support of the breed split recommendation, each association shall present written studies, statistics, or other documentation. The Commission may look to the criteria listed in subsection 321.509(c) when evaluating those recommendations. Alternatively, the Commission may approve an agreement that is signed by the association and all of the official horsemen's organizations and that sets out the percentages by which these funds are to be divided among the various breeds of horses.

The due date for receiving each request, recommendation, agreement, and supporting documentation, is November 13, 2007.

Should you have any questions, please feel free to contact Sammy Jackson or me.

Sincerely,



Mark Fenner
General Counsel

Attachments: Revised Commission Rule 321.505
Revised Commission Rule 321.509

cc: Lee DeLong, Gillespie
Howard Phillips, Manor
Robert Bork, SHRP
Terry Blanton, THP TB Rep.
Sammy Jackson, TxRC Deputy Director
Reading File, Racetrack Files & Breed Files

Drew Schubeck, LSP
Robert Pollock, Retama
Lewis "Tooter" Jordan, THP QH Rep.
Charla Ann King, Executive Director
John Ferrara, Director of Racing

Sec. 321.505. Allocation Of Purses And Funds For Texas Bred Incentive Programs.

(a) Purses.

(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 subsection (a) (3) 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) 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

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(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 above in paragraphs (a)(3) through (a)(5), the association may submit a signed agreement between the association and the organizations referenced in paragraph (a)(2) 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 (a)(2).

(b) Texas Bred Incentive 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;

Texas Racing Commission
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- (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.
- (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 (b)(2) and any other information that the registries believe may be useful to the Commission.
- (4) In lieu of the process outlined in paragraphs (b)(2) and (b)(3), a signed agreement between the organizations referenced in paragraph (b)(3) 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 (b)(3).

Sec. 321.509. Escrowed Purse Account.

(a) At least once a year, the Commission shall distribute all funds accrued in the escrowed purse account created by the Act, § 6.091(e). The executive secretary shall establish a deadline for receiving requests for distribution from the account and publicize that deadline to the horse racetrack associations at least 30 days before the deadline. The associations when requesting for distribution from the account shall also recommend the percentages by which it will divide the escrowed purse account revenue among the various breeds of horses.

(b) The Commission shall determine the amount of the distribution to each racetrack in accordance with the standards set forth in the Act, § 6.091(e) and (f).

(c) The percentages by which an association will divide the escrowed purse account revenue among the various breeds of horses is subject to the approval of the Commission. When requesting Commission approval of the percentages, the association shall present in writing studies, statistics, or other documentation to support its proposed division of escrowed purse account revenue. The Commission may consider the following criteria when evaluating the association's studies, statistics, or other documentation submitted to support its proposed division of escrowed purse account revenue before granting its approval:

(1) local public interest in each breed as demonstrated by, but not limited to, the following factors:

- (A) simulcast import handle by breed;
- (B) live handle by breed; and
- (C) live attendance.

(2) earnings generated by the association from each breed;

(3) racetrack race date request and opportunities given to each breed;

(4) statewide need by breed; and

(5) national public interest in each breed as determined by the live simulcast export handle of each Texas meet.

(d) If the Commission determines that the association's proposed division of the escrowed purse account revenue is inconsistent with the association's obligation to accord reasonable access to races for all breeds of horses, the Commission may:

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- (1) require the association to submit additional information supporting its recommendation for consideration at the next Commission meeting;
 - (2) reject the association's recommendation and require the association to submit a new recommendation for consideration at the next Commission meeting; or
 - (3) reject the association's recommendation and approve an alternate division of the escrowed purse account revenue as determined by the Commission.
- (e) In lieu of the process outlined in paragraphs (c) and (d) above, a signed agreement between the association and the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders maybe submitted to the Commission for consideration an approval. For the Commission to approve the agreement, the agreement must:
- (1) delineates the percentages by which the escrowed purse account revenue received by the association will be divided amongst the various breeds of horses; and
 - (2) be signed by all organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders.

RULE REVIEW OF CHAPTER 309

Texas Government Code 2001.039 directs each state agency to review and consider for readoption each of its rules every four years. The Texas Racing Commission last reviewed the set of rules contained in Chapter 309, Racetrack Licenses and Operations, in 2003. Therefore it is time for the Commission to review these rules again. During the review, the Commission must assess whether the reasons for adopting each of its rules continues to exist.

To formally initiate the rule review process, the Commission must vote at a public meeting to publish notice in the *Texas Register* of the Commission's intention to review specific rules. After the time for public comment has passed, the Commission will take one of the following actions in regard to each rule in Chapter 309: The Commission will readopt the rule, the Commission will propose the repeal of the rule, or the Commission will propose readopting the rule with revisions.

If the Commission readopts a rule, notice of the readoption will appear in the *Texas Register* Rules Review section, but the text of the readopted rule will not be published. Any proposed repeal of a rule or any proposed amendment to a rule will be published in the Proposed Rules section of the *Texas Register* in accordance with procedures set out in Government Code, Chapter 2001, subchapter B, and will be the subject of an additional 30-day comment period before final repeal or final adoption.

Because of *Texas Register* publication deadlines, a notice of intention to review specific rules will not be published in the *Texas Register* until at least two weeks after the meeting at which the Commission votes to publish notice of its intention to review specific rules.

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1 **Subchapter A. Licensing Provisions**

2 **Division 1. Occupational Licenses**

3 Sec. 311.1 - 311.8 (No Change.)

4
5 ~~**Division 2. Other Licenses**~~

6 ~~**Sec. 311.51. Interim License to Conduct Race Meetings.**~~

7 ~~(a) Qualifications. The Commission shall issue to a qualified~~
8 ~~person an interim license to conduct pari-mutuel race meetings~~
9 ~~at a racetrack for which a racetrack license has been previously~~
10 ~~issued. For purposes of this section, a "qualified person" is a~~
11 ~~person who:~~

12 ~~(1) was the holder of a lien or other debt instrument which~~
13 ~~secured the original financing of the premises and facilities~~
14 ~~(or any refinancing thereof); and~~

15 ~~(2) is otherwise eligible pursuant to the Act and the rules~~
16 ~~to hold a racetrack license.~~

17 ~~(b) Eligibility. To be eligible to receive an interim license~~
18 ~~under this section, a person must:~~

19 ~~(1) own or hold a leasehold interest in the racetrack~~
20 ~~premises and facilities pursuant to:~~

21 ~~(A) the foreclosure of the lien securing the original~~
22 ~~financing of the premises and facilities (or any~~
23 ~~refinancing thereof);~~

24 ~~(B) the enforcement of an agreement securing the~~
25 ~~original financing (or any refinancing thereof) of the~~
26 ~~premises and facilities, provided the agreement was~~
27 ~~approved by the Commission at the time the agreement was~~
28 ~~executed; or~~

29 ~~(C) other transfer in lieu of foreclosure or~~
30 ~~enforcement of the person's rights as a lien holder;~~

1 ~~(2) not previously have held a racetrack license for the~~
2 ~~racetrack;~~

3 ~~(3) complete an application form prescribed by the~~
4 ~~executive secretary; and~~

5 ~~(4) pay the base portion of the license fee prescribed in~~
6 ~~subsection (c) of this section.~~

7 ~~(c) Fees.~~

8 ~~(1) Application fee. The application fee is the amount~~
9 ~~needed by the Commission to cover the costs incurred by the~~
10 ~~Department of Public Safety and Commission staff for conducting~~
11 ~~the background investigation on the applicant. The Department of~~
12 ~~Public Safety shall calculate the costs it incurred in~~
13 ~~conducting the background investigation and notify the~~
14 ~~Commission. The applicant shall pay the application fee not~~
15 ~~later than 10 business days after receiving a bill for the fee~~
16 ~~from the Commission.~~

17 ~~(2) License fee. The holder of an interim license shall pay~~
18 ~~the same fees as other racetracks under §309.8 of this title~~
19 ~~(relating to Racetrack License Fees).~~

20 ~~(d) Privileges. An interim license issued under this section is~~
21 ~~valid only for the racetrack premises and facilities specified~~
22 ~~in the interim license application. An interim license issued~~
23 ~~under this section carries all the privileges and~~
24 ~~responsibilities of the class of racetrack license that had been~~
25 ~~previously issued for the racetrack premises and facilities when~~
26 ~~the person applying for the interim license was a debt holder.~~

27 ~~(e) Duration. An interim license issued under this section is~~
28 ~~valid for three years or until a new racetrack license for the~~
29 ~~racetrack premises and facilities which is of the same class as~~
30 ~~the original license is issued, whichever occurs first. An~~

- 1 ~~interim license issued under this section may be renewed once~~
- 2 ~~only and the term of the renewed interim license is three years.~~

1 **Subchapter B. Entries and Allowances**

2 **Sec. 313.111. Age Restrictions.**

3 (a) A yearling is not eligible to start in a race.

4 (b) A two-year-old horse may not start in a pari-mutuel race in
5 Texas before March 1.

6 (c) A racing secretary may not schedule:

7 (1) a race for two-year old quarter horses longer than 350
8 yards before May 1 or longer than 400 yards before August 1; or

9 (2) a race for two-year old thoroughbreds longer than 4 1/2
10 furlongs before May 1 or at one mile or longer before August 1.

11 (d) A horse that is more than 12 years of age may not start in a
12 pari-mutuel race in this state unless:

13 (1) the horse has finished first, second, or third in an
14 officially sanctioned pari-mutuel race during the 12-month
15 period preceding the race in which the horse is to start; or

16 (2) upon due consideration of the horse's prior
17 performance, the board of stewards has given specific
18 authorization for the horse to start. ~~the horse has won a race~~
19 ~~at an officially sanctioned pari-mutuel racetrack during the 12-~~
20 ~~month period preceding the race in which the horse is to start.~~

1 **Subchapter D. Drug Testing**

2 **Division 3. Provisions for Horses**

3 **Sec. 319.363. Testing for Total Carbon Dioxide.**

4 (a) Findings and Presumptions.

5 (1) The commission finds that a total carbon dioxide level
6 of 37 ~~39~~ millimoles per liter or more in equine serum can be
7 achieved only through the administration, by any means, of a
8 bicarbonate-containing substance or other alkalinizing
9 substance.

10 (2) A horse entered or participating in a race may not be
11 administered a bicarbonate-containing substance or other
12 alkalinizing substance which causes it to carry in its body an
13 excess level of total carbon dioxide.

14 (3) A positive finding by a chemist of total carbon dioxide
15 level at or above 37 ~~39~~ millimoles per liter in a race horse
16 serum specimen is an excess level of total carbon dioxide and
17 prima facie evidence that the race horse was administered a
18 bicarbonate-containing substance or other alkalinizing substance
19 in violation of this section.

20 (b)-(d) (No change.)

1 **Subchapter D. Simulcast Wagering**

2 **Division 1. General Provisions**

3 **Sec. 321.407. Testing for Total Carbon Dioxide.**

- 4 (a) To receive approval to conduct pari-mutuel wagering on a
5 simulcast import, an association must file a request for
6 approval to import to the executive secretary on a form
7 prescribed by the executive secretary. A request for approval to
8 import a simulcast must be filed at least one day ~~three days~~
9 before the first simulcast race covered by the request.
- 10 (b)-(e) (No change.)

1 **Subchapter A. Organization of the Commission**

2 **Sec. 303.16. Historically Underutilized Businesses.**

3 Pursuant to Government Code, §2161.003, the Commission adopts by
4 reference the provisions of 34 TAC §20.11 et seq. ~~1 TAC §111.11~~
5 ~~et seq.~~