

TEXAS RACING COMMISSION

P. O. Box 12080 ★ Austin, TX 78711-2080
8505 Cross Park ★ Austin, TX 78754-4552
(512) 833-6699 ★ Fax (512) 833-6907



COMMITTEE ON RULES

Wednesday, March 26, 2014
11:00 a.m.
Texas Animal Health Commission
2105 Kramer Lane
Austin, Texas 78758

Agenda

The Committee will discuss the following requests for rule amendments:

A. Proposal to Amend Rule 311.2, Application Procedure

This proposal relates to crediting military service towards the experience requirements of occupational licenses.

B. Proposal to Amend Rule 319.364, Testing for Androgenic-Anabolic Steroids

This proposal would remove the specific threshold levels for Androgenic-Anabolic Steroids from Rule 319.364 and allow the executive director to specify those levels. This change is consistent with the treatment of other permissible therapeutic medications under Rule 319.3, Medication Restricted.

C. Proposal to Amend Rule 313.110, Coupled Entries

This proposal would permit the uncoupling of horses in certain stakes races.

D. Proposal to Amend Rule 309.355, Grading System

This proposal would permit a greyhound association to require a kennel owner to furnish a minimum of 15% of the active greyhounds for 660-yard or longer races.

E. Proposal to Amend Rule 321.505, Allocation of Purses and Funds for Texas Bred Incentive Programs

This proposal would modify the breed split rule for purse revenue generated by simulcasting.

F. Proposal to Amend Rule 321.509, Escrowed Purse Account

This proposal would modify the breed split rule for funds in the escrow 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 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
8505 Cross Park Drive, Suite 110
Austin, TX 78754-4552
Phone: 512/833-6699 Fax: 512-833-6907
email: info@txrc.texas.gov

Contact Information:

Name:	TRC 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>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

See next page.

CHAPTER 311. OTHER LICENSES
SUBCHAPTER A. LICENSING PROVISIONS
DIVISION 1. OCCUPATIONAL LICENSES

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.

B. Proposal to Amend Rule 319.364,
Testing for Androgenic-Anabolic Steroids

**TEXAS RACING COMMISSION
COMMITTEE ON RULES**

Date of Request: March 18, 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
8505 Cross Park Drive, Suite 110
Austin, TX 78754-4552
Phone: 512/833-6699 Fax: 512-833-6907
email: info@txrc.texas.gov

Contact Information:

Name:	TXRC Staff	Phone(s):	(512) 833-6699
E-mail address:	info@txrc.texas.gov	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>319</u>	Rule: <u>364</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

Commission Rule 319.364, Testing for Androgenic-Anabolic Steroids, establishes specific urine threshold concentrations for the steroids Winstrol, Boldenone, Nandrolone, and Testosterone. This rule was originally adopted in 2009, and at the time, the Association of Racing Commissioners International (ARCI) had adopted model rules specifying thresholds in urine only. However, at its meeting on December 9, 2013, ARCI adopted revisions to the model rules that eliminated Winstrol as a permissible steroid and establishing thresholds in urine, plasma and serum for the remaining steroids.

B. Discussion of the Issue and Problem

The Commission recently adopted changes to Rule 319.3, Medication Restricted, that allows the executive director to determine the threshold levels for most permissible therapeutic medications. This change allows the Commission to regulate these medications more effectively by providing the flexibility to adopt ARCI's changes more quickly. The approach taken in Rule 319.364, which establishes specific thresholds by rule, is inconsistent with the approach taken in Rule 319.3.

In addition, the Texas Veterinary Medical Diagnostic Laboratory (TVMDL) has recently expressed interest in conducting tests for steroids using plasma and/or serum, rather than using urine only. TVMDL expressed this interest because testing in plasma or serum is faster and more cost-effective than testing in urine alone.

C. Possible Solutions and Impact

The proposed change would remove the specific thresholds for steroids from Rule 319.364 and allow the executive director to establish thresholds under the authority provided by Rule 319.3. This will provide more flexibility to follow the guidance provided by ARCI through its model rules and its Uniform Classification of Foreign Substances.

As a result of these changes, the list of permissible medications maintained under Rule 319.3 would be modified to add the following language, which is adapted from ARCI Model Rule ARCI-011-020 Medications and Prohibited Substances, Subpart I, Androgenic-Anabolic Steroids.

No Androgenic-Anabolic Steroids (AAS) shall be permitted in test samples collected from racing horses except for endogenous concentrations of the naturally occurring substances boldenone, nandrolone, and testosterone at concentrations less than the indicated thresholds.

Concentrations of these AAS shall not exceed the following free (*i.e.*, not conjugated) steroid concentrations in plasma or serum:

(a) Boldenone – A confirmatory threshold not greater than 25 picograms/milliliter for all horses, regardless of sex;

(b) Nandrolone – A confirmatory threshold not greater than 25 picograms/milliliter for fillies, mares, and geldings; males horses other than geldings shall be tested for Nandrolone in urine;

(c) Testosterone – A confirmatory threshold not greater than 25 picograms/milliliter for fillies, mares, and gelding.

(3) Total concentrations of these AAS shall not exceed the following total concentrations in urine after hydrolysis of conjugates:

(a) Boldenone - A confirmatory threshold not greater than 1 nanogram/milliliter for fillies, mares, and geldings; a confirmatory threshold not greater than 15 nanograms/milliliter in male horses other than geldings;

(b) Nandrolone - A confirmatory threshold not greater than 1 nanogram/milliliter for fillies, mares, and geldings; a confirmatory threshold not greater than 45 nanograms/milliliter (as 5 α -estrane-3 β ,17 α -diol) of urine in male horses other than geldings;

(c) Testosterone – A confirmatory threshold of not greater than 55 nanograms/milliliter of urine in fillies and mares (unless in foal); a confirmatory threshold of not less than 20 nanograms/milliliter in geldings

D. Support or Opposition

Staff is not aware of any opposition to this proposal.

E. Proposal

See next page.

Texas Racing Commission
Title 16, Part VIII
Chapter 319. Veterinary Practices and Drug Testing
Subchapter D. Provisions for Horses

Section 319.364. Testing for Androgenic-Anabolic Steroids (AAS).

(a) No androgenic-anabolic steroids shall be permitted in test samples collected from racing horses except as permitted on the written list of therapeutic drugs maintained under Section 319.3 (relating to Medication Restricted) of this Chapter. [~~for residues of the major metabolite of stanozolol, nandrolone, and the naturally occurring substances boldenone and testosterone at concentrations less than the indicated thresholds.~~]

[~~(b) Concentrations of these androgenic anabolic steroids shall not exceed the following urine threshold concentrations for total (i.e., free drug or metabolite and drug or metabolite liberated from its conjugates):~~]

[~~(1) 16 β hydroxystanozolol (metabolite of stanozolol (Winstrol)) 1 ng/ml in urine for all horses regardless of sex;~~]

[~~(2) Boldenone (Equipoise[®] is the undecylenate ester of boldenone) in male horses other than geldings 15 ng/ml in urine. No boldenone shall be permitted in geldings or female horses.~~]

[~~(3) Nandrolone (Durabolin[®] is the phenylpropionate ester and Deca-Durabolin[®] is the decanoate ester)~~]

[~~(A) In geldings 1 ng/ml in urine]~~

[~~(B) In fillies and mares 1 ng/ml in urine]~~

[~~(4) Testosterone]~~

[~~(A) In geldings 20 ng/ml in urine]~~

[~~(B) In fillies and mares 55 ng/ml in urine]~~

(b)[~~(e)~~] Any other anabolic steroids are prohibited in racing horses.

(c)[~~(d)~~] The sex of the horse must be identified to the laboratory on all pre-race and post-race samples designated for AAS testing. [~~Post race urine samples must have the sex of the horse identified to the laboratory.~~]

(d)[~~(e)~~] If an anabolic steroid has been administered to a horse in order to assist in its recovery from illness or injury, that horse may be placed on the Veterinarian's List in order to monitor the concentration of the drug or metabolite in urine or blood. [~~Any horse to which an anabolic steroid has been administered in order to assist in the recovery from illness or injury may be placed on the veterinarian's list in order to monitor the concentration of the drug or metabolite in urine.~~]
After the concentration has fallen below the designated threshold for the administered androgenic-anabolic steroids, the horse is eligible to be removed from the list.

ARCI Model Rule - Amended Effective December 9, 2013

- (6) A horse which has been placed on a Bleeder List in another jurisdiction pursuant to these rules shall be placed on a Bleeder List in this jurisdiction.

H. Environmental Contaminants and Substances of Human Use

COMMITTEE NOTE: Consortium says that potential substances identified in this section will be put through the same scientific review process in order to determine whether a threshold concentration can be established.

- (1) The following substances can be environmental contaminants in that they are endogenous to the horse or that they can arise from plants traditionally grazed or harvested as equine feed or are present in equine feed because of contamination during the cultivation, processing, treatment, storage or transportation phases:
- (2) The following drugs are recognized as substances of human use and addiction and which could be found in the horse due to its close association with humans:
- (3) If the preponderance of evidence presented in the hearing shows that a positive test is the result of environmental contamination, including inadvertent exposure due to human drug use, or dietary intake, or is endogenous to the horse, those factors should be considered in mitigation of any disciplinary action taken against the affected trainer. Disciplinary action shall only be taken if test sample results exceed the regulatory thresholds in the most recent version of the ARCI Endogenous, Dietary, or Environmental Substances Schedule.

I. Androgenic-Anabolic Steroids (AAS)

- (1) No AAS shall be permitted in test samples collected from racing horses except for ~~residues- endogenous concentrations~~ of the ~~major metabolite of stanozolol, nandrolone, and the~~ naturally occurring substances **boldenone, nandrolone,** and testosterone at concentrations less than the indicated thresholds.
- (2) Concentrations of these AAS shall not exceed the following ~~urine free (i.e., not conjugated) steroid concentrations in plasma or serum: threshold concentrations for total (i.e., free drug or metabolite and drug or metabolite liberated from its conjugates):~~
 - (a) Boldenone – A confirmatory threshold not greater than 25 picograms/milliliter for all horses, regardless of sex;
 - (b) Nandrolone – A confirmatory threshold not greater than 25 picograms/milliliter for fillies, mares, and geldings; males horses other than geldings shall be tested for Nandrolone in urine (see (2)(b)(B) below);
 - (a) Testosterone – A confirmatory threshold not greater than 25 picograms/milliliter for fillies, mares, and gelding. (Equipoise® is the undecylenate ester of boldenone) in male horses other than geldings: 15 ng/ml in urine. No boldenone shall be permitted in geldings or female horses 16β-hydroxystanozolol (metabolite of stanozolol (Winstrol)) — 1 ng/ml in urine for all horses regardless of sex;

~~(b) Boldenone (Equipoise® is the undecylenate ester of boldenone) in male horses other than geldings: 15 ng/ml in urine. No boldenone shall be permitted in geldings or female horses;~~

~~(c) Nandrolone (Durabolin® is the phenylpropionate ester and Deca-Durabolin® is the decanoate ester)~~

~~(A) In geldings—1 ng/ml in urine~~

~~(B)(c) In fillies and mares—1 ng/ml in urine;~~

~~(d) Testosterone~~

~~(A) In geldings—20 ng/ml in urine~~

~~(B) In fillies and mares—55 ng/ml in urine.~~

(3) Total concentrations of these AAS shall not exceed the following total concentrations in urine after hydrolysis of conjugates:

(a) Boldenone - A confirmatory threshold not greater than 1 nanogram/milliliter for fillies, mares, and geldings; a confirmatory threshold not greater than 15 nanograms/milliliter in male horses other than geldings;

(b) Nandrolone - A confirmatory threshold not greater than 1 nanogram/milliliter for fillies, mares, and geldings; a confirmatory threshold not greater than 45 nanograms/milliliter (as 5 α -estrane-3 β ,17 α -diol) of urine in male horses other than geldings;

(c) Testosterone – A confirmatory threshold of not greater than 55 nanograms/milliliter of urine in fillies and mares (unless in foal); a confirmatory threshold of not less than 20 nanograms/milliliter in geldings

~~(3) Any other AAS are prohibited in racing horses.~~

(4) Any other AAS are prohibited in racing horses.

~~(4)(5) Post race urine samples must have the sex of the horse identified to the laboratory~~The sex of the horse must be identified to the laboratory on all pre-race and post-race samples designated for AAS testing.

~~(5)(6) Any horse to which an anabolic steroid has been administered in order to assist in the recovery from illness or injury may be placed on the veterinarian's list in order to monitor the concentration of the drug or metabolite in urine.~~If an anabolic steroid has been administered to a horse in order to assist in its recovery from illness or injury, that horse may be placed on the Veterinarian's List in order to monitor the concentration of the drug or metabolite in urine or blood. After the concentration has fallen below the designated threshold for the administrated AAS, the horse is eligible to be removed from the list.

C. Proposal to Amend Rule 313.110, Coupled Entries

**TEXAS RACING COMMISSION
COMMITTEE ON RULES**

Date of Request: 13 JAN 15 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.

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:	Rob Werstler	Phone(s):	512-458-5202
E-mail address:		Fax number:	512-458-1713
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



TEXAS
THOROUGHBRED
ASSOCIATION

2014 FEB 20 PM 1:03

TEXAS RACING
COMMISSION

February 19, 2014

TRC Rules Committee, c/o Chuck Trout
Texas Racing Commission
8505 Cross Park Drive, Suite 110
Austin, TX 78754-4552

Dear Commissioners,

During the January 29, 2014 meeting of the Texas Thoroughbred Association Board of Directors, the members reviewed the proposal by the Texas Quarter Horse Association to amend Rule 313.110 and voted to request a similar change for Thoroughbreds.

It is not uncommon to have multiple horses with common ownership racing in stakes races. Field sizes have already been negatively impacted by the declines in foal crops, and coupled entries may significantly reduce the amount wagered on these races.

After conversation with Class 1 track representatives who expressed their support for a change, we would like to propose the following language:

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

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) If two horses entered in an overnight race of any purse value or a stakes race in which the value of the purse is less than \$50,000 are owned in whole or in part by the same individual or entity, the entry shall be coupled as a single wagering interest.
- (c) In a Thoroughbred stakes race with a purse of at least \$50,000 the stewards may allow two or more horses entered and owned in whole or in part by the same individual or entity to race as an uncoupled entry.

Thank you for your consideration of this issue, and please do not hesitate to contact me if you have any questions.

Respectfully,

Mary Ruyle
Executive Director



Mark Fenner
General Counsel
Texas Racing Commission
P.O. Box 12080
Austin, TX 78711

Dear Mark,

I would like to amend my rule change request for rule 313.110 to read:

(c) In stakes races with a purse of at least \$50,000 the stewards may allow two or more horses owned in whole or in part by the same individual or entity to race as separate wagering interests.

I have spoken to Mary Ruyle with the TTA and she supports this amendment.

I plan to attend the March 21 Rules Committee meeting.

Sincerely,

Rob Werstler
Director of Racing

A handwritten signature in black ink that reads 'Rob Werstler'. The signature is written in a cursive, flowing style.

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

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) In stakes races with a purse of at \$50,000, the stewards may allow two or more horses owned in whole or in part by the same individual or entity to race as separate wagering interests.

D. Proposal to Amend Rule 309.355, Grading System

**TEXAS RACING COMMISSION
COMMITTEE ON RULES**

Date of Request: March 7 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
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:	Sally Briggs	Phone(s):	409/9869500
E-mail address:		Fax number:	409/9869700
Mailing address:			

Check appropriate box(s)

Personal Submission *OR*

Submission on behalf of Gulf Greyhound Park/Texas Greyhound Assn.
(Name of Organization)

If known, Proposed Change to Chapter: Chapter: 309 Rule: 355(n)

If known, Proposed Addition to Chapter: Chapter: _____ Rule: _____

If known, Other Rules Affected by Proposal: Chapter: _____ Rule: _____

Chapter: _____ Rule: _____

Chapter: _____ Rule: _____

Chapter: _____ Rule: _____

A. Brief Description of the Issue

There is a current rule in the Texas Rules of Racing (Section 309.355 (n)) which states *"An association may not require a kennel owner to furnish a greyhound of a specific grade or for a specific distance."*

B. Discussion of the Issue and Problem

With our current situation, one major problem is the lack of longer distance races that Gulf Greyhound Park can provide to the betting public due to the rule as stated. When looking at a daily race performance, a majority of the races are from the same 550-yard distance and when compared to other greyhound racetracks around the country, the lack of variety can be classified as "boring" and Gulf Greyhound Park loses the attraction of our product. Throughout the years, many top 660-yard distance greyhounds have been forced to leave in order to compete at other racetracks because Gulf Greyhound Park was unable to create any races which also hurts our kennel operators, the greyhound owners that want to try to keep their greyhounds in the state of Texas and once again our live racing product.

C. Possible Solutions and Impact

Gulf Greyhound Park and the Texas Greyhound Association would like to change the wording of this rule in order to create more variety of the greyhound races. With the addition of a requirement for each kennel owner to provide a minimum of 15% of the active list of greyhounds for the specific distance of 660-yard or longer races, this will allow Gulf Greyhound Park the capability of competing with other racetracks by providing races over different distances. Historically, the mutuel handle on longer distance races is higher and the addition of the purse money provided by these longer distance races will benefit the kennel owners, as well as the greyhound owners, allowing them the opportunity to keep their greyhounds in the state of Texas and providing Gulf Greyhound Park a more viable product to compete with other racetracks.

D. Support or Opposition

There have been many discussions between Gulf Greyhound Park, the Texas Greyhound Association, the Texas Racing Commission Judges at Gulf Greyhound Park and many of the trainers currently in the Gulf Greyhound Park kennel compound. The general consensus is that all parties involved are in agreement with the change of this rule to require a minimum number of five longer distance greyhounds.

E. Proposal

The new rule would state *"An Association may require a kennel owner to furnish a minimum of 15% of the active list of greyhounds for 660-yard or longer races. The Association may reduce the active list and available starts until the kennel complies with the rule."*

CHAPTER 309. RACETRACK LICENSES AND OPERATIONS
SUBCHAPTER D. GREYHOUND RACETRACKS
DIVISION 1. OPERATIONS

Sec. 309.355 Grading System

(a)-(m) (No change.)

(n) An association may require a kennel owner to furnish a minimum of 15% of the active list of greyhounds for 660-yard or longer races. The association may reduce the active list and available starts until the kennel complies with the rule. [An association may not require a kennel owner to furnish a greyhound of a specific grade or for a specific distance.]

(o) (No change.)

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

**TEXAS RACING COMMISSION
COMMITTEE ON RULES**

Date of Request: 1-19-13

***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):	
E-mail address:		Fax number:	
Mailing address:	1812 Centre Creek Dr., Suite 250 Austin, Texas 78754-5112		

Check appropriate box(s)

- Personal Submission *OR*
- Submission on behalf of Texas Thoroughbred HBPA, Inc.
(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 maybe submitted to the Commission for consideration an approval. For the Commission to approve the agreement, the agreement must:~~

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

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

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		\$2,236,574		
(1) After Payment of 2% to minor breeds	QH	\$600,326		29%		
(2) After Payment of 7% to minor breeds	TB	\$2,236,574		71%		
	Total	\$3,198,900				

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%

info

From:
Sent: Friday, January 24, 2014 7:48 AM
To: info
Subject: Rule change

Sirs , i support the run for what you generate rule change. Liz Kreusel

Sent via the Samsung Galaxy S™ III, an AT&T 4G LTE smartphone

info

From:
Sent: Friday, January 24, 2014 9:41 AM
To: info
Subject: Breed splits

I support the breed splits proposal. Simulcast money should go to the breed that generates it. For years thoroughbreds have supported the QH purses. In todays world, we just can not support another breed. QH breeders have a much larger market for their racing stock. Many of them go to the growing match race industry. Many are used in any number of QH activities, while TB's are pretty much used just for racing. Please consider changing the rules and let us in the TB industry have what we generate and perhaps you will see our need and give us a portion of what the QHs generate to pay back the millions they have taken from our industry.

Roger Williams

May God bless you in a special way today.

info

From:
Sent: Friday, January 24, 2014 9:14 AM
To: info
Subject: support

I support the proposed rule change to the breed splits on simulcasting..Bob Pickard

info

From:
Sent: Friday, January 24, 2014 11:20 AM
To: info
Subject: TRC Rules Committee Mtg

Just dropping you a line to let you know I support the rule change proposal as it applies to simulcast and escrow purse fund breed splits. I don't believe TB racing in Texas should subsidize the QH meets.

Sincerely,

Jill Pflugheber

info

From:
Sent: Friday, January 24, 2014 12:01 PM
To: info
Subject: Rule Change Proposal/Simulcast & Escrow Purse breed splits

Dear Sirs:

I am sending this e-mail in support of the Rule Change Proposal as it applies to Simulcast and Escrow Fund breed splits. It's not fair nor equitable to require Thoroughbreds to provide a subsidy for QH purses. Quarter Horse racing should be able to stand on its own without help from the Thoroughbreds. If they can't, it's up to them to find a way to subsidize their own purses.

The inequitable purse split is killing Texas Thoroughbred Racing. It also demonstrates a remarkable bias as being pro Quarter Horse on the behalf of the Texas Racing Commission, who apparently feel that the status quo is acceptable. It is not acceptable to myself and the other people who spend substantial time, effort and money to breed, raise and race Thoroughbreds in Texas.

Let every racing breed in Texas run for what they generate! This is not a welfare state and the other racing breeds in Texas, primarily, the Quarter Horse should not be standing at our finish line with their hooves out asking for a percentage of our purse money!!!!

Respectfully
Vicki Morgan
Cedar Hill Farm
Seven Points, Texas 75143

info

From:
Sent: Friday, January 24, 2014 12:07 PM
To: info
Subject: Simulcast and Escrow Purse Breed Splits

As a Texan and a fan of horse racing in Texas 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. I support the Rule Change Proposal that will be discussed at the TRC Rules Committee meeting on Tuesday as it applies to Simulcast and Escrow Purse Fund breed splits.

A copy of my September 11, 2013 letter to Texas Racing Commission supporting the Thoroughbred industry's position on this issue is attached.

Sincerely,

Michael S. Marke

September 11, 2013

Michael S. Marke

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

Dear Mr. Trout:

I have been a 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

info

From: Wade and jazette Hudson
Sent: Friday, January 24, 2014 12:28 PM
To: info
Subject: breed splits

Dear TRC,

I apologize if you have already received an email from me supporting a breed split change. With all due respect for quarter horse racing, I believe that it is time to stop subsidizing the quarters' purses. The thoroughbred racing industry is being bled to death by surrounding states due to fact that they have casinos. Texas thoroughbred would benefit if there was a more equitable split or no split at all.

Thank you in advance for your attention to major issue facing Texas thoroughbred racing.

"Run-for-what-you-generate"

Sincerely,
Wade & Jazette Hudson
William L. Backus
Texas thoroughbred owners and breeders since the 1950's

info

From: Leah Ford
Sent: Friday, January 24, 2014 1:45 PM
To: info
Subject: Simulcast and Escrow Purse Fund Breed Splits

Gentlemen:

My name is Leah Ford, I live in Texas and together with my husband, Don H. Ford, Jr., breed, raise and race Thoroughbred horses here in this state of Texas. We have been working at this for quite a while would like for our sport's governing body to know that we fully support the rule change proposal as it applies to Simulcast and Escrow Purse Fund breed splits. Please please please allow the horses, owners, trainers and breeders of the Thoroughbreds the opportunity to fully enjoy the fruits of their efforts.

Thank you for your time.

Leah Ford
Belmont, Texas

info

From: Richard Weilburg
Sent: Friday, January 24, 2014 1:50 PM
To: info
Subject: Breed-Split Rule

To: Rules Committee, Texas Racing Commission

This is a followup reminder that under the present breed-split allocation there is not one single Thoroughbred horseman in Texas that believes that Thoroughbred racing is thriving in this state. Most doubt that it can even survive, and many are leaving the state to race where purse money is not used to subsidize other breeds. Please help us by approving the TTHBPA's recommendation for Rule change to a "Run-for-what-you-generate allocation protocol.

Respectfully submitted,

Richard D. Weilburg M.D., Thoroughbred Owner/Breeder

Fredericksburg TX 78624

info

From: Lilly
Sent: Friday, January 24, 2014 1:52 PM
To: info
Subject: Breed Splits

To Whom It May Concern:

As a working member of the TB racing industry and racing advocate I feel these splits a major issue of concern. I have worked at the track as well as breeding farms and feel our money should be our money. If people are betting for thoroughbreds why should that be split with quarters?

I believe in the breed splits and hope my voice is heard!

Thank You For Your Time,
Lilly Armstrong

info

From: Don Ford
Sent: Friday, January 24, 2014 1:52 PM
To: info
Subject: Breed Split rule change

Gentlemen,

As a breeder and owner of Texas grown and bred Thoroughbred horses, I would like for you to know that I support the rule change proposal as it applies to Simulcast and Escrow Purse Fund breed splits. Thank you for your consideration.

Don H. Ford, Jr.

info

From: J.R. CALDWELL
Sent: Friday, January 24, 2014 2:16 PM
To: info
Subject: Breed splits

Each breed needs to run for what they bring to the table

--

Thanks
J.R. Caldwell Training Stable

info

From: WADE HUDSON
Sent: Friday, January 24, 2014 4:19 PM
To: info

I would like to support the Rule Change Proposal as it applies to Simulcast and Escrow Purse Fund breed splits. As an owner and TTA member, it has become next to impossible to run and support the Texas thoroughbreds with out going broke. Without having at least the funds to run against that we are generating, I have a hard time believing that this industry will survive much longer in our great state. Thank you Wade Hudson

Mr. & Mrs. Michael C. Danapas
Beyond Words Farm & Ranch



Thoroughbred Racing Horses
Beefmaster Cattle
All Natural Grass-Fed/Finished Beef

Tyler, TX.75708

To Commissioners: Robert Schmidt, Ronald F. Ederer, Mike Martin, Gloria Hicks, Gary P. Aber, Vicki Weinberg, John T. Steen III, Ann O'Connell and A. Cynthia Leon.

I urge you to act and vote in favor of the proposals to Amend Rules 321.505 and Rule 321.509 as offered by Jan Haynes on behalf of Texas Thoroughbred Horsemen and women.

I was not able to attend the previous meeting on this topic but I did read the entire transcript. While passion is clearly demonstrated by all who have testified, including the track's representatives while giving their recommendations, neither passion nor ignoring facts is basis for deciding issues of such importance. So, I will not give you more of what you have already heard and know from all sides.

I call on you to make your decision based upon sound business principles like so many folks are doing every day. Hard decisions that are honest will allow us (all breeds) to move forward and make necessary adjustments to our businesses and respective breed organizations. Until we are all treated fairly by being rewarded according to the reality of our production we are bound to drag each other down. We are ignoring the principle of the drowning person taking the rescuer down with them.

Mr. Hay's testimony about his breed's (quarter horse) population size in Texas and its market value is interesting data. He desires us to continue ignoring the plain and simple fact that the quarter horse does not raise the funds from wagering it needs to sustain the "Status Quo." Exactly what can be distilled from his comments?

"The Quarter Horse business is five times as large as the Thoroughbred business is in this state. Texas economic impact is five times more. They breed two or three hundred foals, you know. If you look at our sales prices, they're still up because our Texas Quarter Horse can be bred in this state and still go run and win races at Los Alamitos and wherever else. " Quote from Mr. Hays at the October 8, 2013 meeting of the TRC in Austin.

He is talking around the issue and at the same time he demonstrates the fact that the Quarter Horse breed is yet unable to sustain itself in it's current form as a product that bettors are willing to wager on at Class I tracks. This is in direct conflict with their (Quarter Horse industry) desire to force itself upon the market and unjustly benefit from Thoroughbred earnings. I'm not trying to be mean just clear about the facts. We are talking about horse racing at Class 1 facilities not anything else horses are involved in and used for. While the Quarter Horse industry provides animals for a variety of market segments that Thoroughbreds do not market themselves to, racing at Class I tracks in Texas and most other states is not the primary market sector for this breed, negating the validity of his comments as in relation to the issue at hand.

The bettor is our direct customer and the primary basis for all the different breeds funding, the very funding that is in question. It's been clearly demonstrated for years in reports from all three Texas Class I tracks that the Quarter Horse signal is not in demand to the level of compensation meted to them.

To be fair, the thoroughbred breed has been penalized for many years by the disproportionate reward for services rendered. While the funds Thoroughbreds have justly earned and not received will not make all our dreams come true, they will help us make further changes necessary not only for survival but future success. And it's not like we are asking for funds we have not earned.

I have tried to state that all breeds must make adjustments to their respective industries to survive the challenging times we are operating in. The use of these side issues as reasons to maintain the "Status Quo" is not logical nor is it appropriate.

The nature of market demand causes us to change. If we are to succeed we have to stop ignoring facts and impassioned pleas demanding more of what is already unearned. Stop postponing the issue and let the Thoroughbred run for what it earns.

Respectfully,

Michael C. Danapas

info

From: Ian Yarnot
Sent: Friday, January 24, 2014 7:45 PM
To: info
Subject: Support for the Rule Change Proposal as it applies to Simulcast and Escrow Purse Fund breed splits

I am writing to express my support for the rule change proposal as it applies to simulcast and escrow purse breed splits. As one of the larger thoroughbred breeders and owners, as well as standing a commercial stallion in the state of Texas, I find it incredibly inequitable that the effort that we put forth to support Thoroughbred racing and breeding is subsidizing other breed programs. I am a resident of North Carolina but do all of my racing and breeding in Texas. The breeds must individually run for the revenue they generate.

I fully support this measure and this rule change will allow breeders like myself to keep our stallions, mares, and our money in the state of Texas.

Sincerely,
Ian Yarnot

Ian Yarnot
President

www.yarnotstables.com



info

From: Sherry Webb
Sent: Sunday, January 26, 2014 8:38 AM
To: info
Subject: Breed splits

Just wanted to show my support for the proposed rule change as it pertains to breed splits. We feel we should run for what we generate.

Thank you
Sherry Webb

Sent from my iPad

info

From: CHARLES WRIGHT
Sent: Monday, January 27, 2014 8:50 AM
To: info
Subject: Proposed Rule Change

To the Texas Racing Commission

I am writing regarding Proposal to Amend Rule 321.505, Allocation of Purses and Funds for Texas Bred Incentive Programs and Proposal to Amend Rule 321.509, Escrowed Purse Account. I support the proposed changes as submitted by Jan Haynes and the Texas Thoroughbred HBPA Inc. These changes are in the best interest of horse racing because they will enable better planning by industry stake holders, reduce industry costs, and promote the financial stability of the industry.

As an owner, trainer, and breeder of Texas bred thoroughbreds in encourage the Texas Racing Commission to adopt these proposed rules.

Respectfully,

Charles Wright
Argyle, TX

info

From:
Sent: Monday, January 27, 2014 3:34 PM
To: info
Subject: Breed Splits

I support the efforts of Jan Haynes and the TTHBPA in getting the breed splits to a level that is standard to the industry. The inspiration to improve and market the product at the legal tracks in Texas should be up to each particular breed. As long as the QH industry is receiving the supplement from the TB industry and the millions of dollars pumped into it from the numerous illegal tracks operating in Texas at this time; they do not have incentive to work toward the improvement of the industry as a whole.

The money is better invested into more race dates and racing opportunity for the Thoroughbred industry. For every purse dollar invested in TB racing the return to the purse accounts is ruffly \$1.50. Every dollar invested in QH racing the return to purse accounts is about .40. The only way that the QH industry can continue to run is if the race dates were at a 3 to 1 ratio. The only way to stop the annual drain of the purse accounts. The only way to stop the downward spiral in the industry.

The breed splits, race dates, and long term viability of the industry is at a crossroads and the breed splits changes should be a first big step in turning things around.

Joe Kerby-Key Ranch

info

From: Delwin Lovell
Sent: Monday, January 27, 2014 10:14 PM
To: info
Subject: Rule Change Proposal as it applies to Simulcast and Escrow Purse Fund breed splits.
Importance: High

Texas Racing Commission;

I wanted to express my support for the new rule on breed splits. I feel you should run for what you generate. The QH should run for what they bring in and the Thoroughbreds for what they bring in. It makes no sense that one should subsidize the other. Please change this rule as it is only fair.

Thank you,

Delwin Lovell
Longview, TX

info

From: -
Sent: Tuesday, January 28, 2014 9:26 AM
To: info

I support the rule change proposal as it applies to simulcast breed splits. Barbara Freeman, owner breeder

info

From:
Sent: Tuesday, January 28, 2014 10:41 AM
To: info
Subject: horse splits

The only fair and honest way to divide breed split money is to divide by what breed generated the money. This seems to be the common sense way to end this argument and I am sure common sense and fairness will prevail on this issue. All breeds must stand on the revenues they generate.

From: Steinbach C
Sent: Tuesday, February 04, 2014 6:18 PM
To: Chuck Trout
Cc: Bret Calhoun
Subject: Breed Split Rule

Dear Chuck,

I'm writing to ask for your support on the changes in the Breed Split Rule. I know you have been in the middle of many disputes on this topic just as I have.

I don't think we have come to any positive agreements for many years. The Thoroughbred Horsemen are only asking for a fair split based on revenue produced, the numbers speak for themselves.

I have maintained a thoroughbred racing stable in Texas for over twenty years and for the last ten it has declined with each passing year. My owners have been committed to racing in Texas but can no longer afford to race here. The declining purse structure and fewer racing dates are forcing them to leave Texas and seek more opportunity elsewhere.

I am a Texan. I would love nothing more than to have a large stable racing on a Texas circuit. Without help from you and the commissioners I will have to disband my racing operation in Texas.

I hope you will look at all the numbers carefully and give us your consideration on the rule change. I ask you to share my concerns and thoughts with all who have a part in the rule change.

Sincerely,

Bret Calhoun

info

From: GEUS - Anne
Sent: Thursday, February 06, 2014 8:37 AM
To: info
Subject: Texas Horseracing Breed Split Rule

I would like to register my dissatisfaction with the present 'breed split' rule whereby money bet on thoroughbreds is being used to support quarterhorse racing.

My husband and I have owned thoroughbreds for many years, first in the UK and more recently (for 20 years) in Southern California. Before moving from California to Texas, we looked long and hard at whether to own thoroughbreds here, but because of the limited racing days in Texas and very poor purses, we decided not to.

We continue to have horses in California where they have opportunities to race virtually year round and the purses sustain our hobby.

We would love to become Texas owners, but I see very little value in doing so since any horses we owned would be running out of state for much of the time. All in all Texas holds out very little attraction for us to become owners here.