

TEXAS RACING COMMISSION

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COMMITTEE ON RULES

Thursday, February 6, 2014
11:00 a.m.
Texas Animal Health Commission
2105 Kramer Lane
Austin, Texas 78758

Agenda

The Committee will accept comments in response to the publication of the following rule proposals in the December 27, 2013, edition of the Texas Register:

- A. Proposal to Amend Rule 313.103, Eligibility Requirements

The Committee will discuss the following requests for rule amendments:

- B. Proposal to Amend Rule 311.2, Application Procedure
- C. Proposal to Amend Rule 313.110, Coupled Entries
- D. Proposal to Amend Rule 321.505, Allocation of Purses and Funds for Texas Bred Incentive Programs
- E. Proposal to Amend Rule 321.509, Escrowed Purse Account

The public will be given an opportunity to address the Committee and identify any potential subjects that it would like placed on the agenda for discussion at a future Committee meeting.

A. Proposal to Amend Rule 313.103, Eligibility Requirements

**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

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

The proposed amendment was published in the December 27, 2013, edition of the *Texas Register*. Staff has received no comments in response to the publication.

E. Proposal

(See next page)

CHAPTER 313. OFFICIALS AND RULES OF HORSE RACING
SUBCHAPTER B. ENTRIES, SCRATCHES, AND ALLOWANCES
DIVISION 1. ENTRIES

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.)

B. Proposal to Amend Rule 311.2, Application Procedure

**TEXAS RACING COMMISSION
COMMITTEE ON RULES**

Date of Request: 1/14/2014

***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
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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>TRC Staff</u> <small>(Name of Organization)</small>

<input checked="" type="checkbox"/>	If known, Proposed Change to Chapter:	Chapter: <u>311</u>	Rule: <u>2</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

Senate Bill 162 (83rd Legislature, Regular Session) amends the Occupations Code to require a state agency that issues a license to establish an expedited license procedure for a qualified military spouse applicant who holds a current license issued by another jurisdiction that has licensing requirements that are substantially equivalent to Texas licensing requirements. The bill provides for the term of an expedited license and requires the agency to determine the requirements for renewing the license.

The bill requires a state licensing agency, with respect to an applicant who is a military service member or military veteran, to credit verified military service, training, or education toward licensing requirements, with certain exceptions, including examination requirements. The bill requires state agencies to adopt rules necessary to credit the service, training, or education of service members or veterans towards licensing requirements.

B. Discussion of the Issue and Problem

Regarding the licensing of military spouse applicants, the Commission's processes already provide for the prompt licensing of those who hold substantially equivalent licenses in other jurisdictions. Staff has been unable to identify an opportunity to further expedite the licensing procedure.

Regarding the licensing of service members and veterans, the Commission's occupational licenses don't require any specific training, education or experience requirements. Trainers and assistant trainers must pass written and practical examinations, and exercise riders, pony persons, jockeys and assistant jockeys must pass practical exams. The Commission will grant other licenses immediately, subject to a subsequent criminal background check.

The Commission may comply with the requirements of SB 162 through a simple rule amendment.

C. Possible Solutions and Impact

Amend Rule 311.2, Application Procedure, to specify that military service members and military veterans will receive credit toward any experience requirements for a license as appropriate for the particular license type and the military service member or veteran's specific experience.

D. Support or Opposition

Staff does not anticipate opposition to this change.

E. Proposal

Sec. 311.2. Application Procedure

(a)-(e) (No change)

(f) Credit for Military Service. Military service members and military veterans, as defined in Texas Occupations Code, Chapter 55, will receive credit toward any experience requirements for a license as appropriate for the particular license type and the specific experience of the military service member or veteran.

OCCUPATIONS CODE

TITLE 2. GENERAL PROVISIONS RELATING TO LICENSING

CHAPTER 55. LICENSING OF MILITARY SERVICE MEMBERS, MILITARY VETERANS, AND MILITARY SPOUSES

Sec. 55.001. DEFINITIONS. In this chapter:

- (1) "License" means a license, certificate, registration, permit, or other form of authorization required by law or a state agency rule that must be obtained by an individual to engage in a particular business.
- (1-a) "Military service member" means a person who is currently serving in the armed forces of the United States, in a reserve component of the armed forces of the United States, including the National Guard, or in the state military service of any state.
- (1-b) "Military spouse" means a person who is married to a military service member who is currently on active duty.
- (1-c) "Military veteran" means a person who has served in the army, navy, air force, marine corps, or coast guard of the United States, or in an auxiliary service of one of those branches of the armed forces.
- (2) "State agency" means a department, board, bureau, commission, committee, division, office, council, or agency of the state.

Sec. 55.002. EXEMPTION FROM PENALTY FOR FAILURE TO RENEW LICENSE. A state agency that issues a license shall adopt rules to exempt an individual who holds a license issued by the agency from any increased fee or other penalty imposed by the agency for failing to renew the license in a timely manner if the individual establishes to the satisfaction of the agency that the individual failed to renew the license in a timely manner because the individual was on active duty in the United States armed forces serving outside this state.

Sec. 55.003. EXTENSION OF CERTAIN DEADLINES FOR ACTIVE DUTY MILITARY PERSONNEL. A person who holds a license, is a member of the state military forces or a reserve component of the armed forces of the United States, and is ordered to active duty by proper authority is entitled to an additional amount of time, equal to the total number of years or parts of years that the person serves on active duty, to complete:

- (1) any continuing education requirements; and
- (2) any other requirement related to the renewal of the person's license.

Sec. 55.004. ALTERNATIVE LICENSE PROCEDURE FOR MILITARY SPOUSE. (a) A state agency that issues a license shall adopt rules for the issuance of the license to an applicant who is the spouse of a person serving on active duty as a member of the armed forces of the United States and:

- (1) holds a current license issued by another state that has licensing requirements that are substantially equivalent to the requirements for the license; or
- (2) within the five years preceding the application date held the license in this state that expired while the applicant lived in another state for at least six months.

(b) Rules adopted under this section must include provisions to allow alternative demonstrations of competency to meet the requirements for obtaining the license.

(c) The executive director of a state agency may issue a license by endorsement in the same manner as the Texas Commission of Licensing and Regulation under Section 51.404 to an applicant described by Subsection (a).

Sec. 55.005. EXPEDITED LICENSE PROCEDURE FOR MILITARY SPOUSES. (a) A state agency that issues a license shall, as soon as practicable after a military spouse files an application for a license:

(1) process the application; and

(2) issue a license to a qualified military spouse applicant who holds a current license issued by another jurisdiction that has licensing requirements that are substantially equivalent to the licensing requirements in this state.

(b) A license issued under this section may not be a provisional license and must confer the same rights, privileges, and responsibilities as a license not issued under this section.

Sec. 55.006. RENEWAL OF EXPEDITED LICENSE ISSUED TO MILITARY SPOUSE.

(a) As soon as practicable after a state agency issues a license under Section 55.005, the state agency shall determine the requirements for the license holder to renew the license.

(b) The state agency shall notify the license holder of the requirements for renewing the license in writing or by electronic means.

(c) A license issued under Section 55.005 has the term established by law or state agency rule, or a term of 12 months from the date the license is issued, whichever term is longer.

Sec. 55.007. LICENSE ELIGIBILITY REQUIREMENTS FOR APPLICANTS WITH MILITARY EXPERIENCE. (a) Notwithstanding any other law, a state agency that issues a license shall, with respect to an applicant who is a military service member or military veteran, credit verified military service, training, or education toward the licensing requirements, other than an examination requirement, for a license issued by the state agency.

(b) The state agency shall adopt rules necessary to implement this section.

(c) Rules adopted under this section may not apply to an applicant who:

(1) holds a restricted license issued by another jurisdiction; or

(2) has an unacceptable criminal history according to the law applicable to the state agency.

C. Proposal to Amend Rule 313.110, Coupled Entries

TEXAS RACING COMMISSION

COMMITTEE ON RULES

Date of Request: 1/13/2014

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.

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Mailing address:	706 W. 11 th St Elgin, TX 78621		

- Personal Submission *OR*
- Submission on behalf of Texas Quarter Horse Association
(Name of Organization)
- If known, Proposed Change to Chapter: _____, Rule _____
- If known, Proposed Addition to Chapter: 313.110
- If known, Other Rules Affected by Proposal: _____

A. Brief Description of the Issue

To allow Quarter Horses entered in a race that are owned in whole or in part by the same individual or entity or if the trainer owns an interest in either horse to run as separate betting interests in stakes races with purses in excess of \$100,000.

B. Discussion of the Issue and Problem

Provide background on the issue to build context. Address the following:

- *What specific problems or concerns are involved in this issue?*
- *Who does the issue affect?*
- *What existing model rules relate to this issue?*

- *Provide relevant quantitative or statistical information if possible.*

It is not uncommon to have multiple horses with common ownership racing in stakes races where trial races determine horses that will compete in the final. In a race that should have ten betting interests we many times only have six or seven betting interests because two or more horses have common ownership. This affects the amount of money wagered on these races which are the best betting races.

C. Possible Solutions and Impact

Provide possible recommendations to solve the problem. Include details on each proposed solution such as:

- *What solution does this proposal provide?*
- *How will the solution fix the problem?*
- *How will the change affect any entities or stakeholders?*
- *How will you or your organization be affected by the proposed change?*
- *What are the benefits of the proposed change?*
- *What are the possible drawbacks of the proposed change?*
- *Identify possible fiscal impact of the recommended change.*

Allow the Stewards to have the discretion to allow same owner entries to race as uncoupled entries in Quarter Horse stakes races with purses of at least \$100,000

D. Support or Opposition

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

- *For those stakeholder groups that have expressed an opinion, please list the points on which they agree or disagree, and the arguments they have expressed.*
- *Are there any affected stakeholder groups that have not been consulted on this proposal?*
- *Please submit any formal letters of support or opposition by stakeholder groups.*

E. Proposal

Provide rule language you are proposing. If you are proposing that current rule language be eliminated, please ~~strikeout~~ the language to be deleted. Please show new language with underlined text.

Add section (c) The stewards may allow same owner/trainer entries to race as uncoupled entries in Quarter Horse Stakes races in excess of \$100,000

Staff-Provided Materials

Sec. 313.110 Coupled Entries

(a) Not more than two horses that have common interests through ownership, training, or lease may be entered in an overnight race, unless the race is divided.

(b) Except as provided by subsection (c), if [~~if~~] two horses entered in a race are owned in whole or in part by the same individual or entity, the entry shall be coupled as a single wagering interest.

(c) The stewards may allow horses owned by the same owner or trained by the same trainer to race as uncoupled entries in a quarter horse stakes races with a purse in excess of \$100,000.



Published on *Daily Racing Form* (<http://www.drf.com>)

[Home](#) > Bergman: Debating the merits of uncoupled entries in stakes

09/02/2012 9:32 PM

Bergman: Debating the merits of uncoupled entries in stakes

By Jay Bergman

Recently the debate picked up again in regard to coupling of horses in major stakes races. Some have argued that when \$100,000 or more is on the line there is no need to couple horses in the wagering for betting purposes. The argument for uncoupling suggests there is no risk of a betting coup and no advantage that horses will get from teaming up. How the \$100,000 plateau managed to define whether horses from a similar stable would help each other is anybody's guess.

For me, New Jersey made its biggest mistake by sanctioning any uncoupling under any circumstances.

The coupling of horses may have had its origins because racing commissions were concerned that the betting public needed to be protected at all cost when horses with common interests entered any betting event. Over time there has been argument and successful shift away from coupling with what we guess was an implied understanding that just because horses had similar owners or trainers they had separate drivers who acted independently.

This past Saturday the \$200,000 finals of the Pennsylvania Sire Stakes took place at Mohegan Sun at Pocono Downs. Of the four divisions the one that captured my eye was that for 3-year-old colt trotters. More specifically, I was focused on Magic Tonight. Earlier this year I had written about trainer Noel Daley's four 3-year-old trotters with Hambletonian aspirations. Magic Tonight was among Daley's best and even Beer Summit, an inexpensive yearling, had risen in Daley's estimation to be a potential threat. On Saturday both colts were entered in the Sire Stakes final and due to separate ownership they were uncoupled.

While handicapping the race it appeared as if both Magic Tonight and Beer Summit had the most early speed capability in the race. Since the event was being held over a fast and speed favoring five-eighths mile track it seemed logical both would leave. When the

race began both were out quickly but at the same time in no hurry at all. The two exchanged the lead early with Beer Summit gaining the front from his stablemate but non-entrymate. When Magic Tonight looked to regain there was no resistance from Beer Summit. Then Magic Tonight yielded the lead before the half to favorite My MVP and suddenly Beer Summit is sitting in the three-hole.

We bring this point to light not because we wish to imply something crooked went on. The facts are that Beer Summit and Magic Tonight acted exactly like an entry would despite the \$200,000 purse. Had the two been competing aggressively against each other there's a good likelihood the first and second quarters would have been much faster and neither would have willfully accepted a three-hole trip, which in this case amounted to a third-place check.

Anyone who watched non-entries race against each other in the Metro and Canadian Pacing Derby understands the value of separate ownership, trainership, and betting interests to a specific race. In both of those rich events there was a price to pay if you wanted to get to the front. Despite his recent past performances, Golden Receiver didn't receive a free pass once in front and the connections of Aracache Hanover weren't about to concede anything to the opposition in the Canadian Pacing Derby.

In the Metro, driver Brian Sears had to work very hard to get the heavily backed Vegas Vacation to the front from post 10. So when Andy Miller and Johny Rock made a move from the three-hole trying to overtake him by the half, Sears did not grab leather. Instead he fought on unwilling to bend, most likely because Johny Rock was not one of the three favorites in the race and Sears didn't want to get stuck behind him.

The reality of real racing is that separate betting interests are an important part of any successful wagering operation. In New Jersey there was an outcry to separate horses with the understanding that tracks would benefit from more betting numbers in each race.

Again, however, we believe the industry has moved in a direction away from the gambler and more towards the racetracks and individual owners. In the end the customer has to pay for the mistakes of a few.

The overwhelming number of entries is a direct result of an abundance of large stables as well as the swelling of horses owned in partnerships. While tracks have moved away from any second tier races limiting the number of starters, they have done nothing to guarantee the number of betting interests. I think the time has come for tracks to offer stakes races with a fixed number of betting propositions regardless of how many coupled entries there are.

So when last week's Zweig filly division was contested at Vernon Downs and the nine-horse field had but three betting interests, the track should have instead of limiting the number of horses to enter, opened the gates to an amount that assured nine individual betting entities. In other words if that meant 15 starters in the race with some starting from the second tier, so be it. If owners wish to enter two, three, or four horses in a race they have a right to do so. But that shouldn't mean they are guaranteed a spot in

the first tier.

Perhaps instead of going away from the obvious, stakes rules should be rewritten with limitations on the number of horses a single trainer or single owner can enter in a specific race. At Yonkers, the Levy Series and Blue Chip Matchmaker finals have a two-horse limit per stable and per owner.

It is just wrong-headed thinking to expect drivers to act independently just because horses are uncoupled for wagering purposes. Their livelihoods are dependent on relationships with trainers and owners. An independent move may win a race for a driver but lose him an owner or trainer in the future.

In my mind the larger the purse the more likelihood there is for horsemen to work together for the highest return for those paying for their services. Unfortunately, since the industry has shifted away from a model that relied solely on the wagering dollar for its purses, it seems to have lost interest in protecting the bettors in all races.

Top left position photo:
Photo

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Source URL (retrieved on 01/23/2014): <http://www.drf.com/news/bergman-debating-merits-uncoupled-entries-stakes>



Texas Changes Rules to Accommodate Breeders' Cup

February 5, 2004 7:37 PM Comment News, Breeders' Cup



Photo:

by Raymond Whelan

The Texas Racing Commission has ruled horses with common ownership and trainers can run as separate betting interests during the Breeders' Cup World Thoroughbred Championships Oct. 30 at Lone Star Park.

During its Feb. 5 meeting, the commission granted the track a waiver from the rule that requires a coupling of two horses as a single betting interest if an individual or entity owns them in whole or in part, or if a trainer owns an interest in both horses.

Lone Star vice president and general manager Jeffrey Greco said the track requested the waiver to give the public more betting opportunities during the Breeders' Cup. Similar policies have been enacted in other host states.

"The Breeders' Cup has a history of not running coupled entries, and obviously, horses that are competing in races of that magnitude are all running to win," Greco said.

Just for the Breeders' Cup, the commission also approved a request from Lone Star to waive the rule that requires all mounts to show identification tattoos. The move was made to accommodate any European entries that compete in the Breeders' Cup and are not required to have tattoos in their respective countries.

"All original foal papers will be in the race office prior to race day, and The Jockey Club Registrar will be on the grounds to help in proper identification of any non-tattooed horses," Greco said.

In another matter, the commission approved a request from Sam Houston Race Park to drop March 18, March 25, April 1, and April 8 from its current Thoroughbred meet, which began Oct. 23 and will continue through April 10. The schedule change will help the track reduce possible overpayment of purses that has resulted from lower-than expected on-track and off-site handle, said Ann McGovern, vice president of operations at Sam Houston.

"We will probably still end up making a small overpayment of purses by the end of the meet," McGovern said. "But if we did not reduce race days, we would have to make a larger overpayment that would not have been manageable."

Also during the meeting, the commission:

-- Approved a request from Magna Entertainment Corp. to appoint Donald Amos as the director and executive vice president and chief operating officer of MEC Texas Racing pending a satisfactory background check by the Texas Department of Public Safety.

-- Approved a concession agreement between the Retama Development Corp. and the Breckenridge Entertainment Corp., and granted a request from Joe Strauss Jr. to transfer his ownership interest in Retama Partners Ltd. to a family trust.

Meanwhile, a management team from Retama--the Laredo Racing Partnership--submitted an application to the racing commission Jan. 29 for a license to operate a Class 2 racetrack in Laredo. The Retama group would compete against another team from Sam Houston that last October applied for a license to build a track in Laredo.

Officials for both groups said proposals must be approved by the commission and the state administrative court before contractors can begin work on the track, which they expect could start during 2005.



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CHRB Considers Repeal of Horse Coupling Rule

by *Blood-Horse Staff*

Date Posted: 3/19/2011 4:07:45 PM

Last Updated: 3/20/2011 2:36:43 PM

The California Horse Racing Board is seeking public comment prior to conducting a hearing next month on a proposal to completely eliminate the coupling of horses in California races.

The public hearing will be part of the regular monthly board meeting scheduled April 28 at Hollywood Park.

As proposed, Rule 1606 (coupling of horses) would essentially be repealed as it pertains to coupling two or more horses as a single wagering interest for any reason. Instead, an amended rule would require when "two or more horses that are entered in the same race are owned in whole or in part by the same person or persons, or are trained by the same trainer, the racing association shall take such actions as are necessary to adequately inform the public, including publishing the name of the owners and trainer in the official program ... and announcing the circumstances over the public address system."

The 45-day public comment period for this and related regulatory changes began March 4. Written comments will be accepted until April 18. Written comments must be submitted to Harold Coburn, regulations analyst, at the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, CA 95825, either by regular mail or by email to HaroldC@chr.ca.gov. The public also is encouraged to comment during the board meeting. The agenda for that meeting, including the starting time, will be posted on the CHRB website (www.chrb.ca.gov) by April 18.

In approving the proposed coupling amendment for public notice in January, several racing commissioners stated their intent was to create more betting interests by eliminating the coupling rule, which currently requires horses with identical ownership to race as a single wagering interest. The commissioners stressed the importance of informing the public when horses with the same owner and/or trainer are competing uncoupled in the same race.

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WELCOME TO THE CALIFORNIA HORSE RACING BOARD

Rule No.**Rule Title**

1606 Association to Disclose Ownership

**Rule
Text**

(a) If two or more horses that are entered in the same race are owned in whole or in part by the same person or persons, or are trained by the same trainer, the racing association shall take such actions as are necessary to adequately inform the public, including publishing the name of the owners and trainer in the official program as required under Rule 1461 of this division, and announcing the circumstances over the public address system. NOTE: Authority cited: Sections 19420, 19440 and 19590, Business and Professions Code. Reference: Section 19401, Business and Professions Code. HISTORY: 1. Amendment filed 10-22-74; effective 11-21-74. 2. Amendment filed 12-12-80; effective 1-11-80. 3. Amendment filed 8-12-81 as an emergency; effective 8-12-81. 4. Order of Repeal of 8-12-81 emergency order filed 8-12-81 by OAL. 5. Amendment filed 1-4-82; effective 2-3-82. 6. Amendment filed 5-7-07; effective 6-6-07. 7. Amendment filed 10-30-08; effective 11-29-08. 8. Amendment filed 10-20-09; effective 11-19-09. 9. Amendment filed 7-12-11; effective 8-11-11.

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KENTUCKY
810 KAR 1:027

Section 5. Mutuel Entries.

(1) More than two (2) horses having common ties through training shall be not entered in a purse race.

(2) Horses entered in the same race and owned wholly or in part by the same owner or spouse, shall be joined as a mutual entry and single betting interest, except as provided in subsection (5) of this section.

(3) More than two (2) horses having common ties through ownership shall not be joined as a mutual entry in a purse race. If making a double entry of horses owned wholly or in part by the same owner or spouse a preference for one (1) of the horses shall be made.

(4) (a) Two (2) horses having common ties through ownership shall not start in a purse race to the exclusion of a single entry, unless the horses have been uncoupled pursuant to subsection (5) of this section.

(b) In a purse race, the racing secretary may uncouple entries having common ties through training to make two (2) separate betting interests.

(5) In any thoroughbred stakes race with added money of \$50,000 or more, the racing secretary may uncouple mutual entries of horses sharing common ties through training or ownership or both.

LOUISIANA
Title 35, Part 1

§6335. Owner's Entry of More Than One Horse

A. Not more than two horses of the same ownership or interest shall be entered in any purse race or overnight event and both may start, or one or both may be declared at the option of the owner, but in conformity with the rules governing declarations. When making a double or joint entry, the owner or trainer must express a preference, and in no case may the two horses of an entry start to the exclusion of a single entry. In divided races, the starters in the separate divisions shall be determined by lot. In all races, joint entries may be made by any one or more of the owners. If a race is to be divided, an additional conditional entry may be accepted from any interest. Each interest may have a joint entry. All divided races will be considered separate races.

B. In stakes races with a purse value of \$50,000 or greater, horses having common ties through ownership or interest may be uncoupled and allowed to run as separate betting units at the discretion of the stewards.

OKLAHOMA
325:25-1-17.

Coupling of entries

In no case shall more than two (2) horses having common ties through ownership, training, or lease be entered in a purse race (overnight). When making a double entry, the second same owner entry drawn shall have no preference over any single entry in purse races, excepting a preference over an "in-today" horse. If horses are entered in the same race owned wholly or in part by the same Owner, then that entry shall be coupled for wagering purposes. At the time of entry, a preference must be made to the end that each interest may have an entry in each division should the race be divided. For different Owners, an organization licensee, with approval of the Stewards, may allow for each entrant to have an equal shake to draw into a race providing the horse(s) have preference. Horses with identical ownership interests regarding prepayment, nomination and stakes races must be coupled in races which have an incremental purse payout from first to last. If a race is to be divided, an additional conditional entry may be accepted from any interest. Each such entry may have a joint entry. All divided races will be considered separate races.

- D. Proposal to Amend Rule 321.505, Allocation of Purses and Funds for Texas Bred Incentive Programs
- E. Proposal to Amend Rule 321.509, Escrowed Purse Account

**TEXAS RACING COMMISSION
COMMITTEE ON RULES**

Date of Request: 11-19-13

***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

Contact Information:

Name:	Jan Haynes	Phone(s):	214-632-1589
E-mail address:	janjhaynes@aol.com	Fax number:	
Mailing address:	1812 Centre Creek Dr., Suite 250 Austin, Texas 78754-5112		

Check appropriate box(s)

<input type="checkbox"/>	Personal Submission <i>OR</i>
<input checked="" type="checkbox"/>	Submission on behalf of <u>Texas Thoroughbred HBPA, Inc.</u> (Name of Organization)

<input checked="" type="checkbox"/>	If known, Proposed Change to Chapter:	Chapter: <u>321</u>	Rule: <u>321.505</u>
<input checked="" type="checkbox"/>	If known, Proposed Change to Chapter:	Chapter: <u>321</u>	Rule: <u>321.509</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

The requested rule changes address the issue of "breed splits" - dividing purse revenue generated by simulcasting among the various breeds of horse. The requested rule changes would apply to purse money generated on-track at the various racetracks, as well as the allocation of the escrowed purse account. The requested rule changes would not apply to a non-profit county fair organization, such as Gillespie County Fair.

B. Discussion of the Issue and Problem

Provide background on the issue to build context. Address the following:

- *What specific problems or concerns are involved in this issue?*
- *Who does the issue affect?*
- *What existing model rules relate to this issue?*
- *Provide relevant quantitative or statistical information if possible.*

For many years, the Texas Racing Commission, the horse racetracks, and the organizations and individuals interested in pari-mutuel horse racing have struggled with an appropriate division of revenues generated by simulcasting among the breeds of horses. This division directly impacts the purse levels offered by the racetracks, thereby affecting the attractiveness of each racetrack's live racing product and the resulting wagering on that product.

In recent years, the negotiations between the racetracks and the breed organizations over "breed splits" have become constant. No sooner has the Commission adopted breed splits for one year than the negotiations commence for the next year. This continual debate is costly to the horse racing industry in that it perpetuates animosity within the industry, when the industry would be better served by unity in the face of decline.

The Commission also has costs associated with the repetitive haggling over breed splits. Annual consideration of breed splits is on the agenda for at least one - and often multiple - Commission meetings. It further requires staff time and resources to evaluate the various requests and to project the impact of alternative scenarios.

To our knowledge, there are no model rules associated with this issue. However, in Florida, Louisiana, and Kentucky, each breed receives the purse money generated by that breed. In Oklahoma and in Minnesota, the split of simulcasting purse money is 90% to thoroughbreds and 10% to quarter horses.

Further, this concept of "run for what you generate" is not new. It has been suggested for many years, including in a presentation on December 18, 2012 in which the Commission staff identified it as an alternative method for allocating purse funds.

The current versions of §§321.505 and 321.509, with slight variations, require the Commission to consider the following criteria in determining the breed splits:

- (A) local public interest in each breed as demonstrated by, but not limited to, the following factors:
 - (i) live handle by breed;
 - (ii) simulcast import handle by breed;
 - (iii) live attendance at the racetracks; and
 - (iv) sales and market survey information.
- (B) earnings generated by the association from each breed;
- (C) national public interest in each breed as determined by the live simulcast export handle of each Texas meet;

- (D) racetrack race date request and opportunities given to each breed; and
- (E) availability of and ability to attract competitive horses.

The Class 1 racetracks submitted information for the October 8, 2013 Commission meeting regarding their requested breed splits. In each of the requests, the percentages requested vary significantly from the statistical analysis of the wagering at the tracks and on their export signals. A copy of the statistical material submitted by the three Class 1 racetracks is attached as Exhibit A.

In essence, in order to maintain "harmony" within the industry, the racetracks routinely ask the Commission to approve breed splits which are not supported by the criteria set out in the Commission's rules. In other words, the Commission is placed in the precarious position of approving arbitrary "agreed-to" breed splits which are not supported by its own rules.

C. Possible Solutions and Impact

Provide possible recommendations to solve the problem. Include details on each proposed solution such as:

- *What solution does this proposal provide?*
- *How will the solution fix the problem?*
- *How will the change affect any entities or stakeholders?*
- *How will you or your organization be affected by the proposed change?*
- *What are the benefits of the proposed change?*
- *What are the possible drawbacks of the proposed change?*
- *Identify possible fiscal impact of the recommended change.*

The requested amendment to §321.505 establishes formulas for allocating the available revenue among the horse breeds based on the actual amount wagered on those breeds during the previous fiscal year. The Arabians and paint horses will receive an additional small percentage, which is consistent with current Texas industry practice. The requested amendment would not apply to Gillespie County Fair.

With respect to the escrowed horse purse, the Commission would retain the ability to allocate the funds among the various racetracks in accordance with the Texas Racing Act §6.091. The amendment sought to §321.509 would require a Class 1 racetrack to allocate the escrowed purse money that it receives using the same formulas as for simulcasting purse revenue under §321.505. A Class 2, 3, or 4 racetrack would be permitted to allocate the escrowed purse money that it receives in the manner that will best enhance live racing at that racetrack.

The adoption of the requested rule changes will have three primary effects. First, the racetracks and the various breeds participating in Texas live racing will have certainty with respect to the calculation of breed splits. This certainty will foster more and better long-range planning for breeding, live racing, and marketing. Second, the individuals who breed, own, and train a specific breed of horse will benefit directly from the quality of the live racing that is produced by that breed.

Finally, the costs associated with constant negotiations and debates over breed splits will be eliminated. Any changes to the formulas will occur only in the context of a rulemaking proceeding in accordance with procedures consistent with the Texas Administrative Procedure Act and the Texas Racing Commission's procedural rules.

D. Support or Opposition

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

- *For those stakeholder groups that have expressed an opinion, please list the points on which they agree or disagree, and the arguments they have expressed.*
- *Are there any affected stakeholder groups that have not been consulted on this proposal?*
- *Please submit any formal letters of support or opposition by stakeholder groups.*

The affected stakeholder groups are the racetracks, the Texas Thoroughbred HPBA, Inc., the THBPA, and individual horse owners and trainers. Although no formal request for input has been made from these various groups, the positions of the stakeholders have been expressed to the Commission on numerous occasions. For example, in December 2012 the representative from the THBPA stated their desire for 30% of the purses, despite the fact that the percentage of dollars wagered on quarter horse races at Class 1 racetracks typically is less than 25%.

In short, it is expected that the segment of the industry associated with quarter horses will vigorously oppose this rule change and the segment of the industry associated with thoroughbreds will support it. It is believed that the Arabian segment of the industry will support these rule changes. The position of the paint horse segment of the industry is not known at this time.

As formal expressions of support or opposition are received, this petition will be supplemented.

E. Proposal

Provide rule language you are proposing. If you are proposing that current rule language be eliminated, please strikeout the language to be deleted. Please show new language with underlined text.

§321.505. Allocation of Purses and Funds for Texas Bred
Incentive Programs

(a) Purses. (1) An association other than a county or non-profit fair organization shall allocate the money generated for purses from pari-mutuel wagering on simulcasts in accordance with this subsection. The abbreviations in the formulas in this subsection have the following meanings:

(A) "Total Breeds Handle" means the total amount of wagers placed on all incoming simulcast races involving Arabian

horses, paint horses, quarter horses, or thoroughbred horses offered for wagering at an association's racetrack.

(B) "AB Handle" means the total amount of wagers placed on all incoming simulcast races of Arabian horses offered for wagering at an association's racetrack.

(C) "PT Handle" means the total amount of wagers placed on all incoming simulcast races of paint horses offered for wagering at an association's racetrack.

(D) "QH Handle" means the total amount of wagers placed on all incoming simulcast races of quarter horses offered for wagering at an association's racetrack.

(E) "TB Handle" means the total amount of wagers placed on all incoming simulcast races of thoroughbred horses offered for wagering at an association's racetrack.

(2) An association shall allocate the purse money generated during a live race meeting from wagering on a live race at the association's racetrack and on the outgoing simulcast of that live race to purses for the breed that ran in the live race. An association shall allocate the purse money generated from wagering at that association's racetrack on incoming simulcast races which involved Arabian horses, paint horses, quarter horses, or thoroughbred horses using the percentages resulting from the calculation of the following formulas:

(A) Allocation to Arabian horse races = 100 X (AB Handle ÷ Total Breeds Handle);

(B) Allocation to paint horse races = 100 X (PT Handle ÷ Total Breeds Handle);

(C) Allocation to quarter horse races = 100 X (QH Handle ÷ Total Breeds Handle); and

(D) Allocation to thoroughbred horse races = 100 X (TB Handle ÷ Total Breeds Handle).

(3) In addition to the money allocated under Paragraph (2) (A) of this subsection, an association shall set aside 1.6% of the total money allocated for thoroughbred horse races under Paragraph (2) for use as purses for Arabian horse races. In addition to the money allocated under Paragraph (2) (B) of this subsection, an association shall set aside .6% of the total money allocated for quarter horse races under Paragraph (2) for use as purses for paint horse races.

(4) In calculating the formulas contained in this subsection for a given calendar year, an association shall use the amounts wagered during the previous fiscal year, according to the records of the Commission. For purposes of this paragraph, "fiscal year" means the Commission's fiscal year.

(5) An association shall allocate purse money generated from other incoming simulcast races, such as harness races and greyhound races, in equal amounts among purses for Arabian horses, paint horses, quarter horses, and thoroughbred horses.

(6) No later than October 1 of each year, an association shall inform the Commission in writing of the results of the calculations of the formulas contained in this subsection and

the resulting allocation of purse money among the breeds of horses for live races to be conducted during the following calendar year.

(7) The Commission shall approve the allocation of purse money from simulcasting among the various breeds of horse for an association that is a county or non-profit fair organization. In approving the allocation, the Commission will strive for an allocation that will best enhance the live racing conducted at the association's racetrack.

~~(1) An association shall recommend the percentages by which it will divide the purse revenue generated from simulcasting among the various breeds of horses. The percentages are subject to the approval of the Commission.~~

~~(2) Negotiations.~~

~~(A) At least 30 days before recommending the percentages, the association shall begin negotiations with the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders.~~

~~(B) When requested, the association shall provide the material specified in paragraph (3) of this subsection to the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders.~~

~~(3) When requesting Commission approval of the percentages, the association shall present in writing studies, statistics, or other documentation supporting the association's~~

~~application of the criteria in paragraph (4) of this subsection in its proposed division.~~

~~(4) The Commission may consider the following criteria in evaluating whether to approve the association's proposed division of purse revenue:~~

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

~~(i) live handle by breed;~~

~~(ii) simulcast import handle by breed;~~

~~(iii) live attendance at the racetracks; and~~

~~(iv) sales and market survey information.~~

~~(B) earnings generated by the association from each breed;~~

~~(C) national public interest in each breed as determined by the live simulcast export handle of each Texas meet;~~

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

~~(E) availability of and ability to attract competitive horses.~~

~~(5) If the Commission determines that the association's proposed division of purse revenue is inconsistent with the association's obligation to accord reasonable access to races for all breeds of horses, the Commission may:~~

~~(A) require the association to submit additional information supporting its recommendation for consideration at the next Commission meeting;~~

~~(B) eject the association's recommendation and require the association to submit a new recommendation for consideration at the next Commission meeting; or~~

~~(C) reject the association's recommendation and approve an alternate division of purse revenue as determined by the Commission.~~

~~(6) In lieu of the process outlined in paragraphs (3) (5) of this subsection, the association may submit a signed agreement between the association and the organizations referenced in paragraph (2) of this subsection for the Commission to consider for approval. For the Commission to approve the agreement, the agreement must:~~

~~(A) delineate the percentages by which the association will divide the purse revenue generated from simuleasting among the various breeds of horses; and~~

~~(B) be signed by the association and all organizations referenced in paragraph (2) of this subsection.~~

(b) (No change.)

§321.509. Escrowed Purse Account

(a) At least once a year, the Commission shall distribute all funds accrued in the escrowed purse account created by the Act, §6.091(e). The executive secretary shall establish a deadline

for receiving requests for distribution from the account and publicize that deadline to the horse racetrack associations at least 30 days before the deadline. The associations when requesting for distribution from the account shall also inform the Commission of ~~recommend~~ the percentages by which it will divide the escrowed purse account revenue among the live races conducted for the various breeds of horses.

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

(c) The percentages by which an association operating a Class 1 horse racetrack will divide the escrowed purse account revenue among the various breeds of horses must be the same as the percentages used to divide purse money under §321.505(a) of this title. An association operating a Class 2, 3, or 4 horse racetrack may divide the escrowed purse account revenue that it receives among the various breeds of horses in a manner that will best enhance the live racing conducted at the association's racetrack. ~~is subject to the approval of the Commission. When requesting Commission approval of the percentages, the association shall present in writing studies, statistics, or other documentation to support its proposed division of escrowed purse account revenue. The Commission may consider the following criteria when evaluating the association's studies, statistics, or other documentation submitted to support its proposed~~

~~division of escrowed purse account revenue before granting its approval:~~

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

~~(A) simulcast import handle by breed;~~

~~(B) live handle by breed; and~~

~~(C) live attendance.~~

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

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

~~(4) statewide need by breed; and~~

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

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

~~(1) require the association to submit additional information supporting its recommendation for consideration at the next Commission meeting;~~

~~(2) reject the association's recommendation and require the association to submit a new recommendation for consideration at the next Commission meeting; or~~

~~(3) reject the association's recommendation and approve an alternate division of the escrowed purse account revenue as determined by the Commission.~~

~~(c) In lieu of the process outlined in subsections (c) and (d) of this section, a signed agreement between the association and the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders may be submitted to the Commission for consideration and approval. For the Commission to approve the agreement, the agreement must:~~

~~(1) delineates the percentages by which the escrowed purse account revenue received by the association will be divided amongst the various breeds of horses; and~~

~~(2) be signed by all organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders.~~

EXHIBIT A

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 attendances. 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%

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

	QH 2013	TB 2012	Relative Percentages	Assigned Importance Factor	Implied Breed Split	
	QH 2013	TB 2012	QH 2013	Factor	QH	TB
Average Live Handle	\$119,853	\$94,037	59%	5.0%	3%	2%
Average Export Handle	\$187,247	\$603,981	27%	5.0%	1%	4%
Average Live Attendance	2,859	2,149	57%	5.0%	3%	2%
Average Daily Total Racing Earnings	\$19,002	\$21,719	47%	12.5%	6%	7%
Average Daily Non-Racing Earnings	\$37,921	\$21,318	64%	12.5%	8%	4%
Simulcast Import Handle 2012	\$3,413,382	\$33,204,027	9%	50.0%	5%	45%
Race Dates	20	28	43%	5.0%	2%	3%
Availability of Horses - Starters Per Race	9.01	9.61	48%	5.0%	2%	3%
				100.0%	30%	70%
Simulcast Accruals (1)	Total	QH%	TB%	TB Accrual		
Cross Species Accrual (2)	\$2,861,256	24.00%	78.00%	\$2,174,565		
Overall Projected Breed Split	\$275,644	77.50%	22.50%	\$213,624		
				\$900,326		
(1) After Payment of 2% to minor breeds	QH			29%		
(2) After Payment of 7% to minor breeds	TB			71%		
	Total					
				\$600,328		
				\$2,238,574		
				\$3,138,900		

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:

Breed	2014 Proposed	2013 Actual
TB	20.925%	20.925%
QH	72.075%	72.075%
Arabian	3.50%	3.50%
Paint	3.50%	3.50%