



**TEXAS RACING COMMISSION**

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

Texas Racing Commission  
Tuesday, December 10, 2013  
10:30 a.m.  
John H. Reagan Building, Room JHR 120  
105 W. 15th Street  
Austin, Texas 78701

**AGENDA**

**I. CALL TO ORDER**

Roll Call

**II. PUBLIC COMMENT**

**III. GENERAL BUSINESS**

Discussion and consideration of the following matters:

**A. Reports by the Executive Director and Staff regarding Administrative Matters**

- 1) Budget and Finance Update
- 2) Report on Wagering Statistics
- 3) Report on Racetrack Inspections
- 4) Enforcement Report
- 5) Update on Review of Veterinary Protocols (*Gold Star Alert*)

**B. Discussion of Commission Meeting Dates for 2014**

**C. Discussion of Process for Election of the Vice Chair**

Discussion, consideration and approval of the following matter:

**D. Approval of the Internal Audit Plan for Fiscal Year 2014**

**IV. PROCEEDINGS ON RACETRACKS**

Discussion, consideration and possible action on the following matters:

- A. Allocation of purses as provided under Commission Rule 321.505(a) (except Gillespie County Fair and Festivals Association)
- B. Distribution of funds in the Escrowed Purse Account among the various breeds of horses under Commission Rule 321.509 (except Gillespie County Fair and Festivals Association)

Discussion on the following matters:

- C. Progress Reports by Inactive Racetrack License Holders on Preparations to Begin Live Racing
  - 1. Progress Report by Laredo Downs
  - 2. Progress Report by Laredo Race Park
  - 3. Progress Report by Longhorn Downs
  - 4. Progress Report by Manor Downs

Discussion, consideration and action by the Chairman on the following matter:

- D. Establishment of an Advisory Committee on Pari-mutuel Wagering

**V. PROCEEDINGS ON RULEMAKING**

Discussion, consideration and possible action on the following matters:

Rule Proposals

- A. Proposal to Amend Rule 313.103, Eligibility Requirements

Rule Adoptions

- B. Adoption of Amendment to Rule 307.64, Penalties
- C. Adoption of Amendment to Rule 307.69, Review by Executive Secretary
- D. Adoption of Amendment to Rule 319.3, Medication Restricted

**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(1), the Commission may open an executive session to seek the advice of its attorney regarding pending or contemplated litigation, or regarding a settlement offer.
- 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.

**VII. SCHEDULING OF NEXT COMMISSION MEETING**

**VIII. ADJOURN**

### **III. GENERAL BUSINESS**

Discussion and consideration of the following matters:

- A. Reports by the Executive Director and Staff regarding Administrative Matters
  - 1) Budget and Finance Update
  - 2) Report on Wagering Statistics
  - 3) Report on Racetrack Inspections
  - 4) Enforcement Report
  - 5) Update on Veterinary Protocols
- B. Discussion of Commission Meeting Dates for 2014
- C. Discussion of Process for Election of the Vice Chair
- D. Approval of the Internal Audit Plan for Fiscal Year 2014



**Fiscal Year 2013  
Operational Budget**

Updated: December 2, 2013

Thru: August 31, 2013

**Summary of Operating Revenue**

By Revenue Type:	Budget	Collected	Suspended	Uncollected Balance	%
<b>Account 597 - Racing Commission - GRD</b>	\$ 9,800,731	\$ 8,957,277	\$ 40,000	\$ 769,719	8%
<b>Account 1 - State of Texas - GR</b>	\$ -	\$ -	\$ -	\$ -	
<b>TOTAL - ALL REVENUES</b>	\$ 9,800,731	\$ 8,957,277	\$ 40,000	\$ 769,719	8%

**Summary of Appropriated Operating Expenses**

	Budget	Expended	Encumbered	Unexpended Balance	%
<b>1001 - Salaries and Wages:</b>	\$ 2,829,397	\$ 2,666,714	\$ -	\$ 162,683	6%
<b>1002 - Other Personnel Cost:</b>	\$ 190,829	\$ 212,057	\$ 314	\$ (21,228)	-11%
<b>2001 - Professional Fees and Services:</b>	\$ 249,466	\$ 146,290	\$ 2,400	\$ 103,177	41%
<b>2003 - Consumable Supplies:</b>	\$ 38,500	\$ 31,056	\$ 138	\$ 7,445	19%
<b>2004 - Utilities:</b>	\$ 60,000	\$ 54,004	\$ -	\$ 5,996	10%
<b>2005 - Travel:</b>	\$ 177,789	\$ 140,242	\$ 1,121	\$ 37,547	21%
<b>2006 - Rent Building:</b>	\$ 87,979	\$ 87,870	\$ -	\$ 109	0%
<b>2007 - Rent Machine and Other:</b>	\$ 14,500	\$ 9,399	\$ (405)	\$ 5,101	35%
<b>2009 - Other Operating Expense:</b>	\$ 575,098	\$ 429,217	\$ 30,660	\$ 145,881	25%
<b>4000 - Grants</b>	\$ 4,125,000	\$ 3,316,235	\$ -	\$ 808,765	20%
<b>5000 - Capital Expenditures:</b>	\$ -	\$ 9,774	\$ (9,500)	\$ (9,774)	n/a
<b>TOTAL - ALL APPROPRIATED EXPENDITURES</b>	\$ 8,348,559	\$ 7,102,857	\$ 24,727	\$ 1,245,702	15%

**Unappropriated Operating Expenses**

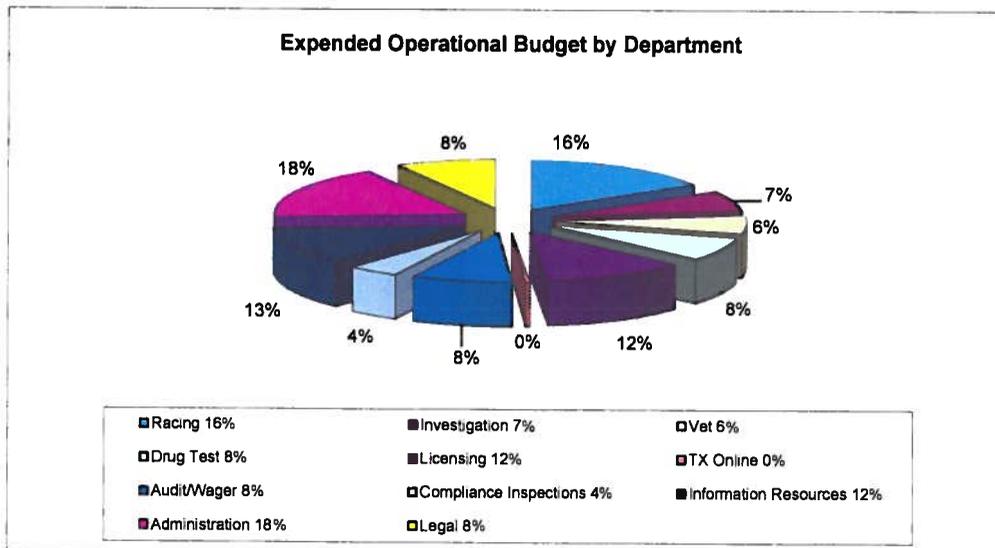
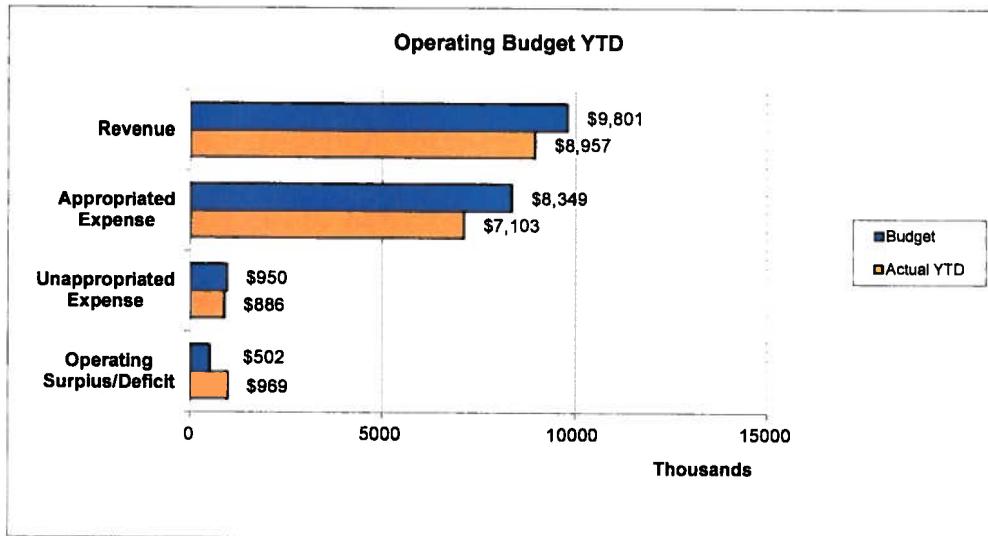
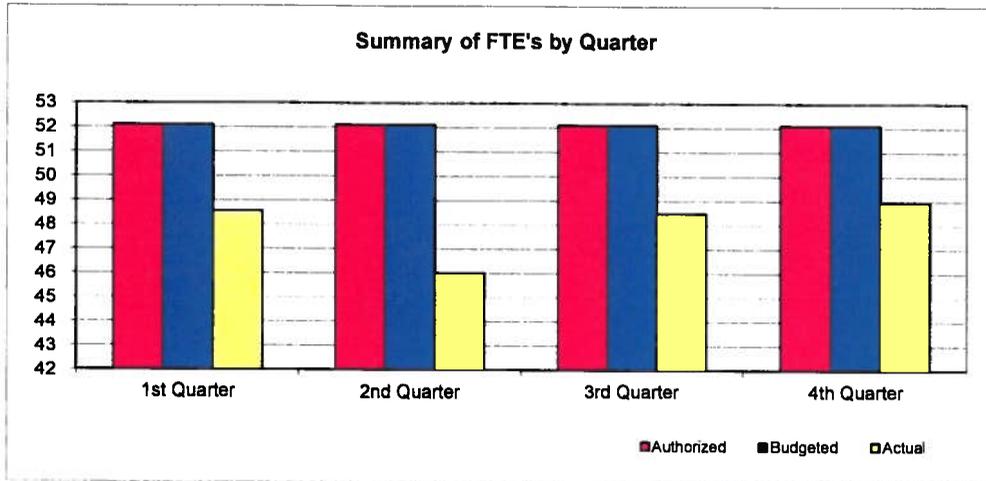
Type:	Budget	Expended	Encumbered	Unexpended Balance	%
<b>TOTAL - ALL UNAPPROPRIATED EXPENDITURES</b>	\$ 950,122	\$ 885,506	\$ 314	\$ 64,616	7%
<b>TOTAL - ALL EXPENDITURES</b>	\$ 9,298,681	\$ 7,988,363	\$ 25,041	\$ 1,310,318	14%

**OPERATING SURPLUS / (DEFICIT)**

\$ 502,050 \$ 968,914

**Summary of FTE's**

By Fiscal Quarter:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Authorized FTE's	52.10	52.10	52.10	52.10
Budgeted FTE's	52.10	52.10	52.10	52.10
Actual FTE's	48.56	46.00	48.48	48.95
<b>Actual FTE's Over / (Under) Budget</b>	(3.54)	(6.10)	(3.62)	(3.15)
<b>Actual FTE's Over / (Under) Authorization</b>	(3.54)	(6.10)	(3.62)	(3.15)





**Fiscal Year 2014  
Operational Budget**

Updated: November 25, 2013

Thru: October 31, 2013

**Summary of Operating Revenue**

By Revenue Type:	Budget	Collected	Suspended	Uncollected Balance	%
<b>Account 597 - Racing Commission - GRD</b>	\$ 9,828,475	\$ 3,005,739	\$ 40,000	\$ 6,822,736	69%
<b>Account 1 - State of Texas - GR</b>	\$ -	\$ -	\$ -	\$ -	
<b>TOTAL - ALL REVENUES</b>	\$ 9,828,475	\$ 3,005,739	\$ 40,000	\$ 6,822,736	69%

**Summary of Appropriated Operating Expenses**

Type:	Budget	Expended	Encumbered	Unexpended Balance	%
<b>1001 - Salaries and Wages:</b>	\$ 2,861,669	\$ 458,594	\$ -	\$ 2,403,074	84%
<b>1002 - Other Personnel Cost:</b>	\$ 137,549	\$ 30,430	\$ -	\$ 107,119	78%
<b>2001 - Professional Fees and Services:</b>	\$ 283,275	\$ 15,111	\$ -	\$ 268,164	95%
<b>2003 - Consumable Supplies:</b>	\$ 39,500	\$ 721	\$ -	\$ 38,779	98%
<b>2004 - Utilities:</b>	\$ 60,000	\$ 8,180	\$ -	\$ 51,820	86%
<b>2005 - Travel:</b>	\$ 170,148	\$ 8,701	\$ -	\$ 161,447	95%
<b>2006 - Rent Building:</b>	\$ 87,979	\$ 21,257	\$ -	\$ 66,722	76%
<b>2007 - Rent Machine and Other:</b>	\$ 14,500	\$ 2,071	\$ -	\$ 12,429	86%
<b>2009 - Other Operating Expense:</b>	\$ 566,270	\$ 28,155	\$ -	\$ 538,115	95%
<b>4000 - Grants</b>	\$ 4,125,000	\$ 452,673	\$ -	\$ 3,672,327	89%
<b>5000 - Capital Expenditures:</b>	\$ -	\$ 6,264	\$ -	\$ (6,264)	0.00%
<b>TOTAL - ALL APPROPRIATED EXPENDITURES</b>	\$ 8,345,890	\$ 1,032,158	\$ -	\$ 7,313,732	88%

**Unappropriated Operating Expenses**

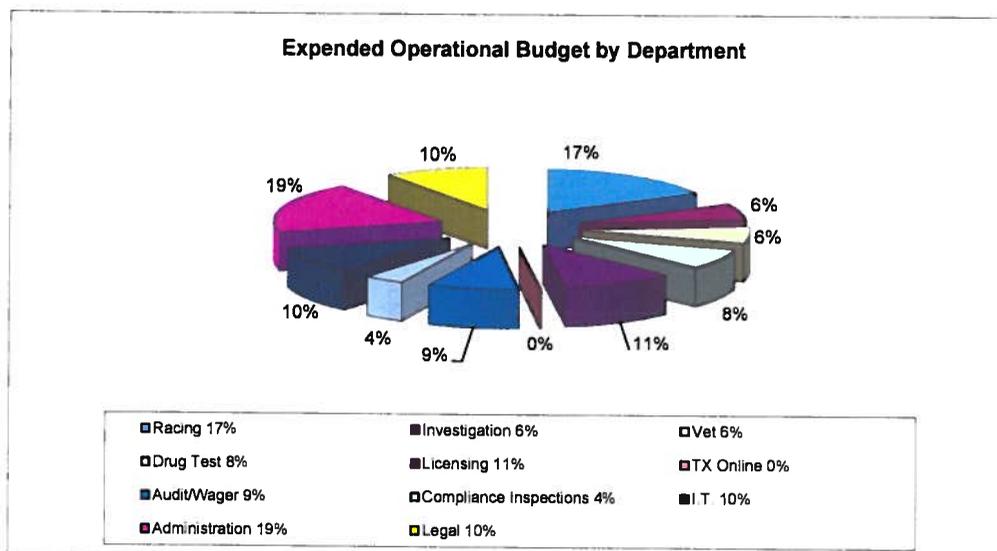
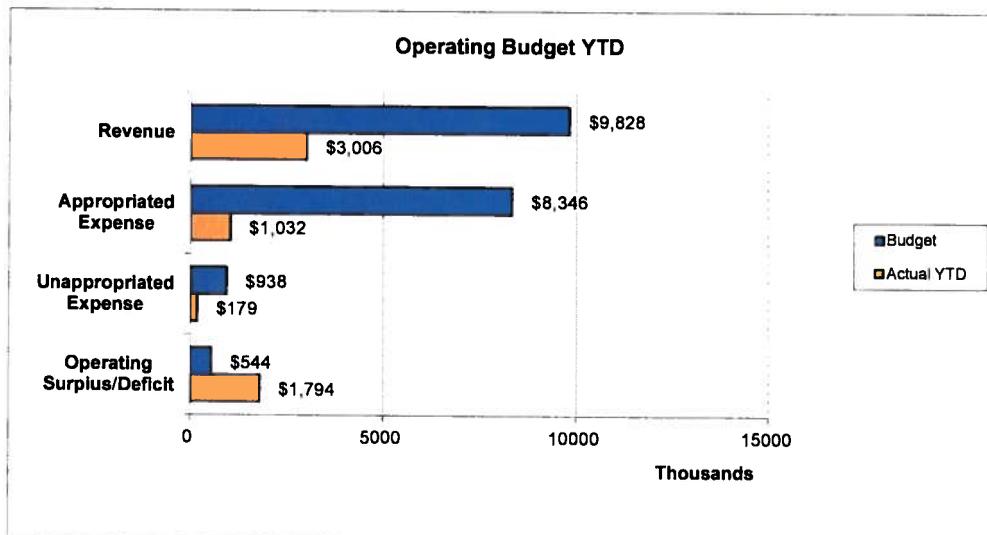
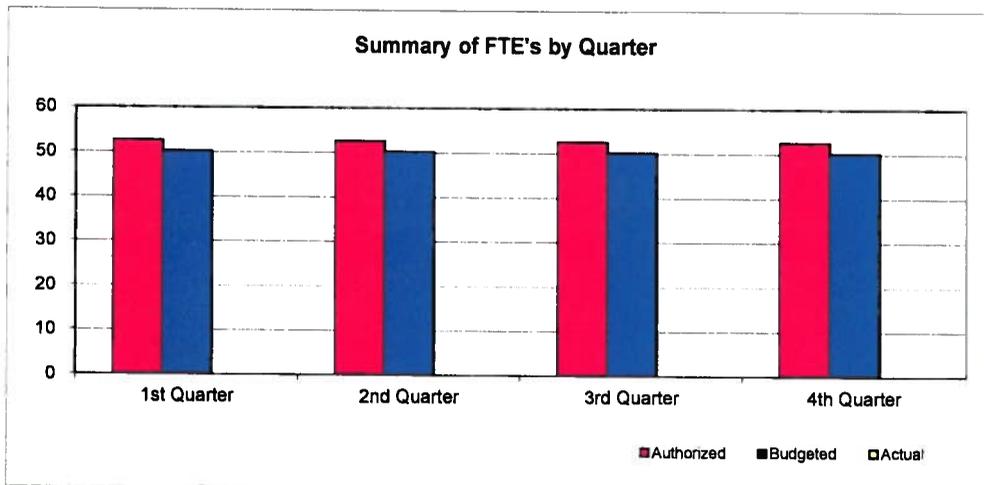
Type:	Budget	Expended	Encumbered	Unexpended Balance	%
<b>TOTAL - ALL UNAPPROPRIATED EXPENDITURES</b>	\$ 938,111	\$ 179,463	\$ -	\$ 758,648	81%
<b>TOTAL - ALL EXPENDITURES</b>	\$ 9,284,001	\$ 1,211,621	\$ -	\$ 8,072,380	87%

**OPERATING SURPLUS / (DEFICIT)**

\$ 544,474 \$ 1,794,118

**Summary of FTE's**

By Fiscal Quarter:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Authorized FTE's	52.60	52.60	52.60	52.60
Budgeted FTE's	50.20	50.20	50.20	50.20
Actual FTE's	0.00	0.00	0.00	0.00
<b>Actual FTE's Over / (Under) Budget</b>	n/a	n/a	n/a	n/a
<b>Actual FTE's Over / (Under) Authorization</b>	n/a	n/a	n/a	n/a



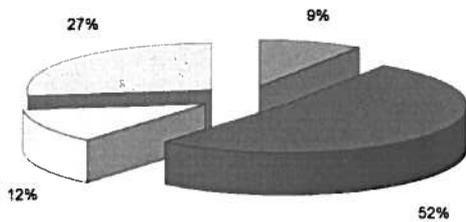


**Texas Pari-Mutuel Racetracks Wagering Statistics  
Comparison Report on Total Wagers Placed  
in Texas & on Texas Races**

For the Period: 01/01/12 - 12/01/12 to 01/01/13 - 12/01/13

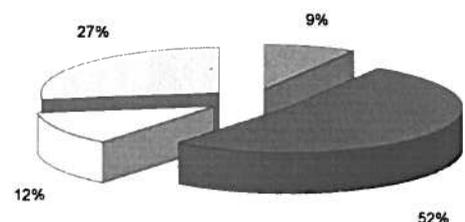
Sources of Wagers	Year 2012 01/01 - 12/01				Year 2013 01/01 - 12/01				Percentage Change In	
	# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wagers		
<b>Greyhound Racetracks</b>										
Live	234	8,329,413	\$ 35,596	273	7,909,047	\$ 28,971	-5.05%	-18.61%		
Simulcast Same-Species	862	24,423,652	\$ 28,334	860	24,544,009	\$ 28,540	0.49%	0.73%		
Simulcast Cross-Species	864	19,949,958	\$ 23,090	860	20,685,437	\$ 24,053	3.69%	4.17%		
Export	234	11,015,903	\$ 47,077	272	12,152,909	\$ 44,680	10.32%	-5.09%		
<b>Total Wagers</b>		63,718,925	N/A		65,291,402	N/A	2.47%	N/A		
<b>Horse Racetracks</b>										
Live	185	28,945,320	\$ 156,461	179	27,125,374	\$ 151,538	-6.29%	-3.15%		
Simulcast Same-Species	1,200	189,075,304	\$ 157,563	1,441	187,243,520	\$ 129,940	-0.97%	-17.53%		
Simulcast Cross-Species	1,198	28,832,087	\$ 24,067	1,388	28,193,828	\$ 20,313	-2.21%	-15.60%		
Export	177	100,609,248	\$ 568,414	171	98,775,795	\$ 577,636	-1.82%	1.62%		
<b>Total Wagers</b>		347,461,960	N/A		341,338,516	N/A	-1.76%	N/A		
<b>All Texas Racetracks</b>										
Live	419	37,274,733	\$ 88,961	452	35,034,422	\$ 77,510	-6.01%	-12.87%		
Simulcast Same-Species	2,062	213,498,956	\$ 103,540	2,301	211,787,529	\$ 92,042	-0.80%	-11.11%		
Simulcast Cross-Species	2,062	48,782,045	\$ 23,658	2,248	48,879,265	\$ 21,743	0.20%	-8.09%		
Export	411	111,625,151	\$ 271,594	443	110,928,704	\$ 250,403	-0.62%	-7.80%		
<b>Total Wagers</b>		411,180,885	N/A		406,629,919	N/A	-1.11%	N/A		
<b>Total Wagers Placed in Texas</b>		299,555,734	N/A		295,701,215	N/A	-1.29%	N/A		
<b>Total Wagers Placed on Texas Races</b>		148,899,884	N/A		145,963,125	N/A	-1.97%	N/A		

2012 Wagers by Source



Legend: Live, Simulcast Same-Species, Simulcast Cross-Species, Export

2013 Wagers by Source



Legend: Live, Simulcast Same-Species, Simulcast Cross-Species, Export



**Greyhound Racetrack Wagering Statistics  
Comparison Report on Total Wagers Placed  
in Texas & on Texas Races**

For the Period: 01/01/12 - 12/01/12 to 01/01/13 - 12/01/13

Sources of Wagers	Year 2012 01/01 - 12/01			Year 2013 01/01 - 12/01			Percentage Change in	
	# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wager
<b>Gulf Coast Racing</b>								
Live	0	0	N/A	0	0	N/A	N/A	N/A
Simulcast Same-Species	240	7,070,346	\$ 29,460	240	7,167,020	\$ 29,863	1.37%	1.37%
Simulcast Cross-Species	240	3,721,022	\$ 15,504	240	4,286,924	\$ 17,862	15.21%	15.21%
Export	0	0	N/A	0	0	N/A	N/A	N/A
<b>Total Wagers</b>		<b>10,791,367</b>	<b>N/A</b>		<b>11,453,943</b>	<b>N/A</b>	<b>6.14%</b>	<b>N/A</b>

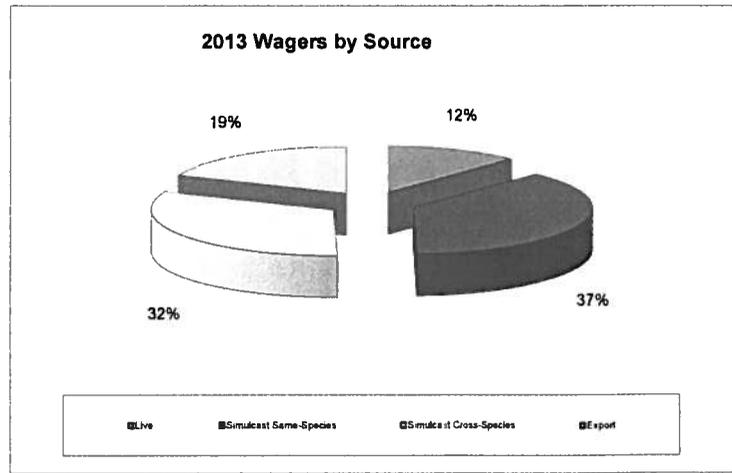
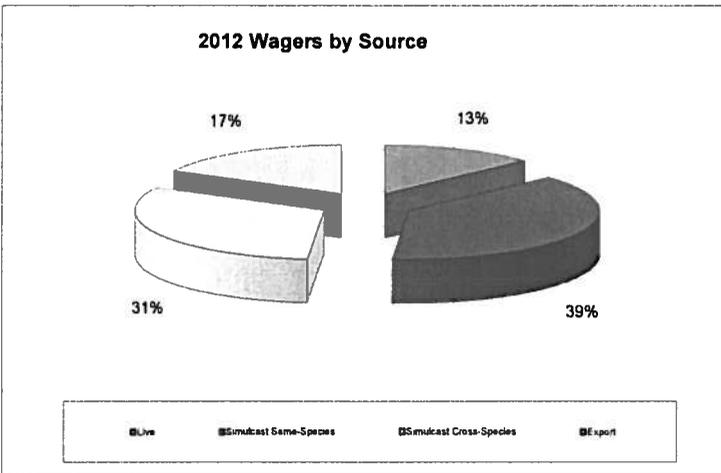
Sources of Wagers								
<b>Gulf Greyhound Park</b>								
# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wager	Percentage Change in
Live	234	8,329,413	\$ 35,596	272	7,869,266	\$ 28,931	-5.52%	-18.72%
Simulcast Same-Species	335	11,195,931	\$ 33,421	334	10,821,958	\$ 32,401	-3.34%	-3.05%
Simulcast Cross-Species	336	10,578,191	\$ 31,483	334	10,140,427	\$ 30,361	-4.14%	-3.56%
Export	234	<u>11,015,903</u>	<u>\$ 47,077</u>	272	<u>12,152,909</u>	<u>\$ 44,680</u>	<u>10.32%</u>	<u>-5.09%</u>
<b>Total Wagers</b>		<b>41,119,437</b>	<b>N/A</b>		<b>40,984,560</b>	<b>N/A</b>	<b>-0.33%</b>	<b>N/A</b>

Sources of Wagers								
<b>Valley Race Park</b>								
# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wager	Percentage Change in
Live	0	0	N/A	1	39,781	\$ 39,781	100.00%	100.00%
Simulcast Same-Species	287	6,157,376	\$ 21,454	286	6,555,031	\$ 22,920	6.46%	6.83%
Simulcast Cross-Species	288	5,650,745	\$ 19,621	286	6,258,087	\$ 21,881	10.75%	11.52%
Export	0	0	N/A	0	0	N/A	N/A	N/A
<b>Total Wagers</b>		<b>11,808,121</b>	<b>N/A</b>		<b>12,852,899</b>	<b>N/A</b>	<b>8.85%</b>	<b>N/A</b>

Sources of Wagers								
<b>All Greyhound Racetracks</b>								
# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wager	Percentage Change in
Live	234	8,329,413	\$ 35,596	273	7,909,047	\$ 28,971	-5.05%	-18.61%
Simulcast Same-Species	862	24,423,652	\$ 28,334	860	24,544,009	\$ 28,540	0.49%	0.73%
Simulcast Cross-Species	864	19,949,958	\$ 23,090	860	20,685,437	\$ 24,053	3.69%	4.17%
Export	234	<u>11,015,903</u>	<u>\$ 47,077</u>	272	<u>12,152,909</u>	<u>\$ 44,680</u>	<u>10.32%</u>	<u>-5.09%</u>
<b>Total Wagers</b>		<b>63,718,925</b>	<b>N/A</b>		<b>65,291,402</b>	<b>N/A</b>	<b>2.47%</b>	<b>N/A</b>

<b>Total Wagers Placed in Texas</b>	<b>52,703,022</b>	<b>N/A</b>	<b>53,138,493</b>	<b>N/A</b>	<b>0.83%</b>	<b>N/A</b>
-------------------------------------	-------------------	------------	-------------------	------------	--------------	------------

<b>Total Wagers Placed on Texas Races</b>	<b>19,345,316</b>	<b>N/A</b>	<b>20,061,956</b>	<b>N/A</b>	<b>3.70%</b>	<b>N/A</b>
---	-------------------	------------	-------------------	------------	--------------	------------

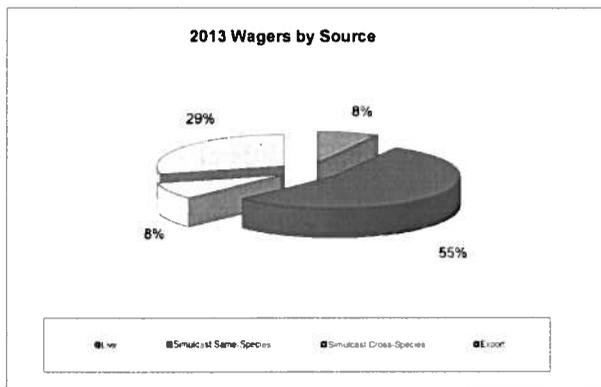
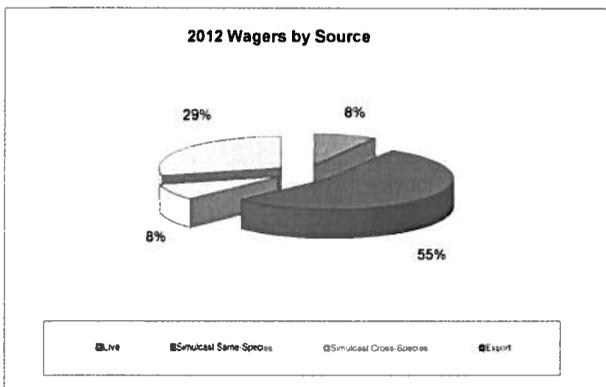




Horse Racetrack Wagering Statistics  
Comparison Report on Total Wagers Placed  
in Texas & on Texas Races

For the Period: 01/01/12 - 12/01/12 to 01/01/13 - 12/01/13

Sources of Wagers	Year 2012				Year 2013				Percentage	
	# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wager	Change in	
<b>Gillespie County Fair</b>										
Live	8	1,292,129	\$ 161,516	8	1,299,531	\$ 162,441	0.57%		0.57%	
Simulcast Same-Species	192	2,920,970	\$ 15,213	191	2,901,909	\$ 15,193	-0.65%		-0.13%	
Simulcast Cross-Species	192	338,602	\$ 1,764	191	346,192	\$ 1,813	2.24%		2.78%	
Export	0	0	N/A	0	0	N/A	N/A		N/A	
<b>Total Wagers</b>		<b>4,551,701</b>	<b>N/A</b>		<b>4,547,633</b>	<b>N/A</b>	<b>-0.09%</b>		<b>N/A</b>	
<b>Lone Star Park</b>										
Live	79	17,055,759	\$ 215,896	76	15,930,857	\$ 209,617	-6.60%		-2.91%	
Simulcast Same-Species	336	88,284,224	\$ 262,751	335	88,002,585	\$ 262,694	-0.32%		-0.02%	
Simulcast Cross-Species	335	4,934,458	\$ 14,730	334	5,210,133	\$ 15,599	5.59%		5.90%	
Export	79	41,462,759	\$ 524,845	76	41,234,385	\$ 542,558	-0.55%		3.37%	
<b>Total Wagers</b>		<b>151,737,200</b>	<b>N/A</b>		<b>150,377,959</b>	<b>N/A</b>	<b>-0.90%</b>		<b>N/A</b>	
<b>Retama Park</b>										
Live	40	4,340,176	\$ 108,504	38	3,702,669	\$ 97,439	-14.69%		-10.20%	
Simulcast Same-Species	336	35,947,251	\$ 106,986	335	35,882,802	\$ 107,113	-0.18%		0.12%	
Simulcast Cross-Species	335	6,320,864	\$ 18,868	334	6,130,657	\$ 18,355	-3.01%		-2.72%	
Export	40	12,081,060	\$ 302,026	38	11,192,455	\$ 294,538	-7.36%		-2.48%	
<b>Total Wagers</b>		<b>58,689,350</b>	<b>N/A</b>		<b>56,908,584</b>	<b>N/A</b>	<b>-3.03%</b>		<b>N/A</b>	
<b>Saddle Brook Park</b>										
Live	0	0	\$ -	0	0	\$ -				
Simulcast Same-Species	0	0	\$ -	245	3,910,065	\$ 15,959	100.00%		100.00%	
Simulcast Cross-Species	0	0	\$ -	195	156,088	\$ 800	100.00%		100.00%	
Export	0	0	\$ -	0	0	\$ -	N/A		N/A	
<b>Total Wagers</b>		<b>0</b>	<b>\$ -</b>		<b>4,066,153</b>	<b>N/A</b>	<b>100.00%</b>		<b>N/A</b>	
<b>Sam Houston Race Park</b>										
Live	58	6,257,257	\$ 107,884	57	6,192,318	\$ 108,637	-1.04%		0.70%	
Simulcast Same-Species	336	61,922,860	\$ 184,294	335	56,546,158	\$ 168,795	-8.68%		-8.41%	
Simulcast Cross-Species	336	17,238,164	\$ 51,304	334	16,350,758	\$ 48,954	-5.15%		-4.58%	
Export	58	47,065,429	\$ 811,473	57	46,348,955	\$ 813,140	-1.52%		0.21%	
<b>Total Wagers</b>		<b>132,483,710</b>	<b>N/A</b>		<b>125,438,188</b>	<b>N/A</b>	<b>-5.32%</b>		<b>N/A</b>	
<b>All Horse Racetracks</b>										
Live	185	28,945,320	\$ 156,461	179	27,125,374	\$ 151,538	-6.29%		-3.15%	
Simulcast Same-Species	1,200	189,075,304	\$ 157,563	1,441	187,243,520	\$ 129,940	-0.97%		-17.53%	
Simulcast Cross-Species	1,198	28,832,087	\$ 24,067	1,388	28,193,828	\$ 20,313	-2.21%		-15.60%	
Export	177	100,609,248	\$ 568,414	171	98,775,795	\$ 577,636	-1.82%		1.62%	
<b>Total Wagers</b>		<b>347,461,960</b>	<b>N/A</b>		<b>341,338,516</b>	<b>N/A</b>	<b>-1.76%</b>		<b>N/A</b>	
<b>Total Wagers Placed in Texas</b>		<b>246,852,712</b>	<b>N/A</b>		<b>242,562,722</b>	<b>N/A</b>	<b>-1.74%</b>		<b>N/A</b>	
<b>Total Wagers Placed on Texas Races</b>		<b>129,554,568</b>	<b>N/A</b>		<b>125,901,169</b>	<b>N/A</b>	<b>-2.82%</b>		<b>N/A</b>	



# Texas Racing Commission

## Report on Racetrack Inspection Activities

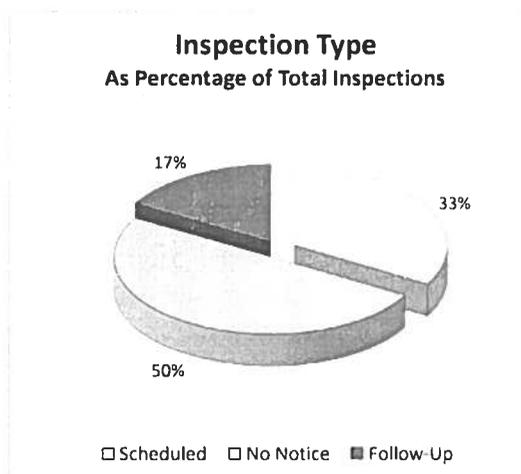
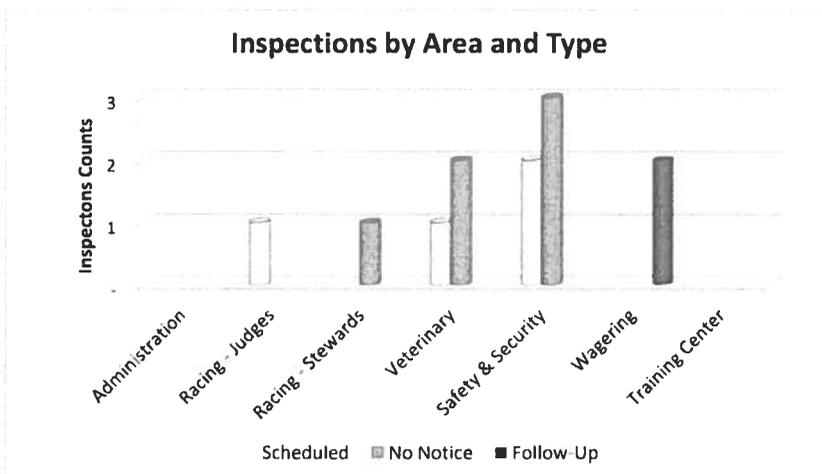
December 10, 2013

Summary of Inspections Performed For The Period of October 2, 2013 through November 30, 2013					
Track	Area of Inspection	Date of Inspection	Number of Unsatisfactory Items	Track Remediation	Remaining Unsatisfactory Items
Saddle Brook	Wagering	10/25/2013	(Follow-up from 5/24/13)	3	0
Retama Park	Security	10/4/2013	0		
	Security	11/15/2013	0		
	Veterinary	11/22/2013	0		
Gulf Greyhound Park	Security	11/22/2013	0		
	Wagering	11/14/2013	(Follow-up from 7/29/13)	1	0
Lone Star Park	Stewards	10/30/2013	0		
	Veterinary	10/31/2013	0		
	Security	11/1/2013	0		
Valley Greyound Park	Veterinary	11/29/2013	0		
	Judges	11/29/2013	0		
	Security	11/29/2013	0		

Inspection Counts by Area and Type				
Area of Inspection	Scheduled	No Notice	Follow-Up	Totals
Administration				
Racing - Judges	1			1
Racing - Stewards		1		1
Veterinary	1	2		3
Safety & Security	2	3		5
Wagering			2	2
Training Center				
<b>TOTAL INSPECTIONS</b>	<b>4</b>	<b>6</b>	<b>2</b>	<b>12</b>

**Important Notes Regarding Inspections at Racetracks:**

- 1) Scheduled inspections typically occur before the beginning of each race meet. No Notice inspections typically are planned to occur during the middle of a meet, but may occur at any time.
- 2) Follow-Up inspections are performed when a Scheduled or No Notice inspection identifies an unsatisfactory item. The Follow-Up inspection is performed after the association has had an opportunity to remedy any unsatisfactory item initially reported.



**Texas Racing Commission  
Enforcement Report  
Selected Regulatory Statistics  
September 1, 2013 – November 30, 2013**

	GREYHOUND	HORSE	NOTES
# of Live Race Performances/Days	78	44	
# of Live Races	985	408	
# of Animals Inspected	7,830	3,521	
# of Samples	1000	823	
# of Animal Drug Positives	0	33	Horse Violations – (8) Class 3; (25) Class 4
% of Samples Testing Positive	0	2.3%	
# of Simulcast Days	233	396	
# of Simulcast Races	68,565	116,511	
# of Import and Export Requests	81	293	
# of New Licenses Issued	503		
# of Licenses Renewed	978		
# of Gate, Barn, and Kennel Searches	16		
# of Administrative Investigations	71		
# of Rulings	4	106	
# of Suspensions	0	39	
# of Revocations	0	0	
# of Animals DQ'ed for Drug Positive – Purse Redistributed	0	16	
# of Rulings with Fines	4	76	
<b>Total Fines Assessed</b>	<b>\$250.00</b>	<b>\$22,350.00</b>	

CLASSIFICATION OF DRUG POSITIVES: Drugs are classified by their effect on the animals. Class 1 is the most serious for greyhounds and horses. The least serious violations are class 6 for greyhounds and class 5 for horses.

**COMMISSION MEETING DATES**  
Second Tuesday of Even Months

February 11  
August 12

April 8  
October 14

June 10  
December 9

**2014**

JANUARY							FEBRUARY							MARCH							APRIL						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
29	30	31	1	2	3	4	26	27	28	29	30	31	1	23	24	25	26	27	28	1	30	31	1	2	3	4	5
5	6	7	8	9	10	11	2	3	4	5	6	7	8	2	3	4	5	6	7	8	6	7	8	9	10	11	12
12	13	14	15	16	17	18	9	10	11	12	13	14	15	9	10	11	12	13	14	15	13	14	15	16	17	18	19
19	20	21	22	23	24	25	16	17	18	19	20	21	22	16	17	18	19	20	21	22	20	21	22	23	24	25	26
26	27	28	29	30	31	1	23	24	25	26	27	28	1	23	24	25	26	27	28	29	27	28	29	30	1	2	3
2	3	4	5	6	7	8	2	3	4	5	6	7	8	30	31	1	2	3	4	5	4	5	6	7	8	9	10

MAY							JUNE							JULY							AUGUST						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
27	28	29	30	1	2	3	1	2	3	4	5	6	7	29	30	1	2	3	4	5	27	28	29	30	31	1	2
4	5	6	7	8	9	10	8	9	10	11	12	13	14	6	7	8	9	10	11	12	3	4	5	6	7	8	9
11	12	13	14	15	16	17	15	16	17	18	19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16
18	19	20	21	22	23	24	22	23	24	25	26	27	28	20	21	22	23	24	25	26	17	18	19	20	21	22	23
25	26	27	28	29	30	31	29	30	1	2	3	4	5	27	28	29	30	31	1	2	24	25	26	27	28	29	30
1	2	3	4	5	6	7	6	7	8	9	10	11	12	3	4	5	6	7	8	9	31	1	2	3	4	5	6

SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
31	1	2	3	4	5	6	28	29	30	1	2	3	4	26	27	28	29	30	31	1	30	1	2	3	4	5	6
7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8	7	8	9	10	11	12	13
14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15	14	15	16	17	18	19	20
21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	25	26	27
28	29	30	1	2	3	4	26	27	28	29	30	31	1	23	24	25	26	27	28	29	28	29	30	31	1	2	3
5	6	7	8	9	10	11	2	3	4	5	6	7	8	30	1	2	3	4	5	6	4	5	6	7	8	9	10

**Internal Audit Plan  
Fiscal Year 2014  
Texas Racing Commission**

 **MONDAY N. RUFUS, P.C.**  
*Certified Public Accountants and Consultants*

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2014**

---

**Table of Contents**

	<b><u>Page</u></b>
Transmittal Letter	2
Purpose	3
Background Information	3
Internal Audit Methodology	8
Internal Audit Plan	11
Reporting	11
Appendix A: Organizational Chart	12
Appendix B: Risk Assessment	13

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2014**

---

**MONDAY N. RUFUS, P.C.**  
**Certified Public Accountants & Consultants**

---

Member: American Institute of Certified Public Accountants

October 17, 2013

Commissioners of the  
Texas Racing Commission  
Austin, Texas

Dear Commissioners:

As required by the Internal Auditing Act (Texas Government Code, Section 2102.008), we have prepared the audit plan for Fiscal Year 2014.

We prepared a risk assessment to determine the areas in the Texas Racing Commission that should be considered for audit. Based on that risk assessment, our audit plan for Fiscal Year 2014 is shown below:

• Licensing Applications and Registrations	100
• FY 2014 Risk Assessment & Audit Plan	20
• FY 2015 Risk Assessment & Audit Plan	<u>20</u>
<b>Total Hours</b>	<b>140</b>

Your approval of the audit plan is required. I would like to discuss this plan with you at the Commission meeting on December 10, 2013.

Sincerely,



Monday N. Rufus, MBA, CISA, CPA  
Audit Director  
Monday N. Rufus, P.C., CPAs

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2014**

---

**I. Purpose**

The Purpose of this internal audit plan is to document the development, risk assessment, scope of assignments, and implementation timetable for fiscal year 2014 internal audit activities. This document will serve as a primary tool to carry out internal audit responsibilities in an efficient manner and prioritize the audit areas based on risk assessments agreed to by the Commissioners of the Texas Racing Commission (Agency). Due to the nature, scope and timing of audit procedures contemplated here, planning for specific aspects of the audits is a continuing process. Accordingly, the plan will be revised as necessary and reviewed at least annually.

This plan has been prepared to meet planning guidelines as required by both generally accepted auditing standards and the standards for the Professional Practice of Internal Auditing as determined by the Institute of Internal Auditors, Inc.

**II. Background Information**

The Texas Racing Commission regulates all aspects of pari-mutuel horse and greyhound racing through licensing, on-site monitoring, and enforcement. Statute and rule require the Commission to:

- License racetracks that offer racing and the people directly involved with pari-mutuel wagering who work at the racetracks or own race animals.
- Allocate race dates, supervise the conduct of all races, monitor the health and safety of the race animals, and conduct drug tests to ensure the animals race without prohibited substances.
- Oversee all pari-mutuel wagering activity, approve simulcasts, test the totalisator systems (complex computer systems that tally and calculate pari-mutuel wagers), and ensure the proper allocation and distribution of revenue generated by pari-mutuel wagering.
- Administer the Texas-Bred Incentive Program, which provides economic incentives to support a health and vigorous breeding industry in the state.

The Racing Act allows pari-mutuel wagering on horse and greyhound racing and provides for the strict regulation and control of pari-mutuel wagering in connection with that racing.

Principal responsibilities of the Commission are to:

1. Adopt rules and regulations for conducting racing involving wagering;
2. Administer and enforce all laws, rules, and regulations affecting horse racing, greyhound racing, and pari-mutuel wagering;
3. Adjudicate disciplinary matters arising from the enforcement of those laws and regulations dealing with horse racing and greyhound racing and pari-mutuel wagering; and
4. Regulate and supervise each racing meeting conducted in the state of Texas, the operations of racetracks, and the participants in a race meeting.

## TEXAS RACING COMMISSION

### Internal Audit Plan – Fiscal Year 2014

---

Extensive rulemaking authority is granted to the Commission throughout the Racing Act. The rulemaking authority vested in the Texas Racing Commission is authorized for administration and enforcement purposes.

The Racing Commission consists of seven members appointed by the governor with the advice and consent of the Senate to serve overlapping six year terms. Five members must represent the general public and have general knowledge of business or agribusiness. At least one of those appointed members may be a veterinarian, and being licensed as a veterinarian satisfies the requirement that the person have general knowledge of business or agribusiness. One member must have special knowledge or experience related to horse racing and one member must have special knowledge or experience related to greyhound racing. In addition to the appointed members, there are two ex-officio members, the Chair of the Public Safety Commission and the Comptroller of Public Accounts. The Governor appoints the chair and the members elect the vice-chair.

The Commission appoints an Executive Director to supervise the agency's daily activities as a whole and manages the agency's two divisions and its information team. The Agency's operating budget is prepared and approved by the Commission on an annual basis, whereas the State legislative appropriation request is determined every two years. Both the budget and appropriations are reviewed and approved by the State Legislature.

The 82<sup>nd</sup> Legislature, Regular Session, passed House Bill 2271 which altered the Commission's method of finance eliminating outstanding uncashed winning tickets as a source of revenue. The Commission is now self-funded from fees assessed to racetracks and occupational licenses from the entities it regulates and is typically appropriated only General Revenue – Dedicated funds. Approximately 50% of the expenditures are passed through the Agency to the official breed registries for the Texas Bred Incentive Programs. Funds collected by the Agency are directly utilized for operations, and not passed on to the State.

The agency's structure consists of two divisions and an Executive group. The Executive group is headed by the Executive Director; a Racing Oversight Division is directed by a Deputy Director for Racing Oversight; and a Finance and Wagering Division is directed by a Deputy Director for Finance and Wagering Review.

#### A. Executive Group

- i. **Executive Director** - The Executive Director supervises agency activities as a whole and manages the agency's two divisions and its information technology team. The Executive Director oversees development of agency operating policies and procedures and ensures that the agency's regulatory responsibilities are carried out. The Executive Director represents the agency before the Legislature and other governmental agencies and serves a primary role in external relations with industry stakeholders, regulators in other states, and a national regulatory association.

The Executive Director, with the assistance of the General Counsel's staff oversees coordination of the evaluation of racetrack license applications, the race date allocation process, and assesses administrative penalties against

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2014**

---

racetrack licensees. The Executive Director's office is also responsible for other administrative functions including responding to public information and media requests.

- ii. **General Counsel** – The General Counsel advises the Commissioners and staff on legal and regulatory enforcement issues affecting the agency. The General Counsel coordinates all aspects of Commission meetings and rulemaking proceedings and also represents the agency before the State Office of Administrative Hearings when prosecuting appeals from decisions made by the Board of Stewards/Judges and disciplinary cases initiated by the Executive Director.
  
- iii. **Department of Information Technology (IT)**  
The IT division develops and maintains the agency's network, database and Web site. This division recommends and supports all hardware and software necessary for the day-to-day activities of the Commission. The Commission's custom programs and database operate twenty-four hours a day, seven days a week, providing staff, licensees, the Department of Public Safety (DPS), the Texas A&M Veterinary Medical Diagnostic Laboratory and the general public with up-to-date information regarding all aspects of the Commission's regulatory programs.

B. Divisional Information

The Agency's staff is organized into two operating divisions which have specific duties and responsibilities in carrying out the overall mission of the Agency. The two operating divisions are the Racing Oversight Division and the Finance and Wagering Division.

- i. **Racing Oversight Division** – This division is focused on enforcement and oversight of day-to-day racetrack operations. The members of this division make up the agency's presence at Texas tracks. The Deputy Director supervises personnel directly responsible for regulating the conduct of live racing and is responsible for the following teams: Licensing, Investigations, Stewards/Judges, and Veterinarians/Drug Testing.

- **Licensing**

Staff in licensing issue occupational licenses to all people in positions that afford the person an opportunity to influence pari-mutuel wagering and to those who will likely have significant access to the restricted areas of a racetrack. Licensing staff at each racetrack help maintain the integrity of the industry by ensuring that all appropriate participants are licensed and in good standing.

## TEXAS RACING COMMISSION

### Internal Audit Plan – Fiscal Year 2014

---

To ensure that that all participants in racing are properly licensed, the Commission has more than fifty categories of occupational licenses. Stable and kennel area occupations – jockeys, owners, kennel owners, trainers and grooms – must secure licenses, as must racetrack employees.

- Investigations

The investigators, who must be licensed peace officers, coordinate enforcement of the Commission’s Rules and the Texas Racing Act.

Investigations are conducted on animal drug positives, criminal histories returned on license applicants, illegal wagering, use and possession of contraband, drug abuse and narcotics trafficking, and other illicit activities that could affect the integrity of pari-mutuel racing.

Drug testing of licensees suspected of using illegal drugs while performing their duties has become an important aspect of regulating the industry. If a licensee tests positive for an illegal controlled substance or alcohol, the licensee faces a suspension and must seek professional help.

- Stewards/Judges

The division includes stewards at horse tracks and judges at greyhound tracks. The judges and stewards monitor the conduct of live races and enforce the Racing Act and the Commission’s Rules of Racing. The stewards and judges have broad authority to resolve matters arising during a race meeting. They may redistribute purses, issue fines up to \$5,000 and suspend licensees for up to one year.

- Veterinarians / Drug Testing

The Chief Veterinarian oversees this division, supervising the veterinarians and test barn supervisors working at the racetracks.

Employees in this division inspect all race animals before a competition to ensure they are sound to compete, inspect the stable and kennel areas for animal health and safety issues, and implement the Commission’s race animal drug testing program.

The Chief Veterinarian also serves as a liaison between the Commission and veterinary-related organizations and agencies, such as the Texas Animal Health Commission, the American

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2014**

---

Association of Equine Practitioners, and the Texas Veterinary  
Medical Association.

- ii. **Finance and Wagering Division** – This division is focused on protecting the interests of the wagering public and industry participants by assuring the proper collection and distribution of funds in accordance with the Racing act, providing reliable information on wagering, and responding to public inquiries about wagering. The division is responsible for agency finance and administrative functions to include budget, accounting, purchasing, personnel, human resources, travel coordination and related administrative functions.

The Deputy Director supervises the agency’s pari-mutuel and compliance auditors and staff dedicated to accounting, purchasing, and human resources.

- **Pari-mutuel Auditors**

The pari-mutuel auditors protect the interest of the wagering public and industry participants by assuring the proper collection and distribution of funds in accordance with the Act and providing reliable information on wagering. The auditors review, verify and report all live and simulcast wagering activity at the racetracks to ensure the public is paid the correct amount on each winning wager. On-site pari-mutuel auditors perform daily audits and verifications of handle, earned purse, paid purse, outs balances, deposit reports and requests for simulcast approval in compliance with the Interstate Horse Racing Act (IHA). The audit staff ensure the daily collection of the escrowed horse purse funds earned from interstate cross-species wagers placed at greyhound racetracks and the allocation of these funds to the various horse racetracks based on Commission-approved formulas.

- **Compliance Auditor**

The compliance auditor deals primarily with issues related to the Texas-bred Incentive Program and computer testing. The Texas Racing Act provides purse supplements and monetary awards to breeders and owners of Texas-bred greyhound and horses to encourage agriculture and the horse and greyhound breeding industries. The agency collects this money and then allocates it to the various recognized breed registries based on formulas approved by the Commission. This program accounts for approximately 50 percent of the agency’s appropriation. The compliance auditor works to ensure that funds are collected and allocated appropriately.

The compliance auditor also tests the totalisator (tote) systems that racetracks use to process pari-mutuel wagers. The hardware, software, and related peripheral devices are all subject to testing and ongoing monitoring.

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2014**

---

- Administration and Finance

Staff members prepare the biennial Legislative Appropriations Request (LAR), the operating budget, the annual financial report, reports on performance measures, and other administrative reports. Staff members in this area are responsible for the agency's purchasing, personnel, human resources and travel coordination activities.

- C. The Agency's General Appropriations Act authority for fiscal years 2014 and 2015 is as follows:

	<u>2014</u>	<u>2015</u>
License and Regulate Racetracks	\$ 400,839	\$400,839
Texas Bred Incentive Program	4,125,000	4,125,000
Supervise & Conduct Live Races	596,283	591,228
Monitor Occupational License Activities	270,601	271,136
Inspect & Provide Emergency Care	290,308	292,515
Administer Drug Tests	254,753	248,903
Occupational Licensing Program	562,587	562,587
TEXASONLINE	22,500	22,500
Monitor Wagering and Audit	321,110	321,110
Wagering Compliance Inspections	242,242	242,242
Central Administration	730,012	730,012
Information Resources	499,171	507,335
Supplemental Appropriation	635,637	635,637
Total	\$ 8,951,043	\$ 8,951,044
	\$ 8,951,043	\$ 8,951,044

**III. Internal Audit Plan Methodology**

This section summarizes the methodology used in preparing the fiscal year 2014 internal audit plan. In order to understand the Agency and develop our risk assessment process, we reviewed the Agency's:

- Enabling Legislation
- Strategic plan

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2014**

---

- Legislative appropriations request/operating budget
- Prior internal audit reports
- Reports from the State Auditor’s Office
- Sunset Commission Report
- Other documents available to us

In planning internal audit procedures, financial, operational, as well as compliance issues are considered in determining processes/systems of interest. Functional areas that cross many divisions and the interaction between divisions are key criteria in the process of identifying areas of interest. Agency financial reports, planning documents, laws, rules, and regulations, in addition to soliciting input from management and commission members, were all considered in developing the list of areas of interest. Upon completion of this list, each area was subjected to our risk analysis process.

The following Agency processes/systems have been considered during the development of the areas of interest list:

- Cash receipts and fee processing
- Cash disbursements
- Travel
- Payroll & Personnel Processes
- Reporting – Key Performance Measures
- Budgeting and Reporting
- Licensing application and registrations
- Complaints/Investigation process
- Pari-mutuel Auditing Process
- EDP Wagering Reviews/Audits
- Business Continuity/Disaster Recovery
- Information Systems - Security
- Information Technology System Development
- Drug testing
- Inspection Program
- Racing Administration
- Texas Bred Incentive Program – Associations
- Texas Bred Incentive Program – Policies and Procedures
- Equine Research
- Historically Underutilized Businesses (HUB)
- Fixed Asset Management

There are numerous other areas that may be identified during the process of performing internal audit procedures during the year. Continuing input from both the Commissioners and management will be essential in identifying additional or new areas of risk that should be considered in the future.

Our risk assessment was performed through the consideration of various factors, including:

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2014**

---

1. Exposure Level (Adverse impact of errors within the process/unit)
2. Complexity of unit (Volatility of activities)
3. Materiality (Financial and Non Financial Impact)
4. Results of last audit (Positive, Some Findings, Negative)
5. Extent of other coverage or oversight (More coverage, Some coverage, No coverage)
6. Quality of internal controls/adherence to laws (Excellent, Good, & Poor controls)
7. Changes in systems and processes (More changes, Some changes, No changes)
8. Normal audit interval (Audited in last 1 year, 2-4 years, >4 years or Never)

All of the above factors were considered in assessing risk and were taken into consideration for each process/system as to their impact on the Agency. Once each area of interest was evaluated, it was assigned a risk factor of high, moderate or low. The following is the result of our risk assessment process.

Processes Identified as High Overall Risk

Licensing Applications and Registrations  
Drug Testing  
Reporting – Key Performance Measures

Processes Identified as Moderate Overall Risk

Information Systems – Security  
Business Continuity/Disaster Recovery  
Inspection Program  
Texas Bred Incentive Program – Associations  
Racing Administration  
Budgeting and Reporting  
Texas Bred Program – TxRC's Policies and Procedures  
Cash Disbursements (excluding travel)  
Pari-mutuel Auditing Process  
Payroll & Personnel Processes  
EDP Wagering Reviews/Audits  
Cash Receipts and Fee Processing  
Travel  
Information Technology System Development

Processes Identified as Low Overall Risk

Complaints/Investigation Process  
Equine Research  
Historically Underutilized Businesses (HUB)  
Fixed Asset Management

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2014**

---

**IV. Internal Audit Plan**

The internal audit plan is designed to provide a review of all areas considered risky. Although the plan is structured in this manner, it should not prevent the review of areas on a more frequent basis, in the case of future restructuring or development of new processes/systems. Also, special reviews might be added in the future as requested by the Commissioners or when deemed necessary by the internal audit function after performance of in-depth review of the specific divisions/systems and approval by the Commission.

Internal audit activities will be primarily concerned with documenting, testing and evaluating each division or system's internal control policies and procedures and the quality of performance in carrying them out. This will include reporting conditions and suggestions to management and evaluating management's response and plans for corrective actions. Opportunities for improved efficiency identified as a result of performing internal activities will be communicated to management and the Commissioners as part of the reporting process.

Internal Audit reviews for the fiscal year ending 2014 are planned for the following processes/systems:

Fiscal Year 2014

**Licensing Applications and Registrations**

This audit will take place from December 2013 through August 2014 with final reporting occurring in September 2014. The above plan does not preclude the internal audit function from identifying and assessing risk relating to new divisions or systems added to the Agency.

These processes/systems were identified for review through risk assessment methodology. As discussed above, this methodology included personnel inquiries, identifying financial and non-financial risk, identifying interaction of divisions amongst each other, identifying rules and regulations various divisions must comply with and identifying the volume of transactions and personnel involved with each division.

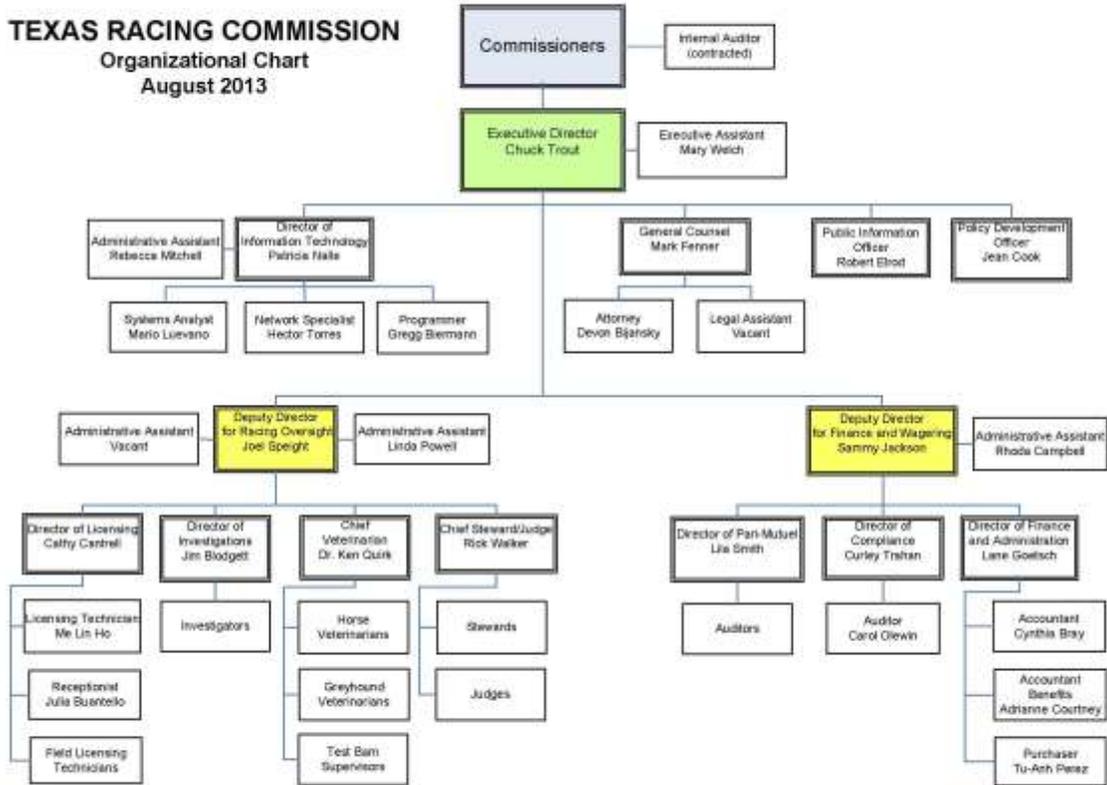
**V. Reporting**

In compliance with the Texas Internal Auditing Act, the annual internal audit report will be filed with the Governor, the Legislative Budget Board, the Sunset Advisory Commission, the State Auditor, the Commissioners of the Agency, and the Agency's Executive Director by November 1, 2014. The annual internal audit report will be in the form specified by the State Auditor.

# TEXAS RACING COMMISSION

## Internal Audit Plan – Fiscal Year 2014

### Appendix A: Organizational Chart



**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2014**

---

**Appendix B: Risk Assessment**

High = 38 and up  
Med = 30-37  
Low = less than 30

	<u>Weighed Risk</u>
Licensing Applications and Registrations	41
Drug Testing	41
Reporting – Key Performance Measures	39
Information Systems – Security	37
Business Continuity/Disaster Recovery	37
Inspection Program	37
Texas Bred Incentive Program – Associations	37
Racing Administration	37
Budgeting and Reporting	36
Texas Bred Program – TxRC’s Policies and Procedures	36
Cash Disbursements (excluding travel)	35
Pari-mutuel Auditing Process	34
Payroll & Personnel Processes	34
EDP Wagering Reviews/Audits	33
Cash Receipts and Fee Processing	32
Travel	31
Information Technology System Development	30
Complaints/Investigation Process	29
Equine Research	28
Historically Underutilized Businesses (HUB)	25
Fixed Asset Management	25

#### **IV. PROCEEDINGS ON RACETRACKS**

Discussion, consideration and possible action on the following matters:

- A. Allocation of purses as provided under Commission Rule 321.505(a) (except Gillespie County Fair and Festivals Association)
- B. Distribution of funds in the Escrowed Purse Account among the various breeds of horses under Commission Rule 321.509 (except Gillespie County Fair and Festivals Association)

# Association Recommended Allocation of 2014 Simulcast Purse Funds

Association Name: Love Star Park at Grand Prairie

*Rule §321.505 (a) (1) stipulates that an association shall recommend the percentages by which it will divide the purse revenue generated from simulcasting among the various breeds of horses. The recommended percentages are subject to the approval of the Commission.*

Recognized Breeds of Horses	Recommended Allocation Percentages
Arabian	1.00%
Paint Horse	.25%
Quarter Horse	18.2875%
Thoroughbred	80.4625%

*Rule §321.505 (a) (2) stipulates that 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. Indicate in the box below, what recognized organizations the association negotiated with prior to filing the recommended allocation percentages above.*

Negotiations Conducted	
<input type="checkbox"/> Texas Arabian Breeders' Association	<input type="checkbox"/> Texas Paint Horse Breeders Association
<input type="checkbox"/> Texas Thoroughbred Association	<input type="checkbox"/> Texas Quarter Horse Association
<input type="checkbox"/> Texas Horsemen's Partnership	

Prepared by: Scott Wells, Paula Newman Date: 9/24/13



**LONE STAR PARK**  
at Grand Prairie

*Our Mission:*  
*Create Winning Experiences.*

2013 SEP 27 PM 2:13

RECEIVED  
TEXAS RACING  
COMMISSION

September 24, 2013

Sammy Jackson  
Deputy Director  
Texas Racing Commission

Dear Mr. Jackson,

Included herein are Lone Star Park at Grand Prairie's recommendations for allocation to the various breeds of 2014 simulcast funds, as well as our plans for distribution of the escrowed purse account.

As you are no doubt aware, discussion regarding the percentage distribution for simulcast funds has been an ongoing process. My predecessor, Drew Shubeck, as well as the Chief Operating Officer of Global Gaming LSP, LLC, Robert "Skip" Lannert were involved in these discussions dating back to previous years and including the prior months of 2013 leading up to this deadline. My employment by Lone Star Park at Grand Prairie only began a few weeks ago; however, I was present for one respectful meeting between the various entities involved. That meeting underlined the unwillingness of the respective breed associations to compromise further on what we all agree is a critical matter.

Despite my brief tenure here, I can fully appreciate the difficulties inherent in this debate, having endured a similar process in Oklahoma in 2007. Unfortunately, the situation facing Texas horseracing is much more about the survival of the respective breeding programs in this state than it is about dividing up a growing pie, as was the case in Oklahoma. After listening to the pleas of the breed organization representatives and after extensive internal discussions, it is the recommendation of Lone Star Park at Grand Prairie to continue in 2014 the allocation percentages approved by the Texas Racing Commission for 2013.

Despite the temporary and/or long term implications of our required recommendations, we support the mission of the Texas Racing Commission and will respectfully comply with your final decisions regarding this and all other pertinent matters.

Sincerely,

Scott Wells  
President and General Manager

## Allocation of Purses

---

Lone Star Park at Grand Prairie (LSP) has reviewed its operational data and statistics from the Thoroughbred (TB) and Quarter Horse/Mixed Breed (QH) meets for 2013 and 2012. Based on local and national interest, the 2014 race dates and the availability and ability to attract competitive horses, LSP advocates the following splits:

<u>Breed</u>	<u>2014 Proposed</u>	<u>2013 Actual</u>
TB	80.4625%	80.4625%
QH	18.2875%	18.2875%
Arabian	1.00%	1.00%
Paint	.25%	.25%

## Factors for Consideration as Defined by Commission Rule 321.505 and 321.509

### 1. Earnings

Net commissions represent LSP's earnings from wagering after mandatory deductions and other track fees. The combined net commissions earned from live and export handle by breed are as follows:

▪ Thoroughbred	83.05%
▪ Quarter Horse	13.34%
▪ Arabian	2.55%
▪ Paint	1.06%

Net commissions from Thoroughbred handle are a significant source of revenue for LSP. The substantial premium in earnings is driven in part by higher per caps as well as overall higher attendance. The ability to run one additional day per week during 8 of the 14 weeks during the 2014 Thoroughbred drives a substantial difference in operating income between the two race meets for LSP.

During the 2013 Thoroughbred meet, LSP generated more than \$410,000 in positive EBITDA. However during the 2012 QH meet, LSP experienced approximately \$725,000 in EBITDA losses. LSP is working to reduce this tendency during the 2013 QH meet.

## 2. National Public Interest

National public interest can be demonstrated in the export handle. It should be noted, not all interstate jurisdictions that accept wagering on Texas Thoroughbreds are able to accept wagering on Texas Quarter Horses. The percentage of export handle for 2013TB meet and 2012 QH meet are as follows:

▪ Thoroughbred	84.69%
▪ Quarter Horse	14.26%
▪ Arabian	.75%
▪ Paint	.30%

LSP's daily export handle for the 2013 Thoroughbred meet averaged \$685,000 compared to \$238,000 for the 2012 Quarter Horse meet.

## 3. Local Interest

Following is the on track Live Racing Handle and Live Racing Attendance for the 2013 Thoroughbred meet and 2012 Quarter Horse/Mixed Breed meet:

### Live Handle

▪ Thoroughbred	86.25%
▪ Quarter Horse	13.01%
▪ Arabian	.39%
▪ Paint	.35%

### Live Attendance

▪ Thoroughbred	87.88%
▪ Quarter Horse	12.12%

The average live handle on a comparative basis for Fridays and Saturdays during the 2013 TB meet was \$ 309,000 per day compared to \$98,000 per day average for the 2012 QH meet.

## 4. Race Date Request

LSP has been granted 50 Thoroughbred race days and 26 Quarter Horse race days for 2014. The dates translate to the following percentages:

▪ Thoroughbred	65%
▪ Quarter Horse	35%

## 5. Availability and Ability to Attract Competitive Horses

Following are the statistics for LSP's 2013 TB season and 2012 QH season:

- Thoroughbred, 8.3 runners per race
- Quarter Horse, 8.4 runners per race

### Allocation of Escrowed Purse Account

---

Lone Star Park at Grand Prairie does not recommend changing the breed splits for the 2014 Escrowed Purse Account. The criteria listed in rule 321.509 are similar to those in rule 321.505. Despite the criteria in rule 321.509 clearly favoring a majority split to the Thoroughbred breed, the current allocation significantly favors the Quarter Horse breed. However the industry is working against an un-level playing field with our competitors in neighboring states. LSP acknowledges that a change in the splits would impact the Texas Quarter Horse breed significantly given the limited purse structure. Therefore, LSP recommends the splits remaining constant with 2013 as follows:

<u>Breed</u>	<u>2014 Proposed</u>	<u>2013 Actual</u>
TB	20.925%	20.925%
QH	72.075 %	72.075%
Arabian	3.50%	3.50%
Paint	3.50%	3.50%

# Association Recommended Allocation of 2014 Simulcast Purse Funds

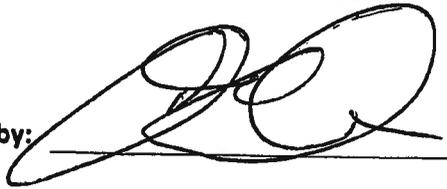
Association Name: Retama Park

*Rule §321.505 (a) (1) stipulates that an association shall recommend the percentages by which it will divide the purse revenue generated from simulcasting among the various breeds of horses. The recommended percentages are subject to the approval of the Commission.*

Recognized Breeds of Horses	Recommended Allocation Percentages
Arabian	1.50%
Paint Horse	0.50%
Quarter Horse	23.52%
Thoroughbred	74.48%

*Rule §321.505 (a) (2) stipulates that 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. Indicate in the box below, what recognized organizations the association negotiated with prior to filing the recommended allocation percentages above.*

Negotiations Conducted	
<input checked="" type="checkbox"/> Texas Arabian Breeders' Association	<input type="checkbox"/> Texas Paint Horse Breeders Association
<input checked="" type="checkbox"/> Texas Thoroughbred Association	<input checked="" type="checkbox"/> Texas Quarter Horse Association
<input checked="" type="checkbox"/> Texas Horsemen's Partnership	

Prepared by:  Date: 9/23/10



## RETAMA PARK

September 23, 2013

Mr. Sammy Jackson  
Deputy Director  
Texas Racing Commission  
8505 Cross Park Drive, Suite 100  
Austin, TX 78754

Re: Retama Park 2014 Simulcast Purse Distribution Request

Dear Sammy,

Please find attached Retama Park's analysis of Rules 321.505 and 321.509 regarding allocation of purses and the escrowed purse account distribution.

Retama Park has requested a 76% (TB) and 24% (QH) breed split (after payment of 2% to minor breeds) for simulcast purse funds. We are requesting that Retama Park's share of the Escrowed Purse Account remain 32.45% and be split 77.5% (QH) and 22.5% (TB) (after payment of 7% to minor breeds).

As we have done in recent years, we would like to have one set of splits in place for the period of time leading up to and including most of the Quarter Horse meet and a second set of splits for the balance of the year.

While for simplicity's sake we requested the split as 76% (TB) and 24 % (QH) for simulcast purse funds, the breakdown for the year would be as follows:

- 67% (TB) and 33% (QH) for the period 1/1/14 through 7/31/14
- 91% (TB) and 9% (QH) for the period 8/1/14 through 12/31/14
- The above percentages are after payment of 2% to minor breeds.
- Distribution of funds from the Escrowed Purse Account would be constant all year.

The analysis includes a weighting of the various Rule 321.505 and 321.509 factors which results in a calculated 70% (TB) and 30% (QH) overall breed split.

Mr. Sammy Jackson

Page 2

Re: Retama Park 2014 Simulcast Purse Distribution Request

The breed splits requested above work out to an approximately 71% (TB) and 29% (QH) overall share of the combined simulcast and escrowed purse account funds which is very close to the levels calculated.

Please let me know if you have any questions.

Thank you,



Chris Corrado  
Vice President and General Manager  
Retama Park

cc: Chuck Trout  
Tommy Hayes  
Jan Haynes  
Greg LaMantia

James Leatherman  
Lisa Medrano  
Marsha Rountree  
Scott Wells

Rob Werstler  
Andrea Young

**Retama Park**  
**Analysis of Section 321.505 and 321.509 Breed Split Criteria**  
**September 24, 2013**

	Relative Percentages		Assigned Importance Factor	Implied Breed Split	
	QH 2013	IB 2012		QH	TB
Average Live Handle	\$119,853	\$84,037	5.0%	3%	2%
Average Export Handle	\$187,247	\$503,961	5.0%	1%	4%
Average Live Attendance	2,659	2,149	5.0%	3%	2%
Average Daily Total Racing Earnings	\$19,002	\$21,719	12.5%	6%	7%
Average Daily Non-Racing Earnings	\$37,921	\$21,316	12.5%	8%	4%
Simulcast Import Handle 2012	\$3,413,382	\$33,204,027	50.0%	5%	45%
Race Dates	20	26	5.0%	2%	3%
Availability of Horses - Starters Per Race	9.01	9.61	5.0%	2%	3%
			100.0%	30%	70%
Simulcast Accruals (1)	Total	QH%	TB Accrual	QH Accrual	
Cross Species Accrual (2)	\$2,861,256	24.00%	\$2,174,555	\$686,701	
Overall Projected Breed Split	\$275,644	77.50%	\$62,020	\$213,624	
			\$2,236,574	\$900,326	
(1) After Payment of 2% to minor breeds			29%		
(2) After Payment of 7% to minor breeds			71%		
			QH	\$900,326	
			TB	\$2,236,574	
			Total	\$3,136,900	

# Association Recommended Allocation of 2014 Simulcast Purse Funds

Association Name: Sam Houston Race Park

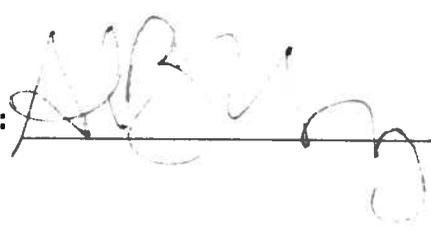
*Rule §321.505 (a) (1) stipulates that an association shall recommend the percentages by which it will divide the purse revenue generated from simulcasting among the various breeds of horses. The recommended percentages are subject to the approval of the Commission.*

Recognized Breeds of Horses	Recommended Allocation Percentages
<b>Arabian</b>	1.40%
<b>Paint Horse</b>	0.60%
<b>Quarter Horse</b>	21.56%
<b>Thoroughbred</b>	76.44%

*Rule §321.505 (a) (2) stipulates that 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. Indicate in the box below, what recognized organizations the association negotiated with prior to filing the recommended allocation percentages above.*

Negotiations Conducted	
<input checked="" type="checkbox"/> Texas Arabian Breeders' Association	<input checked="" type="checkbox"/> Texas Paint Horse Breeders Association
<input checked="" type="checkbox"/> Texas Thoroughbred Association	<input checked="" type="checkbox"/> Texas Quarter Horse Association
<input checked="" type="checkbox"/> Texas Horsemen's Partnership	

Prepared by: \_\_\_\_\_



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

9/24/2013



2013 SEP 27 PM 2:14

TEXAS RACING  
OR RACING

September 24, 2013

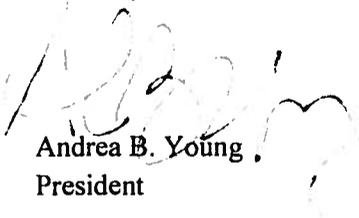
Mr. Sammy Jackson  
Deputy Director  
8505 Cross Park Drive  
Austin, TX 78754

Dear Mr. Jackson:

Please find attached Sam Houston Race Park's analysis of Rules 321.505 and 321.509 regarding allocation of purses and the escrowed purse account distribution. Our request for 2014 comes after an internal review and discussions with both horse breeds. Sam Houston Race Park (SHRP) is sympathetic to the relentless pressure placed on Texas horse tracks and horsemen of both breeds by the un-level playing field Texas racing faces everyday. Neighboring states, all of which offer additional forms of gaming at in-state racetracks, have higher purses and stronger breeder incentives. The position we find ourselves in is a difficult one and represents the dire straits the industry currently faces due to the declining availability of purse dollars. Despite what the criteria may suggest, SHRP believes these are unique times and that any significant changes to the allocations would be detrimental to the 2014 calendar. Dates have already been awarded and plans are already underway. Both breeds have repeatedly asked for more. However, at this time, we believe no change is justified given the pressure facing the industry.

Sam Houston Race Park appreciates the opportunity to present its recommendation to the Commission. Please feel free to contact me should you have any questions or concerns.

Sincerely,



Andrea B. Young  
President

Enclosures

## Allocation of Purses

---

Sam Houston Race Park has reviewed its operational data and statistics from the Thoroughbred (TB) and Quarter Horse (QH) meets of 2013. Based on local and national interest, the 2014 race dates and the availability and ability to attract competitive horses, SHRP advocates the following splits:

Breed	2014 Proposed	2013 Actual
TB	76.44%	76.44%
QH	21.56%	21.56%
Arabian	1.40%	1.40%
Paint	0.60%	0.60%

## Factors for Consideration as Defined By Commission Rule 321.505 And 321.509

---

### 1. Earnings

Net commissions represent SHRP's earnings from wagering after mandatory deductions and other track fees. The combined net commissions earned from live, export and simulcast handle by breed year-to-date are listed below:

- Thoroughbred 86.8%
- Quarter Horse 11.6%
- Arabian 1.4%
- Paint 0.2%

Net commissions from Thoroughbred handle are a significant source of revenue for SHRP. The significant premium in earnings is driven in part by higher per caps and overall attendance statistics. In addition, the ability to run one additional day per week during the Thoroughbred meet (more supply) drives a significant difference in operating income between the two meets for SHRP.

For the first three months of 2013 when running primarily Thoroughbreds, SHRP earned more than \$638,000 in positive EBITDA. However, during April and May when running Quarter Horses, SHRP suffered approximately \$140,000 in EBITDA losses despite premium simulcast dates like the Kentucky Derby and Preakness.

## 2. National Public Interest

National public interest can be clearly demonstrated by export handle. Please note, not all interstate jurisdictions that accept wagering on Texas Thoroughbreds are able to accept wagering on Texas Quarter Horses. The percentage of export handle for 2013 attracted by each breed is listed below.

- Thoroughbred 83.7%
- Quarter Horse 13.6%
- Arabian 2.5%
- Paint 0.2%

SHRP's daily export handle for the Thoroughbred meet averaged \$1.21 million compared to \$283,000 for the Quarter Horse meet.

## 3. Local Interest

One way to gauge local interest at SHRP is through simulcast handle as SHRP operates as simulcast-only for about half of the calendar year. Below is simulcast handle for the four breeds year-to-date:

- Thoroughbred 88.4%
- Quarter Horse 10.1%
- Arabian 1.4%
- Paint 0.2%

Another way to gauge interest is through live handle and live attendance. Below is live handle and attendance data for 2013 as percentages:

### Live Handle

- Thoroughbred 64.0%
- Quarter Horse 33.3%
- Arabian 2.1%
- Paint 0.7%

### Live Attendance

- Thoroughbred 56.4%
- Quarter Horse 43.6%

Over the past three years, SHRP's daily average live handle for Thoroughbreds has grown each and every year bucking all national trends. However, despite an 11% increase in daily purses during the 2013 Quarter Horse meet, daily live handle fell 2% year-over-year. Unfortunately, the results of the QH meet are consistent with national trends.

The average live handle on an “apples to apples basis” for Fridays and Saturdays during the 2013 Thoroughbred meet was approximately \$173,000 per day compared to only \$114,000 for the Quarter Horse meet, a difference of about 51%.

Both meets enjoy similar marketing budgets. However, the Quarter Horse meet enjoys the unique advantages created by post-race concerts, and premium simulcast days like the Kentucky Derby and Preakness.

#### **4. Race Date Request**

SHRP has been granted 32 Thoroughbred race days and 24 Quarter Horse race days for 2014. These dates translate into the following percentages:

- Thoroughbred 57%
- Quarter Horse 43%

#### **5. Availability and Ability to Attract Competitive Horses**

A four-day race week allows SHRP to maximize its assets and turn a profit while three-day race weeks struggle. Below please find statistics from SHRP’s 2013 racing season:

- Thoroughbred, 8.7 runners per race, 4 days per week
- Quarter Horse, 8.1 runners per race, 3 days per week

### **Escrowed Purse Account**

---

Sam Houston Race Park, at this time, does not recommend changing the splits for the Escrowed Purse Account. The criteria listed in rule 321.509 are similar to those in rule 321.505. Despite the criteria in rule 321.509 clearly favoring a majority split to the Thoroughbred breed, the current allocation overwhelmingly favors the Quarter Horse breed. However, the industry is working against an un-level playing field with our competitors in neighboring states. SHRP acknowledges that a change in the splits would impact the Texas Quarter Horse breed significantly given the limited purse structure. Thus, SHRP recommends the following splits:

<b>Breed</b>	<b>2014 Proposed</b>	<b>2013 Actual</b>
TB	20.925%	20.925%
QH	72.075%	72.075%
Arabian	3.50%	3.50%
Paint	3.50%	3.50%

# Association Recommended Allocation of 2014 Simulcast Purse Funds

Association Name: Saddle Brook Park

*Rule §321.505 (a) (1) stipulates that an association shall recommend the percentages by which it will divide the purse revenue generated from simulcasting among the various breeds of horses. The recommended percentages are subject to the approval of the Commission.*

Recognized Breeds of Horses	Recommended Allocation Percentages
Arabian	1.5%
Paint Horse	0.5%
Quarter Horse	49.0%
Thoroughbred	49.0%

*Rule §321.505 (a) (2) stipulates that 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. Indicate in the box below, what recognized organizations the association negotiated with prior to filing the recommended allocation percentages above.*

Negotiations Conducted	
<input type="checkbox"/> Texas Arabian Breeders' Association	<input type="checkbox"/> Texas Paint Horse Breeders Association
<input type="checkbox"/> Texas Thoroughbred Association	<input type="checkbox"/> Texas Quarter Horse Association
<input type="checkbox"/> Texas Horsemen's Partnership	

Prepared by: Corey Johnson - via email Date: 9-30-2013

# Association Request for 2014 Escrowed Purse Account Distribution

Association Name: LOVE STAR PARK AT GRAND PRAIRIE

*Rule §321.509 (a) stipulates at least once a year, the Commission shall distribute all funds accrued in the escrowed purse account created by the Act, §6.091(e). An association shall request to the Commission for a distribution from the escrowed purse account.*

Type of Distribution Requested <i>(select one)</i>	Percentage Requested
<input checked="" type="checkbox"/> Monthly	24.65 %
<input type="checkbox"/> Annual	

*Rule §321.509 (a) stipulates that an association when requesting for distribution from the escrowed purse account shall also recommend the percentages by which it will divide the escrowed purse account revenue among the various breeds of horses.*

*Rule §321.509 (c) stipulates that the recommended percentages are subject to the approval of the Commission.*

Recognized Breeds of Horses	Recommended Allocation Percentages
Arabian	3.5%
Paint Horse	3.5%
Quarter Horse	72.075%
Thoroughbred	20.925%

Prepared by: SCOTT WELLS, PAULA NEWMAN Date: 9/24/13

# Association Request for 2014 Escrowed Purse Account Distribution

Association Name: Retama Park

*Rule §321.509 (a) stipulates at least once a year, the Commission shall distribute all funds accrued in the escrowed purse account created by the Act, §6.091(e). An association shall request to the Commission for a distribution from the escrowed purse account.*

Type of Distribution Requested <small>(select one)</small>	Percentage Requested
<input checked="" type="checkbox"/> Monthly	32.45%
<input type="checkbox"/> Annual	

*Rule §321.509 (a) stipulates that an association when requesting for distribution from the escrowed purse account shall also recommend the percentages by which it will divide the escrowed purse account revenue among the various breeds of horses.*

*Rule §321.509 (c) stipulates that the recommended percentages are subject to the approval of the Commission.*

Recognized Breeds of Horses	Recommended Allocation Percentages
Arabian	5.5%
Paint Horse	1.5%
Quarter Horse	72.075%
Thoroughbred	20.925%

Prepared by: \_\_\_\_\_



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

9/23/17

# Association Request for 2014 Escrowed Purse Account Distribution

Association Name: Sam Houston Race Park

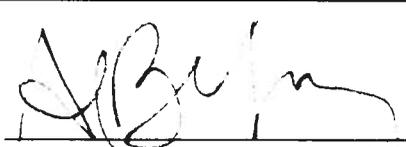
*Rule §321.509 (a) stipulates at least once a year, the Commission shall distribute all funds accrued in the escrowed purse account created by the Act, §6.091(e). An association shall request to the Commission for a distribution from the escrowed purse account.*

Type of Distribution Requested <i>(select one)</i>	Percentage Requested
<input checked="" type="checkbox"/> <b>Monthly</b>	41.3%
<input type="checkbox"/> <b>Annual</b>	

*Rule §321.509 (a) stipulates that an association when requesting for distribution from the escrowed purse account shall also recommend the percentages by which it will divide the escrowed purse account revenue among the various breeds of horses.*

*Rule §321.509 (c) stipulates that the recommended percentages are subject to the approval of the Commission.*

Recognized Breeds of Horses	Recommended Allocation Percentages
<b>Arabian</b>	3.50%
<b>Paint Horse</b>	3.50%
<b>Quarter Horse</b>	72.075%
<b>Thoroughbred</b>	20.925%

Prepared by: 

Date: 9/24/2013

## Mary Welch

---

**From:** info  
**Sent:** Thursday, August 29, 2013 8:50 AM  
**To:** Chuck Trout  
**Cc:** Sammy Jackson; Joel Speight; Mary Welch; Mark Fenner  
**Subject:** FW: breed splits

Fyi... This email came in yesterday afternoon. -Robert

**From:** Richard Weilburg  
**Sent:** Wednesday, August 28, 2013 12:14 PM  
**To:** info  
**Subject:** breed splits

Dear Commissioners Schmidt, Ederer, Martin, Aber, Hicks, Steen, Weinberg, and O'Connell:

We are again at that foggy fork in the road to breed-split determinations and again we find that the disparity between the breeds' actual earnings and purse allocations is even greater now than it was in previous years. The numbers provided by the race tracks and verified by Commission audit clearly show that Thoroughbreds are subsidizing Quarter Horses with twenty per cent of their simulcast earnings. Consequently, Thoroughbred owners are leaving the State of Texas to race elsewhere, and Thoroughbred foal production in the state continues to wane; at the August 25<sup>th</sup> Texas Thoroughbred Sale, Texas-breds sold for an average of \$5000 less than Louisiana-breds. The purse distribution in Texas must become equitable, or there won't be any Thoroughbred Industry in Texas.

We must disregard past altruism and nullify benevolent indulgences that developed between the breeds in the early struggle for racing in Texas. The very viability of Thoroughbred racing in Texas is at stake, and even a 90/10 split would only be marginally adequate. Therefore, Thoroughbred owners and breeders request a "Run for what you earn" allocation from all sources of purse income generation from all tracks for the ensuing fiscal year.

Respectfully submitted

Richard D Weilburg MD

Fredericksburg, Texas  
Owner/Breeder  
Vice President TTHBPA

Lane M. Hutchins  
8351 FM 2093  
Fredericksburg, TX 78624

2013 SEP 18 PM 3:14

TEXAS RACING COMMISSION

Commissioners  
Texas Racing Commission  
8505 Cross Pk, Dr.#110  
Austin, TX 78764

Dear Comissioners Schmidt, Ederer, Hicks, Weinberg,  
Martin, Aber, Steen, Combs and Leon:

I am a twenty year participant in Texas Thoroughbred breeding and racing as the owner of a small farm in Gillespie County.

I am also a Director of the Thoroughbred board of the HBPA and have served my fellow horsemen for ten years.

I am writing to protest the entitlement program for Qtr. Horses known as the breed splits.

Everyone in the Texas Thoroughbred industry knows that since 1987 the Qtr. Horses have been supplemented by the Thoroughbreds.

Everyone also knows that out TB industry is in dire straits with our breeding stock and our owners going out of state where the purses are more lucrative.

The breed splits are hastening our demise. If Qtr. Horse racing can't survive after twenty five years without welfare from our breed maybe they need to change something.

s Economics is indeed , the dismal science and a hard mistress.

It is insane to kill the golden goose, ie, thoroughbred racing to keep supplementing an entity which cannot support itself.

Please consider letting us keep the money we earn-its the American way and it certainly should be the Texas way.

Sincerely Yours,

*Lane M Hutchins*

September 11, 2013

Michael S. Marke  
1726 Timber Oak  
San Antonio, Texas 78232

Mr. Chuck Trout  
Executive Director  
Texas Racing Commission,  
8505 Cross Park Dr #110,  
Austin, TX 78754

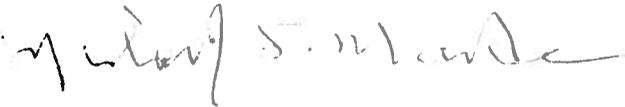
Dear Mr. Trout:

I have been of fan of Texas horse racing for almost 25 years. I have no financial interest in horse racing other than as a fan, but I support the "Run for What You Generate" concept for the splits of purse money generated.

The Texas Thoroughbred industry can no longer sacrifice 20% or more of its purse generation and its negative impact on its purses and racing dates to benefit Quarter Horse racing.

I enjoy both Thoroughbred and Quarter Horse racing but do not believe that it is fair for money generated by Thoroughbreds to be used for the benefit of Quarter Horse racing in Texas. Each breed should be able to thrive on its own income, and not from welfare from the other.

Sincerely,



Michael S. Marke

2013 SEP 16 PM 1:40  
TEXAS RACING  
COMMISSION

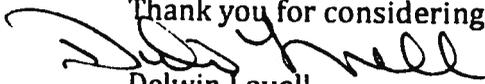
9-12-13

Texas Racing Commission;

I wanted to take a second to send a letter of support for fair sharing of allocated purse funds that each breed (Quarter Horse and Thoroughbred) should be a "Run for what you Generate" distribution. Each breed should be able to thrive under it's own income.

No other state in the country forces one breed to subsidize the other except for Texas. All I am asking for is to be fair and run for what you bring in. It is the only way to go moving forward.

Thank you for considering this.



Delwin Lovell  
255 Lake Estates Trl  
Longview, TX 75605

2013 SEP 16 PM 3:33  
TEXAS RACING  
COMMISSION

September 12, 2013

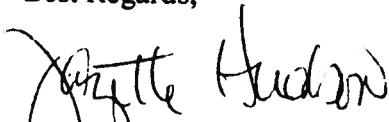
Dear Texas Racing Commission,

I am writing in regards to my concern over the Quarter Horse and Thoroughbred racing breed splits. With no intended disrespect to the Quarter Horse folks, I believe that it is time to "Run for what you generate".

My family has been in the thoroughbred racing, owning and breeding business since the late 1950's. I have been blessed by being able to continue in what my grandfather started so many years ago, however, it is getting harder and harder to stay afloat in the Texas racing business. Due to a lot of different factors, you all know better than myself that we have a decline in Texas Breds, Texas trainers are going out of state and many Texas owners are getting out of the business. I believe that if the purse structure was updated to a 90T/10Q breed split from simulcasting revenues that purses would increase, which would give owners a reason to breed more Texas Breds, trainers would have a reason to stay in Texas and the owners would stay in the Texas racing business.

Thank you for your time in advance. My family and myself would greatly appreciate your consideration and support in an equitable 90/10 breed split.

Best Regards,



Jazette Hudson  
Thoroughbred Owner & Breeder

2013 SEP 16 PM 3:33  
1177 S. H. ST. G  
HOUSTON, TX 77054

NO TO PURSE MONEY WITH QH

THEY CAN GET MONEY TO THEM

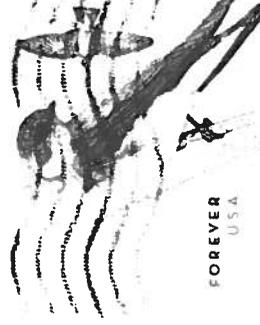
DWH Purses. MONEY

*[Handwritten signature]*

2013 SEP 18 PM 3:14

REGISTRATION  
TEXAS RACING  
COMMISSION

Mrs. Joan Hamblen  
6490 W Cemetery Rd  
Canyon, TX 79015



16 SEP 2013 PM 1:13

Texas Racing Commission  
8505-Cross Park Dr #110  
Austin, TX 78754

7675434552



2013 DEC -3 PM 1:44

TEXAS RACING  
COMMISSION

December 2, 2013  
Dr. Robert Schmidt  
Chairman, Texas Racing Commission  
P.O. Box 12080  
Austin, Texas 78711-2080

Dear Chairman Schmidt,

I am writing you today to address some of the misleading information given to the commission at the October 8, 2013 Texas Racing Commission meeting and to also urge the commission to approve the 2014 breed splits as proposed by each Texas racetrack per Rule 321.505.

First, I would like to explain the true definition of "keep what you kill". This term was used several times during testimony from thoroughbred representatives during the October TRC meeting. When simulcasting was first legalized, horsemen feared allowing Texas patrons the ability to wager on out of state races would cannibalize the live product or live racing. Horsemen receive a greater percentage for purses from live racing compared to simulcast racing. The term "keep what you kill" means whichever breed is running a live meet keeps all of the inbound simulcast revenue generated during that live meet. In other words, if a patron at a Texas thoroughbred meet places a wager on a race in another state, all of the money generated for purses funds the thoroughbred purse account. The same goes for a Quarter Horse meet. This was to reduce the cannibalization of live racing or allowing Texans to wager on races other than what horses were racing in Texas. The term "keep what you kill" does not and never has had anything to do with what breed of horse was racing outside of Texas.

As far as current breed splits are concerned, the Texas thoroughbred industry has had the luxury of receiving 80-85% of simulcast revenue since the Texas legislature legalized simulcast wagering. This enormous amount of revenue has not increased the number of Texas bred thoroughbred foals or helped the Texas thoroughbred product to be competitive with other states, even those with no additional gaming revenue. Texas bred Quarter Horses on the other hand still compete at the highest levels across the nation. Another example is when you compare Texas horse sales. In 2013, the Texas Fasig Tipton Sale consigned 116 thoroughbred yearlings and a large percent were not even horses bred in Texas. The TQHA Yearling Sale consigned 294 accredited Texas-bred Quarter Horse yearlings. Also, the Texas Thoroughbred Association states there will be less than 300 thoroughbred foals produced in Texas in 2014. There should be close to 3000 Quarter Horses produced for racing in Texas next year. I have included a page of information produced by the TRC staff which shows the various breed splits over the

706 W. 11<sup>th</sup> Street

Elgin, Texas 78621

Ph: 512-458-5202

Fax: 512-458-1713

past several years. You will see the enormous advantage thoroughbreds have received and still have when it comes to simulcast revenue for purses wagered on horses in states other than Texas. These figures show that the Texas thoroughbred industry has been subsidized to a much greater degree than the Quarter Horse industry.

Again, I urge the Texas Racing Commission to adopt the breed splits as proposed by each Texas racetrack for 2014. Any change will not support 2014 race dates already approved and awarded by the Commission and may result in a reduction in Quarter Horse race dates.

Sincerely,



Rob Werstler  
Director of Racing



# Simulcast Breed Splits

## Historical Overview

	2001	2002	2003	2004	2005	2006	2007	2008	2009 - 2010	2011 & 2012
Lone Star Park	1.00%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Minor Breed	13.86%	13.83%	14.81%	14.81%	14.81%	14.81%	14.81%	16.7875%	16.7875%	16.7875%
Quarter Horse	85.14%	84.92%	83.94%	83.94%	83.94%	83.94%	83.94%	81.9625%	81.9625%	81.9625%
Thoroughbred	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

	2001	2002	2003	2004	2005	2006	2007	2008	2009 - 2010	2011	2012 (1)	2012 (2)
Retama Park	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Minor Breed	19.70%	19.60%	19.60%	19.60%	19.60%	19.60%	19.60%	20.56%	21.56%	21.56%	29.40%	7.84%
Quarter Horse	78.80%	78.40%	78.40%	78.40%	78.40%	78.40%	78.40%	77.42%	76.44%	76.44%	68.60%	90.16%
Thoroughbred	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

	2001	2002	2003	2004	2005	2006	2007	2008	2009 - 2010	2011 & 2012
Sam Houston	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Minor Breed	19.70%	19.60%	19.60%	19.60%	19.60%	19.60%	19.60%	20.58%	21.56%	21.56%
Quarter Horse	78.80%	78.40%	78.40%	78.40%	78.40%	78.40%	78.40%	77.42%	76.44%	76.44%
Thoroughbred	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

	2001	2002	2003	2004	2005	2006	2007	2008	2009 - 2010	2011 & 2012
Manor Downs	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Minor Breed	68.95%	72.89%	78.80%	78.80%	78.80%	78.80%	72.89%	72.89%	72.89%	72.89%
Quarter Horse	29.55%	25.61%	19.70%	19.70%	19.70%	19.70%	25.61%	25.61%	25.61%	25.61%
Thoroughbred	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

	2001	2002	2003	2004	2005	2006	2007	2008	2009 - 2010	2011 & 2012
Gillespie County	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Minor Breed	68.95%	68.95%	68.95%	68.95%	68.95%	68.95%	68.95%	68.95%	68.95%	68.95%
Quarter Horse	29.55%	29.55%	29.55%	29.55%	29.55%	29.55%	29.55%	29.55%	29.55%	29.55%
Thoroughbred	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Note: Retama breed splits for calendar year 2012: (1) January 1 through August 11; (2) August 12 through December 31. Allocation of Minor Breed splits is found on the following page.

December 3, 2013

2013 DEC -3 AM 10:05

Texas Racing Commission  
Attn. Chuck Trout – Executive Director  
8505 Cross Park Drive #110  
Austin, TX 78754

TEXAS RACING  
COMMISSION



Dear Mr. Trout,

The American Quarter Horse Association is writing to support the racetrack's proposed simulcast splits as recommended by the Texas Quarter Horse Association.

AQHA, located in Amarillo, Texas, is the world's largest equine breed registry with nearly 6 million registered horses and more than 280,000 worldwide members. Since 1940, AQHA and American Quarter Horses have been vital to the equine industry in Texas, including helping pass pari-mutuel wagering in 1987 and helping pave the way for simulcast wagering in the early 1990s.

Texas has the largest population of AQHA members with more than 42,000 members residing in the Lone Star State. Additionally, 115,000 Texas residents own more than 450,000 American Quarter Horses that reside in the state.

No discussion about the equine industry (racing or otherwise) would be complete without mentioning the great American Quarter Horse ranches that helped build the Texas agriculture industry and still today contribute to the state's thriving economy. Ranches such as 6666 Ranch, King Ranch, Pitchfork Ranch, Valor Farms, and more recently established farms such as JEH Stallion Station, Granada Farms and Southwest Stallion Station are impacted by decisions made by the Texas Racing Commission.

Texas is home to more Past Presidents of the American Quarter Horse industry than any other state. Living Past Presidents of AQHA from Texas:

- Rob Brown, Throckmorton
- James E Helzer, Arlington
- Stephen J Kleberg (King Ranch), Kingsville
- Clarence Scharbauer Jr, Midland
- R. H. "Steve" Stevens Jr, Houston
- Jerry Windham, College Station

In 2014, Hereford businessman Johnny Trotter will become the 65<sup>th</sup> President of AQHA and in 2016, Guthrie, Texas rancher, veterinarian and manager of the equine division of 6666 Glenn Blodgett will become the 67<sup>th</sup> President of AQHA.

Proof of the state's viability as a racing powerhouse is highlighted by the hosting of one of American Quarter Horse racing's premier events, the Bank of America Challenge Championships six times since its inception in 1993. Those include Lone Star Park (1998, 2000, 2002 and 2006), Sam Houston Race Park (2004) and Retama Park (1995). California is the only other state that has held this prestigious event as often as Texas.

**American Quarter Horse racing statistics in Texas**

<u>YEAR</u>	<u>NUMBER OF RACE DAYS</u>	<u>NUMBER OF RACES</u>	<u>NUMBER OF STARTERS</u>	<u>NUMBER OF STARTS</u>	<u>TOTAL QH PURSES</u>	<u>ADDED MONEY</u>	<u>PARI- MUTUEL TOTAL HANDLE</u>
2012	83	780	2,261	6,571	\$ 8,279,732	\$ 4,956,425	\$ 24,951,938
2011	87	800	2,427	6,718	8,584,871	5,083,044	26,181,173
2010	72	890	2,539	7,472	9,185,314	5,780,720	20,855,054
2009	108	990	2,847	8,564	10,130,600	6,416,240	25,954,799
2008	111	1,067	2,991	9,430	11,212,408	7,032,400	30,613,502

In addition to racing, Texas outranks all other states, Canadian Provinces and countries with 215 approved AQHA shows and 45 special events taking place at locations across the state. These events attract Texas residents as well as exhibitors from surrounding states. The Houston Livestock Show & Rodeo is home to AQHA's Zoetis Versatility Ranch Horse and John Deere Cowboy Mounted Shooting World Championships, and Amarillo is home to AQHA's Adequan Select World Championship Show. These major events that crown the best horses and riders in their disciplines have a significant economic impact on the state.

The Texas Quarter Horse Association is the recognized affiliate for AQHA in the state of Texas, and conducts or oversees recreational, youth, racing and showing events throughout the entire state. AQHA has also worked very closely with TQHA on several legislative issues over the years to further the equine industry. Since 1987 AQHA has contributed more than \$1 million through TQHA to help the Texas racing industry introduce and/or pass favorable legislation, including efforts to obtain much-needed alternative gaming legislation. In the last 10 years alone AQHA has donated more than \$375,000 toward these efforts.

On behalf of the Texas membership of AQHA, we encourage you to support TQHA's position on the simulcast splits that were submitted by Lone Star Park, Sam Houston Race Park and Retama Park.

Respectfully,

  
 Don Treadway Jr.  
 Executive Vice President  
 American Quarter Horse Association

Texas Racing Commission  
P.O.Box 12080  
Austin, TX 78711-2080

2013 DEC -3 AM 9:04  
12-01-2013

TEXAS RACING  
COMMISSION

Dear Commissioners:

Unfortunately, I will be unable to attend the December 10<sup>th</sup> meeting to testify again on breed splits, so I wanted to reiterate my testimony from the last meeting's discussion over breed splits.

I'm sad to say there is no consensus amongst the breeds over breed splits and the rhetoric from the thoroughbred side has become more discriminatory in nature. The THBPA is in agreement with the Texas race tracks proposed breed splits from the Oct. 8, 2013 meeting. We urge the Commissioners to approve the proposal as they have in the past when the majority of stake holders were in agreement. All you would be doing is approving the same splits as 2013 which hurt no one in the end.

We are trying to continue to breed and race both breeds in Texas and help to keep race related jobs in Texas. All that would happen if you approved the 90-10 TB-QH splits the thoroughbreds are suggesting, is, you would be hurting the support people and businesses in Texas, like grooms, jockeys, QH breeders, hay growers, equipment sales, etc. The small amount of money the thoroughbreds would get would not improve their business substantially, but would devastate the quarter horse industry. As I said before, if you took all of the quarter horse earned money and gave it to the thoroughbred purses, they would only have enough extra to add a little over 5 days to their meets. More likely it would drive away the quarter horse patrons that bet on thoroughbreds while they are at the tracks and it would not help thoroughbred racing at all.

The truth is, that both breeds are subsidized year around, by the over 80% of earned purse money generated by inbound, out of state simulcast signal betting. These are not Texas products and purely a gambling product. It really doesn't belong only to Texas thoroughbreds. The Texas thoroughbreds rely totally on out of state interest for their survival too. They don't even support their own Accredited Texas Bred program. You don't ever have to breed to a Texas based stallion to produce a Texas bred thoroughbred. How does that stimulate the Texas economy? In the TXRC's own Strategic Plan for fiscal years 2013-2017, it states in the *Guiding Principles* section under *The Philosophy of Texas State Government*, bullet point # 1 "First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state and its future is more important than party, politics or individual recognition." I don't see favoring the thoroughbred's proposal doing anything positive for Texas. I think you must look at the whole Texas racing industry, not just the inbound, out of state signal betting that the thoroughbreds base all their figures on for support.

Here are the 2013 figures, year to date through Nov 30, for purses earned through IMPORT simulcasting. The subsidy to both breeds:

LSP: TB- \$5,010,402    SHRP: TB-\$3,096,721    Retama : TB \$1,905,580  
          QH-\$1,138,783            QH- \$ 873,434            QH \$601,762

The amount of purses derived from LIVE handle by each breed in 2013:

LSP: TB-\$1,016,875    SHRP: TB-\$306,459    Retama: TB-\$89,363 through 17 days\*  
          QH-\$170,820            QH \$158,398            QH 179,170

- The Retama TB meet is only 17 days into a 26 day meet at this writing. If you extrapolate out it would be approximately \$136,672

As you can see by the numbers above, neither breed generates the lion's share of their purse money from live racing in Texas. The QH's out handle the TB's at Retama, but a lot of that is a product of the time of year. Racing in the fall against football and hunting season in Texas is a killer. We experience the same problem, just more so in the Dallas area for our LSP- QH meet.

Another important point is that the 2014 race days are already approved and published. There would be no way to run those days with a different breed split, other than the one we based our decisions on when we agreed to those days. The quarter horses have been relegated to short meets that are barely viable. That in turn, does not allow them to be active in a market long enough to develop betting patrons. It's a vicious cycle that continues to hurt us. We, unlike thoroughbreds, financially support our races to keep them viable and popular, regionally. We are dedicated to breeding and racing in Texas and providing jobs.

Respectfully,



Dr. Tommy Hays  
Texas Horsemen's Benevolent and Protective Association- President



2013 DEC -3 AM 11: 20

TEXAS RACING  
COMMISSION

December 2, 2013

Texas Racing Commission  
Attn. Chuck Trout – Executive Director  
8505 Cross Park Drive #110  
Austin, TX 78754

Dear Mr. Trout:

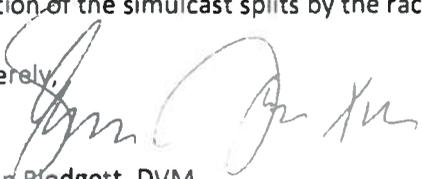
I am writing in support of the racetrack's proposed simulcast splits as recommended by the Texas Quarter Horse Association.

The Burnett Ranches, LLC which operates it's ranches under the name of the 6666's was one of the founding members of the American Quarter Horse Association in 1940 and the first meeting to discuss organizing was hosted by Anne Burnett Tandy in her home in Fort Worth. The ranch continues to be operated today by her daughter Anne Marion and stands over 20 stallions and breeds 1,200-1,500 mares annually with at least half of them being racing quarter horses. I take great pride in managing the production, marketing and performance of these horses on this historic ranch. Decisions you make have an impact on our program.

American Quarter Horses and their production are a significant component of the agriculture industry in this state and it is essential the quarter horse industry remains viable in Texas. Texas produces some of the best quarter horses in the world and I hope that you join me in wanting that to continue.

On behalf of Burnett Ranches, LLC, we encourage your support of the Texas Quarter Horse Association's position of the simulcast splits by the racetracks in Texas.

Sincerely,

  
Glenn Blodgett, DVM



**Windham Ranch**  
**QUARTER HORSES**

2013 NOV 26 AM 10: 25

TEXAS RACING  
COMMISSION

P.O. Box 10195 • College Station, TX 77842 • (979) 690-1460

November 24, 2013

**Commissioners:**

**My name is Jerry Windham, and I've been racing Quarter Horses in Texas for near 40 years, and have been involved in all phases of our industry, including breeding, raising, selling and racing for that period of time. I have served on the TxHBPA for many years and have been president of the Texas Quarter Horse Association and of the American Quarter Horse Association.**

**Since the passage of pari mutual racing in Texas I have been involved in negotiations with the Thoroughbreds and the race tracks on the allocation of purse splits. During these years we have all seen a decline in the racing industry, primarily due to our owners and trainers moving their horses to other states with bigger purses and large incentives for breeders and owners. But contrary to what you heard from several thoroughbred breeders and owners about their business at your last meeting, the Quarter Horse business is very much alive and well in Texas. Quarter Horse yearling sales across the country continue to increase in all aspects, and although numbers are down, the Quarter Horses bred and raised in Texas continue to lead the nation in sales and accomplishments both in Texas and other states. Major sales here in Texas, in New Mexico and Oklahoma continue to have amazing increases in sale averages and participation. And at almost every Quarter Horse meet we continue to have slight increases in attendance and handle. We've done this on the small amount of simulcast purse money we get compared to what the thoroughbreds get. And by proposing to keep the splits status quo, the Texas racetracks apparently recognize the importance of Quarter Horse racing in their business.**

**You should consider two other things in your deliberations on the splits, first of all the Quarter Horse owners and breeders substantially support their own racing business by making major payments to participate in futurities and derbies that vastly increases the added money for purses at the meets. The large purses of hundreds of thousands up to our million dollar futurity are built by these payments. The thoroughbred people do not make this kind of investment in their sport. Secondly, the patrons at our Quarter Horse meets continue to bet on thoroughbred simulcast races while they are at the races. Although most of us would prefer to bet on Quarter Horses, nearly all simulcast races coming in to the tracks are thoroughbred races, so that goes a long ways in supporting the thoroughbred industry with Quarter Horse money therefore that should be considered in determining the simulcast splits.**

**The QH people are not crying about going out of business, but we must maintain what we have in order to have viable meets. I urge you to support the status quo.**

**Thanks for your consideration:**



#### **IV. PROCEEDINGS ON RACETRACKS**

Discussion, consideration and action by the Chairman on the following matter:

- C. Establishment of an Advisory Committee on Pari-mutuel Wagering



VIA FAX AND REGULAR MAIL

November 24, 2013

Dr. Robert Schmidt, M.D.  
Chair, Texas Racing Commission  
8505 Cross Park Drive #110  
Austin, Texas 78754

Dear Chairman Schmidt:

As I know you are aware, the Texas horse racing industry urgently needs financial help to prevent its imminent collapse and to ensure its survival. Texas horsemen are being forced to leave Texas for other states where higher purses are offered, or go out of business. The result is a lower quality grade of horses running in Texas for lower purses, a declining fan base, and even lower handles and purses. This dire economic situation has been exacerbated by new technologies that have rapidly developed and did not exist when the Texas Racing Act was passed.

Global Gaming LSP, LLC joins in the call from others in the industry, that the Texas Racing Commission urgently consider options to assist the industry through evaluating and developing responsive para mutuel wagering rules for Texas.

Very truly yours,

John D. Elliott  
CEO  
Global Gaming Solutions

2013 DEC -2 AM 10:31  
TEXAS RACING  
COMMISSION



2013 NOV 26 PM 5:09

TEXAS RACING  
COMMISSION

November 26, 2013

***Via Fax and Regular Mail***

Mr. Robert Schmidt, M.D.  
Chair, Texas Racing Commission  
8505 Cross Park Dr. #110  
Austin, Texas 78754

Dear Chairman Schmidt:

As you are aware through your role on the Texas Racing Commission, the Texas horse industry continues to decline due to unprecedented pressure from our surrounding states. This year's discussion around race dates and breed splits reveals, more than ever, that the industry is now at a tipping point. As such, we request that this commission initiate rulemaking to consider pari-mutuel wagering rules that may benefit horsemen and the horse industry in today's climate.

Please feel free to contact me should you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Andrea B. Young", with a long, sweeping flourish extending to the right.

Andrea B. Young  
President

The State of Texas  
House of Representatives

CAPITOL OFFICE  
P.O. Box 2910  
AUSTIN, TEXAS 78768-2910  
(512) 463-0452  
FAX (512) 463-1447

DISTRICT OFFICE  
3319 SIDNEY BROOKS  
BUILDING 510, SUITE 2  
SAN ANTONIO, TEXAS 78235  
(210) 532-2758  
FAX (210) 532-3830

  
**ROLAND GUTIERREZ**  
STATE REPRESENTATIVE • DISTRICT 119

December 2, 2013

Robert Schmidt, M.D.  
Chair, Texas Racing Commission  
8505 Cross Park Dr. #110  
Austin, Texas 78754

Re: Request for Appointment of Advisory Committee to Study Pari-Mutuel Wagering

Dear Chairman Schmidt:

As you are well aware, the horse racing industry in Texas continues to struggle. As a member of the House Licensing and Administrative Procedures Committee I have heard from industry leaders about the fact that other states are providing more competitive and lucrative purses at race tracks, and that this is forcing many Texans to pursue racing opportunities in other states.

Accordingly, pursuant to Sec. 3.02(f) of the Texas Racing Act, Sec. 303.2(f) of the Rules of the Texas Racing Commission, and Sec. 2001.031(b) of the Texas Government Code, I would like suggest that you establish an advisory committee, and appoint the members of that committee, to study pari-mutuel wagering and to advise the Commission whether the Commission should initiate a rulemaking proceeding that would promulgate additional rules authorizing and regulating pari-mutuel wagering in Texas.

Please let me know if I can be of any assistance during the committee process. I look forward to hearing from you on ideas that the commission can champion to provide a more competitive racing environment in Texas.

Sincerely,

  
Roland Gutierrez  
State Representative

cc: Chuck Trout  
Executive Director, Texas Racing Commission ✓

2013 DEC -3 PM 1:49  
TEXAS RACING  
COMMISSION

## **V. PROCEEDINGS ON RULEMAKING**

Discussion, consideration and possible action on the following matters:

### Rule Proposals

- A. Proposal to Amend Rule 313.103, Eligibility Requirements

### Rule Adoptions

- B. Adoption of Amendment to Rule 307.64, Penalties
- C. Adoption of Amendment to Rule 307.69, Review by Executive Secretary
- D. Adoption of Amendment to Rule 319.3, Medication Restricted

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: November 8, 2013

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

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

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

**Contact Information:**

Name:	TXRC staff	Phone(s):	512-833-6699
E-mail address:		Fax number:	512-833-6907
Mailing address:	8505 Cross Park Drive, Suite 110, Austin, Texas 78754		

Check appropriate box(s)

<input type="checkbox"/>	Personal Submission <i>OR</i>
<input checked="" type="checkbox"/>	Submission on behalf of <u>TXRC staff</u> <small>(Name of Organization)</small>

<input checked="" type="checkbox"/>	If known, Proposed Change to Chapter:	Chapter: <u>313</u>	Rule: <u>103</u>
<input type="checkbox"/>	If known, Proposed Addition to Chapter:	Chapter: _____	Rule: _____
<input type="checkbox"/>	If known, Other Rules Affected by Proposal:	Chapter: _____	Rule: _____
		Chapter: _____	Rule: _____
		Chapter: _____	Rule: _____
		Chapter: _____	Rule: _____

## **A. Brief Description of the Issue**

Section 313.103 establishes a variety of requirements for a horse to be entered in a race, including, in subsection (g), the requirements that must be satisfied before a quarter horse may be entered for the first time in a race around a turn. These requirements apply equally to paint horses and appaloosas, but they are not explicitly included in the rule.

## **B. Discussion of the Issue and Problem**

Paint horses and appaloosas are currently subject to the requirements of Section 313.103(g), although they are not identified in the rule. Because these horses are different breeds for racing purposes, the current language of the rule is incomplete and should be amended to specifically apply the requirements of Section 313.103(g) to these breeds.

## **C. Possible Solutions and Impact**

Amending the text of Section 313.103 to explicitly include paint horses and appaloosas will make the rule clearer and will reflect the current requirements for these breeds to be entered in a race around a turn for the first time.

## **D. Support or Opposition**

Staff does not anticipate opposition to this change.

## **E. Proposal**

### **313.103 Eligibility Requirements**

(a)-(f) (No change.)

(g) To be entered in a race around a turn for the first time, a quarter horse, paint horse, or appaloosa must:

(1) have a published workout around a turn at a minimum distance of 660 yards in the 60-day period preceding the race; and

(2) be approved by the clocker, the outrider and, if the horse is worked from the gate, the starter.

(h) (No change.)

**CHAPTER 307. PROCEEDINGS BEFORE THE COMMISSION**  
**SUBCHAPTER C. PROCEEDINGS BY STEWARDS AND RACING JUDGES**

**Sec. 307.64. Penalties**

(a) For each violation of the Act or a Rule, the stewards and racing judges may:

- (1) impose a fine of not more than \$25,000 [~~\$5,000~~]; and
- (2) suspend an occupational license for not more than five years [~~one year~~].

(b) (No change.)

**CHAPTER 307. PROCEEDINGS BEFORE THE COMMISSION**  
**SUBCHAPTER C. PROCEEDINGS BY STEWARDS AND RACING JUDGES**

**Sec. 307.69. Review by Executive Secretary**

(a) Within fourteen days after a board of stewards or judges issues a written ruling under §307.63 of this title (relating to Ruling), the executive secretary may review the ruling and modify the penalty. A penalty modified by the executive secretary may include a fine not to exceed \$100,000 [~~\$10,000~~], a suspension not to exceed five years [~~two years~~], or both a fine and a suspension.

(b)-(f) (No change.)

**CHAPTER 319. VETERINARY PRACTICES AND DRUG TESTING**  
**SUBCHAPTER A. GENERAL PROVISIONS**

**Sec. 319.3. Medication Restricted**

(a) Except as otherwise provided by this section, a horse or greyhound participating in a race may not carry in its body a prohibited drug, chemical, or other substance.

~~[(b) The maximum permissible plasma or serum concentration of phenylbutazone in horses is 2.0 micrograms per milliliter.]~~

(b)~~[(e)]~~ Furosemide at or below the approved tolerance level in a horse that has been admitted to the furosemide program is permissible. The approved tolerance level shall be published on the list of therapeutic drugs posted under subsection (c)~~[(d)]~~ of this section.

(c)~~[(d)]~~ Levels ~~[Trace levels]~~ of drugs which are therapeutic and necessary for treatment of illness or injury in race animals are permissible, provided:

(1) the therapeutic drug is on a written list approved by the executive secretary, maintained by the commission veterinarian, and posted in the commission veterinarians' office; and

(2) the maximum permissible urine or blood concentration of the drug does not exceed the published limit, if any, on the written list of therapeutic drugs.

(d)~~[(e)]~~ Except as otherwise provided by this chapter, a person may not administer or cause to be administered to a horse or greyhound a prohibited drug, chemical, or other substance, by injection, by oral or topical administration, by rectal infusion or suppository, by nasogastric intubation, or by inhalation, and any other means during the 24-hour period before the post time for the race in which the animal is entered.

(e)~~[(f)]~~ A positive finding by a chemist of a prohibited drug, chemical, or other substance in a test specimen of a horse or greyhound collected before or after the running of a race, subject to the rules of the commission relating to split specimens, is prima facie evidence that the prohibited drug, chemical, or other substance was administered to the animal and was carried in the body of the animal while participating in a race.