



**TEXAS RACING COMMISSION**

**P. O. Box 12080**

**Austin, TX 78711-2080**

**(512) 833-6699**

**Fax (512) 833-6907**

Texas Racing Commission  
Thursday, February 16, 2017  
10:30 a.m.  
Texas Animal Health Commission  
2105 Kramer Lane  
Austin, Texas 78758

**AGENDA**

**I. CALL TO ORDER**

Roll Call

**II. PUBLIC COMMENT**

**III. GENERAL BUSINESS**

Discussion and consideration of the following matters:

- A. Report by Commissioner Hicks on Valley Race Park
- B. Reports by the Executive Director and Staff regarding Administrative Matters
  - 1. Budget and Finance Update
  - 2. Report on Wagering Statistics
  - 3. Inspection and Enforcement Reports

**IV. PROCEEDINGS ON RULEMAKING**

Discussion, consideration and possible action on the following matters:

- A. Rule Proposals. If approved by the Commission, these proposals will be published in the Texas Register for public comment.
  - 1. Proposal to Amend Rule 309.154, Stable or Kennel Area
  - 2. Proposal to Amend Rule 311.104, Trainers

3. Proposal to Amend Rule 311.105, Jockeys
  4. Proposal to Amend Rule 311.302, Subject to Testing
  5. Proposal to Amend Rule 311.304, Taking of Specimens
  6. Proposal to Amend Rule 311.308, Penalties
  7. Proposal to Amend Rule 313.501, Training Facility License
  8. Proposal to Amend Rule 315.1, Required Officials
- B. Rule Adoptions. These proposals were published in the December 9, 2016, edition of the *Texas Register* and are eligible for adoption.
1. Adoption of Amendment to Rule 301.1, Definitions
  2. Adoption of Amendment to Rule 311.104, Trainers
  3. Adoption of Amendment to Rule 307.62, Disciplinary Action, by Amending Subsection (b), Notice of Hearing
  4. Adoption of Amendment to Rule 307.62, Disciplinary Action, by Creating New Subsection (j), Discovery
  5. Adoption of Amendment to Rule 321.2, Odds Manipulation
  6. Adoption of Amendment to Rule 321.11, Access to Magnetic Media
  7. Adoption of Amendment to Rule 321.35, Claim for Payment
  8. Adoption of Amendment to Rule 321.41, Cashing Outstanding Tickets
  9. Adoption of Amendment to Rule 321.42, Cashing Outstanding Vouchers

## V. EXECUTIVE SESSION

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

- A. Under Government Code Sec. 551.071(1), the Commission may open an executive session to seek the advice of its attorney regarding pending or contemplated litigation, or regarding a settlement offer.
- B. Under Government Code Sec. 551.071(2), the Commission may open an executive session to discuss all matters identified in this agenda where the commission seeks the advice of its attorney as privileged communications under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas. This may include, but is not limited to, legal advice regarding the Open Meetings Act, the Administrative Procedures Act, and the Texas Racing Act.

- C. Under Government Code §551.074(a)(1), the Commission may open an executive session to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the executive director.
- D. Under Texas Racing Act, Tex. Rev. Civ. Stat. Ann. art. 179e, Sec. 6.03, the Commission may open an executive session to review security plans and management, concession, and totalisator contracts.

**VI. SCHEDULING OF NEXT COMMISSION MEETING**

**VII. ADJOURN**

### **III. GENERAL BUSINESS**

- B. Reports by the Executive Director and Staff regarding Administrative Matters
  - 1) Budget and Finance Update
  - 2) Report on Wagering Statistics
  - 3) Inspection and Enforcement Reports

# Texas Racing Commission

FYE 08/31/2017  
Operating Budget Status  
by LBB Expenditure Object/Codes

OBS-1

Strategy	Program Description	FY 2017 Annual Budget	FY 2017 Expended Thru 12/31/2016	FY 2017 Unexpended Bal 8/31/2017	With 33.3% of Year Lapsed % of Budget Expended
<i>Appropriated</i> A.1.1.	- FTE's = 4.50 <u>Regulate Racetrack Owners</u>				
Base Appr =	1001 Salaries and Wages	360,810.39	118,281.08	242,529.31	32.78%
\$ 359,975.00	1002 Other Personnel Cost	10,311.51	3,238.26	7,073.25	31.40%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ 8,218.11	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 368,193.11	2005 Travel	8,250.00	398.19	7,851.81	4.83%
Budgeted =	2006 Rent Building	-	-	-	
\$ 386,680.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	7,308.10	1,555.12	5,752.98	21.28%
18,486.90	CB Computer Equipment	-	-	-	
5.14%	<b>Total Strategy A.1.1.</b>	<b>386,680.00</b>	<b>123,472.65</b>	<b>263,207.35</b>	<b>31.93%</b>
<i>Appropriated</i> A.2.1.	0 FTE's = 0 <u>Texas Bred Incentive</u>				
	ATB Money Expended	3,475,000.00	898,635.22	2,576,364.78	25.86%
3,475,000.00	<b>Total Strategy A.2.1.</b>	<b>3,475,000.00</b>	<b>898,635.22</b>	<b>2,576,364.78</b>	<b>25.86%</b>
<i>Appropriated</i> A.3.1.	(1.90) FTE's = 7.40 <u>Supervise Racing and Licensees</u>				
Base Appr =	1001 Salaries and Wages	423,862.00	139,315.25	284,546.75	32.87%
\$ 692,204.00	1002 Other Personnel Cost	29,625.92	6,331.19	23,294.73	21.37%
Sup Appr =	2001 Prof Fees and Services	25,000.00	3,325.00	21,675.00	13.30%
\$ 8,232.86	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 700,436.86	2005 Travel	60,000.00	9,203.90	50,796.10	15.34%
Budgeted =	2006 Rent Building	-	-	-	
\$ 543,348.01	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	4,860.10	1,120.08	3,740.02	23.05%
(157,088.85)	CB Computer Equipment	-	-	-	
-22.69%	<b>Total Strategy A.3.1.</b>	<b>543,348.01</b>	<b>159,295.42</b>	<b>384,052.59</b>	<b>29.32%</b>
<i>Appropriated</i> A.3.2.	0.15 FTE's = 3.45 <u>Monitor Occupational Licensee Act.</u>				
Base Appr =	1001 Salaries and Wages	191,221.00	80,283.27	110,937.73	41.98%
\$ 243,522.00	1002 Other Personnel Cost	20,803.63	6,471.93	14,331.70	31.11%
Sup Appr =	2001 Prof Fees and Services	500.00	552.00	(52.00)	110.40%
\$ -	2003 Consumables	1,800.00	-	1,800.00	0.00%
Total Appr =	2004 Utilities	-	-	-	
\$ 243,522.00	2005 Travel	34,000.00	5,542.46	28,457.54	16.30%
Budgeted =	2006 Rent Building	-	-	-	
\$ 250,573.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	2,248.36	778.65	1,469.71	34.63%
\$ 7,051.00	CB Computer Equipment	-	-	-	
2.90%	<b>Total Strategy A.3.2.</b>	<b>250,573.00</b>	<b>93,628.31</b>	<b>156,944.69</b>	<b>37.37%</b>
<i>Appropriated</i> A.4.1.	0.50 FTE's = 3.60 <u>Inspect and Provide Emerg. Care</u>				
Base Appr =	1001 Salaries and Wages	273,051.00	73,493.50	199,557.50	26.92%
\$ 341,149.00	1002 Other Personnel Cost	5,065.25	1,404.80	3,660.45	27.73%
Sup Appr =	2001 Prof Fees and Services	60,000.00	55,210.88	4,789.12	92.02%
\$ 2,121.60	2003 Consumables	-	32.69	(32.69)	
Total Appr =	2004 Utilities	-	-	-	
\$ 343,270.60	2005 Travel	25,000.00	8,527.87	16,472.13	34.11%
Budgeted =	2006 Rent Building	-	-	-	
\$ 368,043.84	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	4,927.59	1,147.65	3,779.94	23.29%
\$ 24,773.24	CB Computer Equipment	-	-	-	
7.26%	<b>Total Strategy A.4.1.</b>	<b>368,043.84</b>	<b>139,817.39</b>	<b>228,226.45</b>	<b>37.99%</b>

# Texas Racing Commission

FYE 08/31/2017

OBS-2

Operating Budget Status  
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2017 Annual Budget	FY 2017 Expended Thru 12/31/2016	FY 2017 Unexpended Bal 8/31/2017	With 33.3% of Year Lapsed % of Budget Expended
<i>Appropriated</i> A.4.2.	(0.60) FTE's = <u>Administer Drug Testing</u> 3.70				
Base Appr =	1001 Salaries and Wages	195,350.08	46,485.10	148,864.98	23.80%
\$ 284,898.00	1002 Other Personnel Cost	1,416.75	292.42	1,124.33	20.64%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ 3,489.82	2003 Consumables	-	125.80	(125.80)	
Total Appr =	2004 Utilities	-	-	-	
\$ 288,387.82	2005 Travel	18,170.67	3,008.23	15,162.44	16.56%
Budgeted =	2006 Rent Building	-	-	-	
\$ 221,591.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	6,653.50	299.67	6,353.83	4.50%
\$ (66,796.82)	CB Computer Equipment	-	-	-	
-23.45%	<b>Total Strategy A.4.2.</b>	<b>221,591.00</b>	<b>50,211.22</b>	<b>171,379.78</b>	<b>22.66%</b>
<i>Appropriated</i> B.1.1.	(0.80) FTE's = <u>Occupational Licensing</u> 6.30				
Base Appr =	1001 Salaries and Wages	243,029.71	76,270.92	166,758.79	31.38%
\$ 513,044.00	1002 Other Personnel Cost	7,611.15	2,747.17	4,863.98	36.09%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ 3,025.75	2003 Consumables	3,000.00	96.91	2,903.09	3.23%
Total Appr =	2004 Utilities	-	-	-	
\$ 516,069.75	2005 Travel	32,400.00	12,202.04	20,197.96	37.66%
Budgeted =	2006 Rent Building	-	-	-	
\$ 470,523.15	2007 Rent Machine	1,400.00	821.29	578.71	58.66%
Difference	2009 Other Operating Cost	183,082.30	24,236.86	158,845.44	13.24%
\$ (45,546.61)	CB Computer Equipment	-	-	-	
-8.88%	<b>Total Strategy B.1.1.</b>	<b>470,523.15</b>	<b>116,375.19</b>	<b>354,147.97</b>	<b>24.73%</b>
<i>Appropriated</i> B.1.2.	- FTE's = <u>Texas OnLine</u> 0				
Base Appr =	1001 Salaries and Wages	-	-	-	
\$ 22,500.00	1002 Other Personnel Cost	-	-	-	
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ -	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 22,500.00	2005 Travel	-	-	-	
Budgeted =	2006 Rent Building	-	-	-	
\$ 22,500.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	22,500.00	4,097.00	18,403.00	18.21%
\$ -	CB Computer Equipment	-	-	-	
0.00%	<b>Total Strategy B.1.2.</b>	<b>22,500.00</b>	<b>4,097.00</b>	<b>18,403.00</b>	<b>18.21%</b>
<i>Appropriated</i> C.1.1.	(0.55) FTE's = <u>Monitor Wagering and Audit</u> 4.25				
Base Appr =	1001 Salaries and Wages	247,260.87	82,988.99	164,271.88	33.56%
\$ 327,375.00	1002 Other Personnel Cost	8,737.77	2,868.77	5,869.00	32.83%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ 5,405.48	2003 Consumables	1,000.00	-	1,000.00	0.00%
Total Appr =	2004 Utilities	-	-	-	
\$ 332,780.48	2005 Travel	18,914.56	2,179.04	16,735.52	11.52%
Budgeted =	2006 Rent Building	-	-	-	
\$ 291,341.44	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	15,428.24	3,079.67	12,348.57	19.96%
\$ (41,439.03)	CB Computer Equipment	-	-	-	
-12.66%	<b>Total Strategy C.1.1.</b>	<b>291,341.44</b>	<b>91,116.47</b>	<b>200,224.97</b>	<b>31.27%</b>

# Texas Racing Commission

FYE 08/31/2017

OBS-3

Operating Budget Status  
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2017 Annual Budget	FY 2017 Expended Thru 12/31/2016	FY 2017 Unexpended Bal 8/31/2017	With 33.3% of Year Lapsed % of Budget Expended
<i>Appropriated</i> C.1.2.	(1.00) FTE's = 2.00 <u>Wagering &amp; Compliance Inspections</u>				
Base Appr =	1001 Salaries and Wages	79,900.06	26,633.32	53,266.74	33.33%
\$ 167,631.00	1002 Other Personnel Cost	2,119.50	693.16	1,426.34	32.70%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ 1,948.78	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 169,579.78	2005 Travel	1,930.00	-	1,930.00	0.00%
Budgeted =	2006 Rent Building	-	-	-	
\$ 85,648.56	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	1,699.00	266.36	1,432.64	15.68%
\$ (83,931.22)	CB Computer Equipment	-	-	-	
-50.07%	<b>Total Strategy C.1.2.</b>	<b>85,648.56</b>	<b>27,592.84</b>	<b>58,055.72</b>	<b>32.22%</b>
<i>Appropriated</i> D.1.1.	- FTE's = 7.00 <u>Central Administration</u>				
Base Appr =	1001 Salaries and Wages	449,251.36	140,687.63	308,563.73	31.32%
\$ 756,949.00	1002 Other Personnel Cost	34,069.19	5,821.01	28,248.18	17.09%
Sup Appr =	2001 Prof Fees and Services	20,175.00	1,361.51	18,813.49	6.75%
\$ 6,897.68	2003 Consumables	7,600.00	2,786.71	4,813.29	36.67%
Total Appr =	2004 Utilities	52,000.00	12,112.54	39,887.46	23.29%
\$ 763,846.68	2005 Travel	15,500.00	2,718.37	12,781.63	17.54%
Budgeted =	2006 Rent Building	97,678.31	35,904.70	61,773.61	36.76%
\$ 760,706.00	2007 Rent Machine	900.00	477.86	422.14	53.10%
Difference	2009 Other Operating Cost	83,532.13	32,982.95	50,549.18	39.49%
\$ (3,140.68)	CB Computer Equipment	-	-	-	
-0.41%	<b>Total Strategy D.1.1.</b>	<b>760,706.00</b>	<b>234,853.28</b>	<b>525,852.72</b>	<b>30.87%</b>
<i>Appropriated</i> D.1.2.	- FTE's = 4.80 <u>Information Resources</u>				
Base Appr =	1001 Salaries and Wages	324,344.01	89,547.93	234,796.08	27.61%
\$ 538,500.00	1002 Other Personnel Cost	30,930.04	4,249.53	26,680.51	13.74%
Sup Appr =	2001 Prof Fees and Services	61,094.15	12,200.00	48,894.15	19.97%
\$ 2,411.73	2003 Consumables	1,300.00	1,648.04	(348.04)	126.77%
Total Appr =	2004 Utilities	200.00	179.94	20.06	89.97%
\$ 540,911.73	2005 Travel	3,500.00	294.53	3,205.47	8.42%
Budgeted =	2006 Rent Building	444.00	148.00	296.00	33.33%
\$ 543,229.25	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	97,866.05	27,782.19	70,083.86	28.39%
\$ 2,317.52	CB Computer Equipment	23,551.00	-	23,551.00	0.00%
0.43%	<b>Total Strategy D.1.2.</b>	<b>543,229.25</b>	<b>136,050.16</b>	<b>407,179.09</b>	<b>25.04%</b>
<i>Appropriated</i> D.1.3.	(4.20) FTE's = 47.00 <u>Other Support Services</u>				
Base Appr =	1001 Salaries and Wages	-	-	-	
\$ 7,722,747.00	1002 Other Personnel Cost	-	-	-	
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ 41,751.81	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 7,764,498.81	2005 Travel	-	-	-	
Budgeted =	2006 Rent Building	-	-	-	
\$ 7,419,184.25	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	-	-	-	
\$ (345,314.55)	CB Computer Equipment	-	-	-	
-4.47%	<b>Total Strategy D.1.3.</b>	<b>-</b>	<b>-</b>	<b>-</b>	
\$ 4,289,499	Regulatory Program Operating Budget	3,944,184.25	1,176,509.91	2,362,891.14	29.83%
\$ 3,475,000	TX Bred Program Operating Budget	3,475,000.00	898,635.22	2,576,364.78	25.86%
\$ 7,764,499	Total M.O.F. (TXRC Acct. 597 & GR)	7,419,184.25	2,075,145.13	4,939,255.92	27.97%
	<b>Total All Programs Operating Budget</b>				

# Texas Racing Commission

FYE 08/31/2017

OBS-4

Operating Budget Status  
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2017 Annual Budget	FY 2017 Expended Thru 12/31/2016	FY 2017 Unexpended Bal 8/31/2017	With 33.3% of Year Lapsed % of Budget Expended
\$ - <i>Appropriated</i>	(4.20) FTE's = 47.00 <u>Direct Expense of Regulatory Programs</u>				
	1001 Salaries and Wages	2,788,080.48	873,986.99	1,914,093.49	31.35%
	1002 Other Personnel Cost	150,690.72	34,118.24	116,572.48	22.64%
	2001 Prof Fees and Services	166,769.15	72,649.39	94,119.76	43.56%
	2003 Consumables	14,700.00	4,690.15	10,009.85	31.91%
	2004 Utilities	52,200.00	12,292.48	39,907.52	23.55%
	2005 Travel	217,665.23	44,074.63	173,590.60	20.25%
	2006 Rent Building	98,122.31	36,052.70	62,069.61	36.74%
	2007 Rent Machine	2,300.00	1,299.15	1,000.85	56.48%
	2009 Other Operating Cost	430,105.38	97,346.20	332,759.18	22.63%
	CB Computer Equipment	23,551.00	-	23,551.00	0.00%
\$ 4,289,499	<b>Total Direct Expense of Regulatory Program</b>	3,944,184.25	1,176,509.91	2,767,674.33	29.83%
\$ 3,475,000	FTE's = - Direct Expense of TX Bred Program	3,475,000.00	898,635.22	2,576,364.78	25.86%
\$ 7,764,499	(4.20) FTE's = 47.00 <b>Total Direct Expense of All Programs</b>	7,419,184.25	2,075,145.13	5,344,039.11	27.97%
\$ - <i>Un-Appropriated</i>	<u>Indirect Expense of All Programs</u>				
	OASI Match	213,288.16	66,096.91	147,191.25	30.99%
	Group Insurance	261,500.00	96,041.58	165,458.42	36.73%
	State Retirement	221,067.05	66,712.86	154,354.19	30.18%
	Benefit Replacement	6,000.00	-	6,000.00	0.00%
	ERS Retiree Insurance	345,000.00	125,057.72	219,942.28	36.25%
	SWCAP GR Reimburse	30,000.00	-	30,000.00	0.00%
	Unemployment Cost	10,000.00	-	10,000.00	0.00%
	Other	-	-	-	-
\$ 1,086,855	<b>Total Indirect Expense of All Programs</b>	1,086,855.20	353,909.07	732,946.13	32.56%
\$ 8,851,354	<b>Total Direct and Indirect Expense of All Programs</b>	8,506,039.46	2,429,054.20	6,076,985.25	28.56%

Source Of Funds	Agency Method Of Finance	FY 2017 Projected Revenue	FY 2017 Actual Revenue Thru 12/31/2016	N/A	With 33.3% of Year Lapsed % of Revenue Collected
	<b>Regulatory Program MOF:</b>				
Acct. 597	Cash Balance Carry Forward	\$ 387,000.00	\$ 387,000.00		n/a
Acct. 597	Live Race Day Fees	\$ -	\$ -		
Acct. 597	Simulcast Race Day Fees	\$ -	\$ -		
Acct. 597	Annual License Fees (Active & Inactive)	\$ 3,501,240.00	\$ 1,446,913.00		41.33%
Acct. 597	Outs	\$ -	\$ -		
Acct. 597	Occupational License Fees and Fines	\$ 679,558.00	\$ 188,528.00		27.74%
Acct. 597	Other Revenue	\$ 23,867.00	\$ 5,068.59		21.24%
Acct. 1	GR Funds	\$ -	\$ -		
	<b>Sub-Total Regulatory Prgm. MOF</b>	\$ 4,591,665.00	\$ 2,027,509.59		44.16%
	<b>Texas Bred Program MOF:</b>				
Acct. 597	Cash Balance Carry Forward	\$ -	\$ -		
Acct. 597	Breakage and 1% Exotic	\$ 3,475,000.00	\$ 898,635.22		25.86%
Acct. 597	Other	\$ -	\$ -		
	<b>Sub-Total Texas Bred Prgm. MOF</b>	\$ 3,475,000.00	\$ 898,635.22		25.86%
All Sources	<b>Total MOF</b>	\$ 8,066,665.00	\$ 2,926,144.81		36.27%
	<b>MOF Estimated to Exceed or (Fall-Short of Covering) Direct &amp; Indirect Expenses of Operating Budget</b>	\$ (439,374.46)	\$ 497,090.61		



## Fiscal Year 2017 Operational Budget

Updated: January 10, 2017

Thru: December 31, 2016

### Summary of Operating Revenue

By Revenue Type:	Budget	Collected	Suspended	Uncollected Balance	%
<b>Account 597 - Racing Commission - GRD</b>	\$ 8,066,665	\$ 2,927,945	\$ -	\$ 5,138,720	64%
<b>Account 1 - State of Texas - GR</b>	\$ -	\$ -	\$ -	\$ -	
<b>TOTAL - ALL REVENUES</b>	\$ 8,066,665	\$ 2,927,945	\$ -	\$ 5,138,720	64%

### Summary of Appropriated Operating Expenses

	Budget	Expended	Encumbered	Unexpended Balance	%
<b>1001 - Salaries and Wages:</b>	\$ 2,788,080	\$ 873,987	\$ -	\$ 1,914,093	69%
<b>1002 - Other Personnel Cost:</b>	\$ 150,691	\$ 34,118	\$ -	\$ 116,572	77%
<b>2001 - Professional Fees and Services:</b>	\$ 166,769	\$ 72,649	\$ -	\$ 94,120	56%
<b>2003 - Consumable Supplies:</b>	\$ 14,700	\$ 4,690	\$ -	\$ 10,010	68%
<b>2004 - Utilities:</b>	\$ 52,200	\$ 12,292	\$ -	\$ 39,908	76%
<b>2005 - Travel:</b>	\$ 217,665	\$ 44,075	\$ -	\$ 173,591	80%
<b>2006 - Rent Building:</b>	\$ 98,122	\$ 36,053	\$ -	\$ 62,070	63%
<b>2007 - Rent Machine and Other:</b>	\$ 2,300	\$ 1,299	\$ -	\$ 1,001	44%
<b>2009 - Other Operating Expense:</b>	\$ 430,105	\$ 97,346	\$ -	\$ 332,759	77%
<b>4000 - Grants</b>	\$ 3,475,000	\$ 898,635	\$ -	\$ 2,576,365	74%
<b>5000 - Capital Expenditures:</b>	\$ 23,551	\$ -	\$ -	\$ 23,551	0.00%
<b>TOTAL - ALL APPROPRIATED EXPENDITURES</b>	\$ 7,419,184	\$ 2,075,145	\$ -	\$ 5,344,039	72%

### Unappropriated Operating Expenses

Type:	Budget	Expended	Encumbered	Unexpended Balance	%
<b>TOTAL - ALL UNAPPROPRIATED EXPENDITURES</b>	\$ 1,086,855	\$ 353,909	\$ -	\$ 732,946	67%
<b>TOTAL - ALL EXPENDITURES</b>	\$ 8,506,039	\$ 2,429,054	\$ -	\$ 6,076,985	71%
<b>OPERATING SURPLUS / (DEFICIT)</b>	\$ (439,374)	\$ 498,891			

### Summary of FTE's

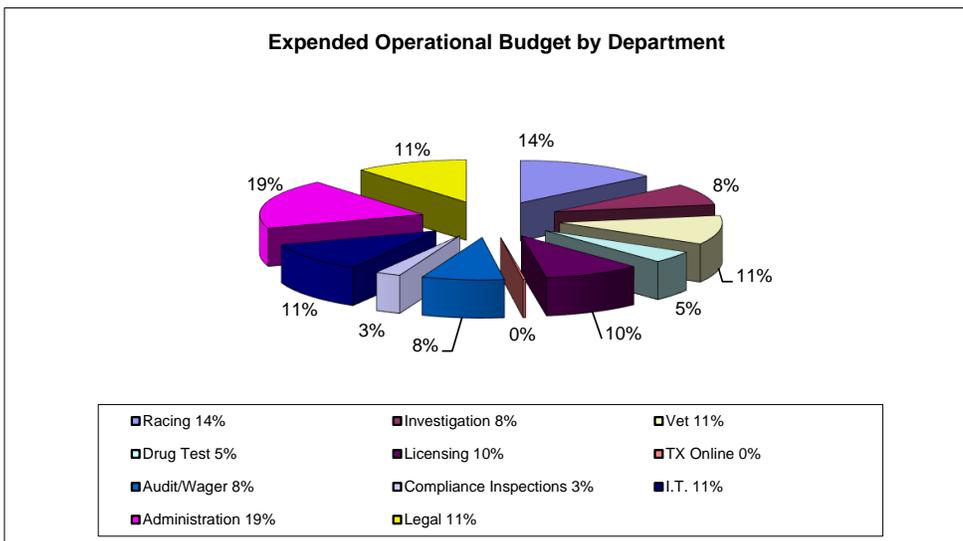
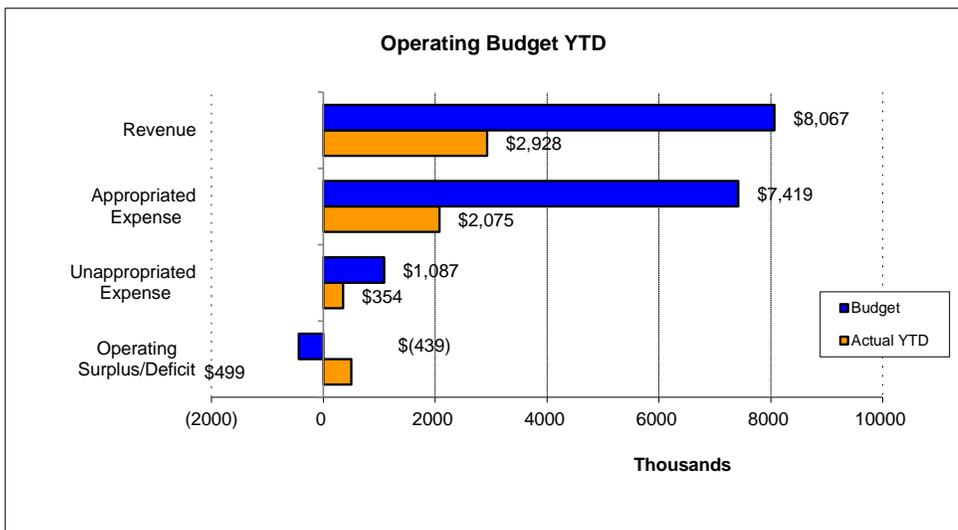
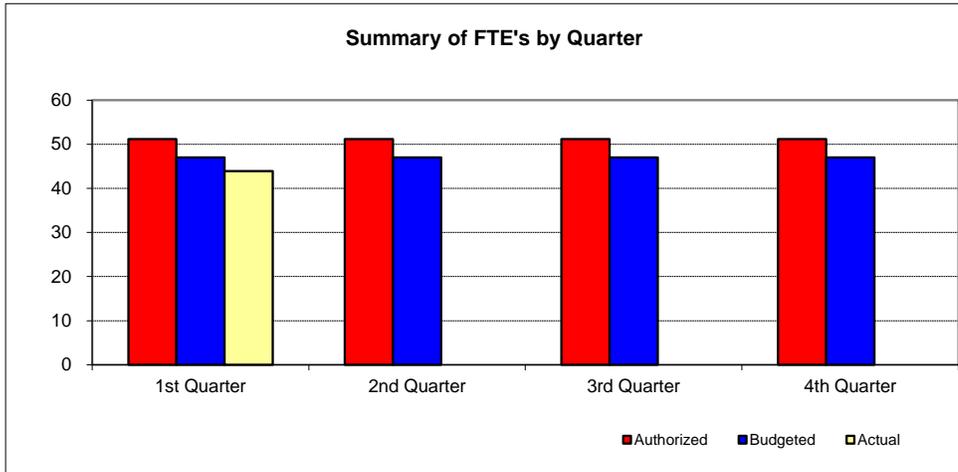
By Fiscal Quarter:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Authorized FTE's	51.20	51.20	51.20	51.20
Budgeted FTE's	47.00	47.00	47.00	47.00
Actual FTE's	43.90	0.00	0.00	0.00
<b>Actual FTE's Over / (Under) Budget</b>	(3.10)	n/a	n/a	n/a
<b>Actual FTE's Over / (Under) Authorization</b>	(7.30)	n/a	n/a	n/a



# Fiscal Year 2017 Operational Budget

Updated: January 10, 2017

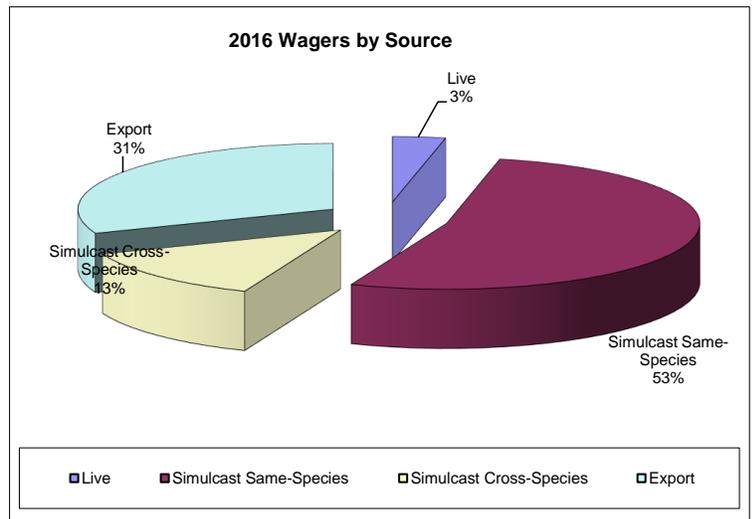
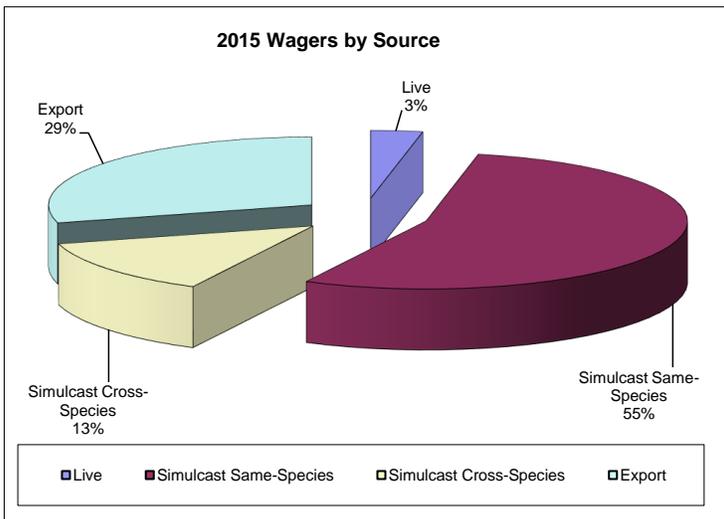
Thru: December 31, 2016





## Texas Pari-Mutuel Racetracks Wagering Statistics Comparison Report on Total Wagers Placed in Texas & on Texas Races For the Period of January 1 through January 29

	Year 2016			Year 2017			Percentage Change	
	# Days	Wagers (Handle)		# Days	Wagers (Handle)		Wagers (Handle)	
		Total	Average per day		Total	Average per day	Total	Average per day
<b>Greyhound Racetracks</b>								
Live	0	\$ -	\$ -	17	\$ 314,640	\$ 18,508	N/A	N/A
Simulcast Same-Species	76	\$ 1,973,937	\$ 25,973	75	\$ 1,724,028	\$ 22,987	-12.66%	-11.50%
Simulcast Cross-Species	76	\$ 1,534,383	\$ 20,189	75	\$ 1,354,471	\$ 18,060	-11.73%	-10.55%
Export	0	\$ -	\$ -	17	\$ 344,450	\$ 20,262	N/A	N/A
<b>Total Wagers</b>		<b>\$ 3,508,319</b>			<b>\$ 3,737,590</b>		<b>6.54%</b>	
<b>Horse Racetracks</b>								
Live	9	\$ 975,664	\$ 108,407	7	\$ 733,068	\$ 104,724	-24.86%	-3.40%
Simulcast Same-Species	103	\$ 14,675,952	\$ 142,485	104	\$ 14,741,296	\$ 141,743	0.45%	-0.52%
Simulcast Cross-Species	104	\$ 2,524,501	\$ 24,274	104	\$ 2,684,666	\$ 25,814	6.34%	6.34%
Export	9	\$ 8,961,999	\$ 995,778	7	\$ 9,321,971	\$ 1,331,710	4.02%	33.74%
<b>Total Wagers</b>		<b>\$ 27,138,116</b>			<b>\$ 27,481,001</b>		<b>1.26%</b>	
<b>All Racetracks</b>								
Live	9	\$ 975,664	\$ 108,407	24	\$ 1,047,708	\$ 43,655	7.38%	-59.73%
Simulcast Same-Species	179	\$ 16,649,888	\$ 93,016	179	\$ 16,465,324	\$ 91,985	-1.11%	-1.11%
Simulcast Cross-Species	180	\$ 4,058,884	\$ 22,549	179	\$ 4,039,137	\$ 22,565	-0.49%	0.07%
Export	9	\$ 8,961,999	\$ 995,778	24	\$ 9,666,421	\$ 402,768	7.86%	-59.55%
<b>Total Wagers</b>		<b>\$ 30,646,435</b>			<b>\$ 31,218,590</b>		<b>1.87%</b>	
<b>Total Wagers Placed in Texas</b>		<b>\$ 21,684,436</b>			<b>\$ 21,552,169</b>		<b>-0.61%</b>	
<b>Total Wagers Placed on Texas Races</b>		<b>\$ 9,937,663</b>			<b>\$ 10,714,129</b>		<b>7.81%</b>	

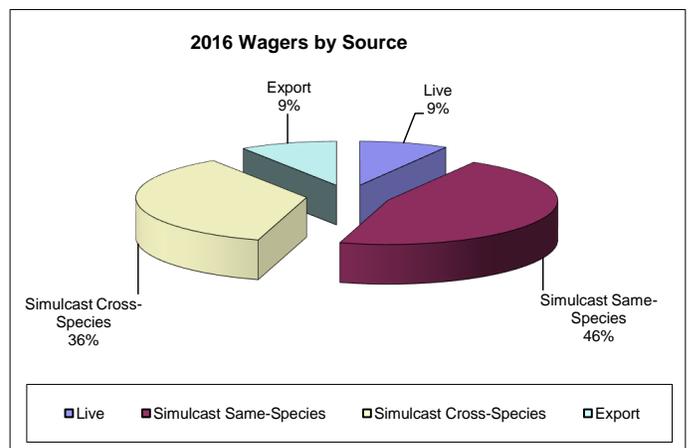
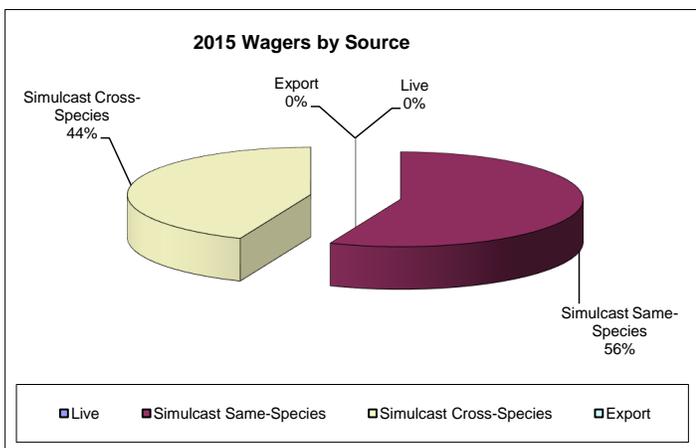




## Greyhound Racetrack Wagering Statistics Comparison Report on Total Wagers Placed in Texas & on Texas Races

For the Period of January 1 through January 29

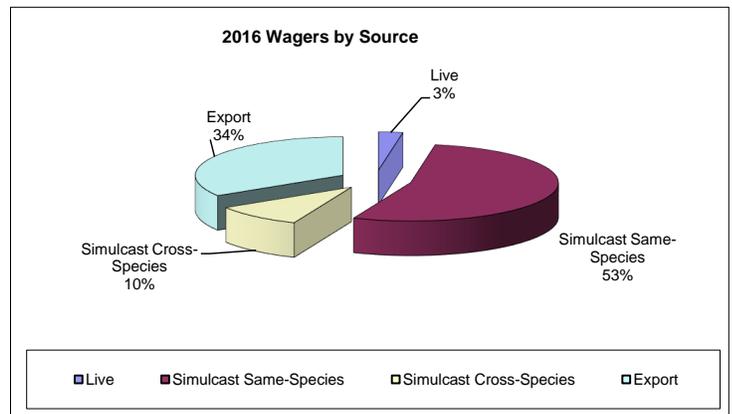
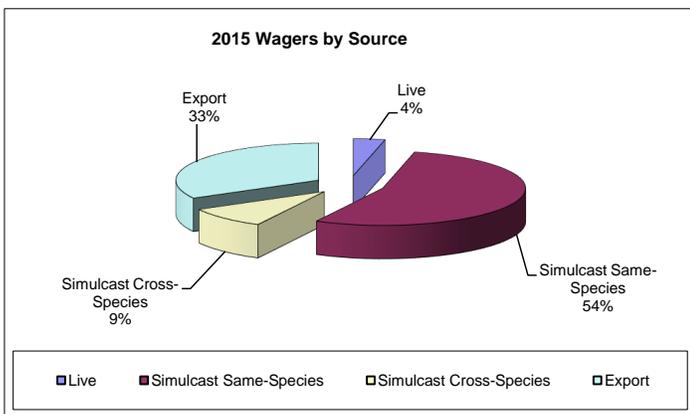
	Year 2016			Year 2017			Percentage Change	
	# Days	Wagers (Handle)		# Days	Wagers (Handle)		Wagers (Handle)	
		Total	Average per day		Total	Average per day	Total	Average per day
<b><u>Gulf Coast Racing</u></b>								
Live	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Simulcast Same-Species	22	\$ 541,330	\$ 24,606	21	\$ 524,749	\$ 24,988	-3.06%	1.55%
Simulcast Cross-Species	22	\$ 276,662	\$ 12,576	21	\$ 210,445	\$ 10,021	-23.93%	-20.31%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
<b>Total Wagers</b>		<b>\$ 817,992</b>			<b>\$ 735,194</b>		<b>-10.12%</b>	
<b><u>Gulf Greyhound Park</u></b>								
Live	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Simulcast Same-Species	29	\$ 932,877	\$ 32,168	29	\$ 694,184	\$ 23,937	-25.59%	-25.59%
Simulcast Cross-Species	29	\$ 853,712	\$ 29,438	29	\$ 756,842	\$ 26,098	-11.35%	-11.35%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
<b>Total Wagers</b>		<b>\$ 1,786,589</b>			<b>\$ 1,451,025</b>		<b>-18.78%</b>	
<b><u>Valley Race Park</u></b>								
Live	0	\$ -	\$ -	17	\$ 314,640	\$ 18,508	N/A	N/A
Simulcast Same-Species	25	\$ 499,729	\$ 19,989	25	\$ 505,095	\$ 20,204	1.07%	1.07%
Simulcast Cross-Species	25	\$ 404,009	\$ 16,160	25	\$ 387,185	\$ 15,487	-4.16%	-4.16%
Export	0	\$ -	\$ -	17	\$ 344,450	\$ 20,262	N/A	N/A
<b>Total Wagers</b>		<b>\$ 903,738</b>			<b>\$ 1,551,370</b>		<b>71.66%</b>	
<b><u>All Greyhound Tracks</u></b>								
Live	0	\$ -	\$ -	17	\$ 314,640	\$ 18,508	N/A	N/A
Simulcast Same-Species	76	\$ 1,973,937	\$ 25,973	75	\$ 1,724,028	\$ 22,987	-12.66%	-11.50%
Simulcast Cross-Species	76	\$ 1,534,383	\$ 20,189	75	\$ 1,354,471	\$ 18,060	-11.73%	-10.55%
Export	0	\$ -	\$ -	17	\$ 344,450	\$ 20,262	N/A	N/A
<b>Total Wagers</b>		<b>\$ 3,508,319</b>			<b>\$ 3,737,590</b>		<b>6.54%</b>	
<b>Total Wagers Placed in Texas</b>		<b>\$ 3,508,319</b>			<b>\$ 3,393,140</b>		<b>-3.28%</b>	
<b>Total Wagers Placed on Texas Races</b>		<b>\$ -</b>			<b>\$ 659,090</b>		<b>N/A</b>	





## Horse Racetrack Wagering Statistics Comparison Report on Total Wagers Placed in Texas & on Texas Races For the Period of January 1 through January 29

	Year 2016			Year 2017			Percentage Change	
	# Days	Wagers (Handle)		# Days	Wagers (Handle)		Wagers (Handle)	
		Total	Average per day		Total	Average per day	Total	Average per day
<b>Gillespie County Fair</b>								
Live	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Simulcast Same-Species	17	\$ 159,752	\$ 9,397	17	\$ 186,053	\$ 10,944	16.46%	16.46%
Simulcast Cross-Species	17	\$ 22,847	\$ 1,344	17	\$ 41,509	\$ 2,442	81.68%	81.68%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
<b>Total Wagers</b>		<b>\$ 182,599</b>			<b>\$ 227,562</b>		<b>24.62%</b>	
<b>Lone Star Park</b>								
Live	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Simulcast Same-Species	29	\$ 7,165,944	\$ 247,102	29	\$ 7,445,088	\$ 256,727	3.90%	3.90%
Simulcast Cross-Species	29	\$ 542,450	\$ 18,705	29	\$ 575,013	\$ 19,828	6.00%	6.00%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
<b>Total Wagers</b>		<b>\$ 7,708,394</b>			<b>\$ 8,020,101</b>		<b>4.04%</b>	
<b>Retama Park</b>								
Live	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Simulcast Same-Species	29	\$ 2,439,868	\$ 84,133	29	\$ 2,529,076	\$ 87,210	3.66%	3.66%
Simulcast Cross-Species	29	\$ 623,560	\$ 21,502	29	\$ 712,790	\$ 24,579	14.31%	14.31%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
<b>Total Wagers</b>		<b>\$ 3,063,427</b>			<b>\$ 3,241,867</b>		<b>5.82%</b>	
<b>Sam Houston Race Park</b>								
Live	9	\$ 975,664	\$ 108,407	7	\$ 733,068	\$ 104,724	-24.86%	-3.40%
Simulcast Same-Species	28	\$ 4,910,388	\$ 175,371	29	\$ 4,581,079	\$ 157,968	-6.71%	-9.92%
Simulcast Cross-Species	29	\$ 1,335,644	\$ 46,057	29	\$ 1,355,354	\$ 46,736	1.48%	1.48%
Export	9	\$ 8,961,999	\$ 995,778	7	\$ 9,321,971	\$ 1,331,710	4.02%	33.74%
<b>Total Wagers</b>		<b>\$ 16,183,695</b>			<b>\$ 15,991,471</b>		<b>-1.19%</b>	
<b>All Horse Tracks</b>								
Live	9	\$ 975,664	\$ 108,407	7	\$ 733,068	\$ 104,724	-24.86%	-3.40%
Simulcast Same-Species	103	\$ 14,675,952	\$ 142,485	104	\$ 14,741,296	\$ 141,743	0.45%	-0.52%
Simulcast Cross-Species	104	\$ 2,524,501	\$ 24,274	104	\$ 2,684,666	\$ 25,814	6.34%	6.34%
Export	9	\$ 8,961,999	\$ 995,778	7	\$ 9,321,971	\$ 1,331,710	4.02%	33.74%
<b>Total Wagers</b>		<b>\$ 27,138,116</b>			<b>\$ 27,481,001</b>		<b>1.26%</b>	
<b>Total Wagers Placed in Texas</b>		<b>\$ 18,176,117</b>			<b>\$ 18,159,029</b>		<b>-0.09%</b>	
<b>Total Wagers Placed on Texas Races</b>		<b>\$ 9,937,663</b>			<b>\$ 10,055,039</b>		<b>1.18%</b>	



# INSPECTION REPORT

Summary of Inspections Performed For the Period of December 1, 2016 through January 31, 2017					
Track	Area of Inspection	Date of Inspection	Number of Unsatisfactory Items	Track Remediation	Remaining Unsatisfactory Items
Sam Houston Race Park	Wagering	1/13/2017	1	Pending (1)	
	Administrative	1/13/2017	1	Pending (2)	
	Veterinary	1/19/2017	0		
	Security	1/19/2017	0		
	Racing	1/20/2017	0		
Gillespie County Fair (Race Barn)	Wagering	12/2/2016	3		
	Wagering	1/6/2017	0	Follow-up from 12/2/2016 (3)	0
Retama Park	Administrative	1/6/2017	0	Follow-up from 8/26/2016 (4)	0
Diamond D Training	Security	1/17/2017	0		

Inspection Counts by Area and Type				
Area of Inspection	Scheduled	No Notice	Follow-Up	Totals
Administrative	1		1	2
Racing - Judges				
Racing - Stewards	1			1
Veterinary	1			1
Safety & Security	1	1		2
Wagering	2		1	3
Training Center				
<b>TOTAL INSPECTIONS</b>	6	1	2	9

**Important Notes Regarding Inspections at Racetracks:**

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

## Inspection Program

- (1) Outstanding inspection issue related to Mutuel Reports programming that requires a follow-up inspection by Staff.
- (2) Outstanding inspection issue related to handicap restroom repairs that requires follow-up inspection by Staff.
- (3) Follow-up inspection conducted at Gillespie County Fair (Race Barn).
- (4) Follow-up inspection conducted at Retama Park.

## ENFORCEMENT REPORT

Lone Star Park and Retama Park concluded their fall meets on November 11, 2016, & November 25, 2016, respectively.

Valley Race Park conducted its 2016 race meet from November 24, 2016, to February 4, 2017. Complete enforcement activity to be reported during April Commission Meeting.

Sam Houston Race Park began its winter meet on January 20, 2017.

Retama Park, Lone Star Park, Valley Race Park, Gulf Greyhound Park, Gulf Coast Racing, and the Race Barn in Fredericksburg are currently conducting simulcast operations.

### Lone Star Park

#### Rulings Activity – Race Meet – September/November, 2016

Human Drug Violations: *Marijuana – 1 *Cocaine – 2 *Refusal to test- 3	6
Human Alcohol Violations	4
Contraband Violations	9
Jockey – Non-Riding Infractions	3
Medication Violations <u>Class 1</u> *Methamphetamine – 5 <u>Class 2</u> *Zilpaterol – 1 <u>Class 3</u> *Desmethylpyrilamine – 1 <u>Class 4</u> *DMSO – 2 *Phenylbutazone – 9 *Dexamethasone – 1	19
Trainer Infractions	4
Financial Obligations	2
Failure To Disclose	1
Jockey – Riding Infractions	5
Failure To Pay Fine	4
<b>Total Number of Rulings</b>	<b>57</b>

## Retama Park

### Rulings Activity – Race Meet – September/November, 2016

Human Drug Violations:	0
Human Alcohol Violations	0
Jockey – Non-Riding Infractions	6
Jockey – Riding Infractions	2
Medication Violations <u>Class 1</u> *Methamphetamine – 1 <u>Class 3</u> *Stanozolol – 1 *Xylazine – 1 <u>Class 4</u> *DMSO - 1 *Phenylbutazone – 7 *Triamcinolone Acetonide – 2 *Dexamethazone - 3	16
Trainer Infractions	3
Licensing Violations	1
Financial Obligations	6
Conduct	1
Failure To Pay Fine	1
Miscellaneous	1
<b>Total Number of Rulings</b>	<b>37</b>

## **IV. PROCEEDINGS ON RULEMAKING**

Discussion, consideration and possible action on the following matters:

- A. Rule Proposals. If approved by the Commission, these proposals will be published in the Texas Register for public comment.
  - 1) Proposal to Amend Rule 309.154, Stable or Kennel Area
  - 2) Proposal to Amend Rule 311.104, Trainers
  - 3) Proposal to Amend Rule 311.105, Jockeys
  - 4) Proposal to Amend Rule 311.302, Subject to Testing
  - 5) Proposal to Amend Rule 311.304, Taking of Specimens
  - 6) Proposal to Amend Rule 311.308, Penalties
  - 7) Proposal to Amend Rule 313.501, Training Facility License
  - 8) Proposal to Amend Rule 315.1, Required Officials

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 1/25/17

***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](mailto:info@txrc.texas.gov)

**Contact Information:**

Name:	Racing Staff	Phone(s):	(512) 833-6699
E-mail address:	<a href="mailto:info@txrc.texas.gov">info@txrc.texas.gov</a>	Fax number:	(512) 833-6907
Mailing address:			

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 309 Rule: 154

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

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

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: TRA § 3.02

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

At the direction of the Executive Director, TxRC staff compared the ARCI model rules on racing issues to the Commission's rules to identify any areas in which TxRC's rules could be improved. Staff has identified a model rule regarding overnight access to the backside as a potential improvement to the safety and integrity of racing.

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

ARCI Model Rule ARCI-007-025, Operations, addresses security on an association's grounds and includes a requirement that the association maintain a written record of all individuals admitted to the stable area between midnight and 5:00 a.m. The agency has already taken several steps recently to improve backside security, including implementing a random drug testing policy and directing association staff to maintain tighter oversight of the backside entry gates. However, late night hours provide a relatively open opportunity for anyone would wants to transport contraband onto the backside.

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

The relevant portion of the model rule provides:

*A written record of all individuals admitted to the stable area between the hours of 12:00 midnight and 5:00 a.m. shall be maintained. At a minimum this record shall contain the name of the person admitted, the person's license number and the time admitted.*

The Commission's proposal closely tracks this language and also requires association staff to provide the daily logs to the Commission's investigator regularly or at the earliest opportunity when an investigator returns to duty.

The impact on the association should be minimal as Rule 309.154 already requires the association to provide continuous security service during the period of lockdown and to ensure that each person entering or present in the stable area displays a license badge or security pass. By allowing the investigators to monitor the entrance of people to the backside during off hours, they can identify potential sources of contraband such as impermissible medications and electrical devices.

### **D. Support or Opposition**

The proposal was discussed at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

### **E. Proposal**

See next page.

CHAPTER 309. RACETRACK LICENSES AND OPERATIONS

SUBCHAPTER B. OPERATION OF RACETRACKS

DIVISION 3. OPERATIONS

1 **309.154. Stable or Kennel Area**

2 (a)-(c) (No change.)

3 (d) A written record of all individuals admitted to the stable  
4 or kennel area between the hours of 12:00 midnight and 5:00 a.m.  
5 shall be maintained. At a minimum, this record shall contain the  
6 name and license number of the person admitted and the time  
7 admitted. The daily logs shall be delivered to the Commission  
8 investigator regularly or at the earliest opportunity when an  
9 investigator returns to duty.

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 8/31/2016

***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](mailto:info@txrc.texas.gov)

**Contact Information:**

Name:	Staff	Phone(s):	(512) 833-6699
E-mail address:	<a href="mailto:info@txrc.texas.gov">info@txrc.texas.gov</a>	Fax number:	(512) 833-6907
Mailing address:	8505 Cross Park Dr., Suite 110, Austin, TX 78754		

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 311 Rule: 104

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

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

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: TRA §§ 3.02, 7.01

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

The Commission needs more information about which licensees are present on the backside of a racetrack in order to implement an effective random drug testing program.

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

The recent increase in positive human drug tests show that drug use is a problem among certain licensees. Further, the recent increase in methamphetamine positives in equine samples raises the possibility that some licensees may be contaminating horses through their handling of them.

Commission Rule 311.303, Method of Selection, provides that the executive secretary may select occupational licensees for drug testing using a method of random selection. Other states have adopted drug testing programs that target the gate crew, test barn staff, pony persons, trainers, jockeys, and the grooms that bring horses to the test barn. However, there are licensees who these programs miss. In particular, assistant trainers and stable foremen avoid testing under these programs, and grooms may avoid them merely by refraining from bringing horses to the test barn.

Further, Commission Rule 311.104(c) provides that trainers' employees are not permitted in the stable area unless they are doing work for the trainer. Currently, TRC staff have no record showing which employees are working for which trainers at any particular time, so this rule is difficult to enforce.

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

In order to adopt an effective system for randomly drug testing all licensees who handle the racehorses, TRC requires a list of all licensees who are regularly present in an association's stable area. Staff proposes that the trainers maintain a list of current employees with the licensing office and be required to promptly update the list when any change in personnel occurs. This is a similar system to that already used in greyhound racing, where kennel owners are subject to the same requirements under Rule 311.103(b). This list will also enable staff to know when trainer employees are no longer employed and attempt to either reclaim the badge or replace the badge with one that does not allow access to any secured areas.

### **D. Support or Opposition**

At the Rules Committee's meeting on September 27, 2016, industry representatives expressed concern that some backside employees quit without giving notice to the trainer or leave without notice for days and then reappear later. Without being able to know when an employee has quit, a trainer could be in violation of the "prompt notice" requirement without knowing of the employment separation himself.

The proposal has been amended to require the trainer to notify the Commission within 72 hours of either initiating or learning of any change. It has also been amended to limit its application to the period of lockdown under Rule 309.154.

The proposal was discussed again at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

### **E. Proposal**

This proposal is being made in conjunction with a proposal to amend Rule 311.104(i) to require trainers to notify owners of any denials, suspensions or revocations. For the text of the proposed amendment, see the pages following the proposal to amend 311.104(i).

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 1/25/17

***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](mailto:info@txrc.texas.gov)

**Contact Information:**

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E-mail address:	<a href="mailto:info@txrc.texas.gov">info@txrc.texas.gov</a>	Fax number:	(512) 833-6907
Mailing address:			

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 311 Rule: 104

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

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

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: TRA § 3.02

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

At the direction of the Executive Director, TxRC staff compared the ARCI model rules on racing issues to the Commission's rules to identify any areas in which TxRC's rules could be improved. Staff has identified as a potential improvement a provision requiring a disciplined trainer to notify his or her clients of any suspension or revocation.

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

ARCI Model Rule ARCI-008-020, Trainers, addresses eligibility requirements to become a trainer and the responsibilities of trainers, including the duty to notify one's clients if a trainer is suspended or revoked. On past occasions, staff has received calls from owners asking about the status of purse payouts and inquiring as to why their horses have not been entered into races, only to learn from staff that the purse has been redistributed and/or that the trainer is currently ineligible to participate due to disciplinary rulings.

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

The relevant portion of the model rule provides:

*A trainer is responsible for notifying horse owners upon the revocation or suspension of his/her trainer's license.*

The Commission's proposal also includes denial of a license, such as for a trainer licensed in another state who comes to Texas to race but is deemed ineligible for a license here.

The impact on licensees should be minimal, as trainers are already required to stop training when their licenses are suspended or revoked, so in most cases they are already promptly notifying their owners so that the horses can be transferred to another trainer. By specifically requiring trainers to notify owners, the Commission will ensure that owners are promptly notified and able to attend to the situation.

### **D. Support or Opposition**

The proposal was discussed at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

### **E. Proposal**

See next page.

CHAPTER 311. OTHER LICENSES

SUBCHAPTER B. SPECIFIC LICENSES

1 **§311.104. Trainers**

2 (a)-(f) (No change)

3 (g) Trainer Employees.

4 (1) A horse trainer shall provide a list to the Commission  
5 of all of the trainer's employees on association grounds during  
6 the period of continuous security service under §309.154(a)(1)  
7 (relating to Stable or Kennel Area.) The list shall include each  
8 employee's name, occupation and occupational license number. The  
9 trainer shall notify the Commission in writing within 72 hours  
10 of initiating or learning of any change.

11 (2) A trainer may not sign an application as the employer  
12 of a licensee that the trainer does not actually employ.

13 (3)~~(1)~~ A trainer may not employ an individual who is less  
14 than 16 years of age to work for the trainer on an association's  
15 grounds.

16 (4)~~(2)~~ A trainer may not employ a jockey to prevent the  
17 jockey from riding in a race.

18 (h) (No change.)

19 (i) Suspended, Revoked or Ineligible Horse Trainers.

20 (1) Upon the suspension, revocation or denial of a  
21 trainer's license, the trainer shall notify each owner for whom  
22 he or she trains horses of the suspension, revocation or denial.

23 (2) A person may not assume the responsibilities of a horse  
24 trainer who is ineligible to be issued a license or whose  
25 license is suspended or revoked if the person is related to the  
26 trainer within the first degree of consanguinity or affinity.

27 (3) [~~(2)~~] A person who assumes the care, custody, or  
28 control of the horses of a suspended, revoked or ineligible  
29 horse trainer may not:

**CHAPTER 311. OTHER LICENSES**

**SUBCHAPTER B. SPECIFIC LICENSES**

1           (A) receive any compensation regarding those horses  
2           from the suspended, revoked or ineligible trainer;

3           (B) pay any compensation regarding those horses to the  
4           suspended, revoked or ineligible trainer;

5           (C) solicit or accept a loan of anything of value from  
6           the suspended, revoked or ineligible trainer; or

7           (D) use the firm or individual name of the suspended,  
8           revoked or ineligible trainer when billing customers.

9           (4) [~~3~~] A person who assumes the care, custody, or  
10          control of the horses of a suspended, revoked or ineligible  
11          trainer is directly responsible for all financial matters  
12          relating to the care, custody, or control of the horses.

13          (5) [~~4~~] On request by the Commission, a suspended,  
14          revoked or ineligible trainer or a person who assumes the care,  
15          custody, or control of the horses of a suspended, revoked or  
16          ineligible trainer shall permit the Commission to examine all  
17          financial or business records to ensure compliance with this  
18          section.

19          (j) - (k) (No change.)

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 1/25/17

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

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Mailing address:			

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 311 Rule: 105

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

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

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: TRA § 3.02

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

At the direction of the Executive Director, TxRC staff compared the ARCI model rules on racing issues to the Commission's rules to identify any areas in which TxRC's rules could be improved. Staff has identified as a potential improvement a model rule that requires jockeys to weigh no more than 130 pounds at the time of application.

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

ARCI Model Rule ARCI-008-030, Jockeys, addresses jockey eligibility and includes a requirement that jockeys weigh no more than 130 pounds at the time of application. As jockeys who weigh more than 130 pounds cannot meet the rules' weight limitations, there is no reason to issue such an applicant a license. The rule proposal also supports staff's efforts to limit access to the backside to only those licensees who have legitimate reasons to be there.

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

The relevant portion of the model rule provides:

*A person whose weight exceeds 130 pounds at the time of application shall not be licensed as a jockey.*

The Commission's proposal closely tracks this language, although it requires that the jockey weigh under 130 pounds at the time the license is issued rather than at the time of application. This will allow for the possibility that an applicant weighing over 130 pounds at the time of application will lose sufficient weight to qualify while the application is pending.

The impact on licensees should be minimal, as jockeys weighing over 130 pounds cannot race. By ensuring that jockey licenses are only issued to jockeys who are capable of racing, the Commission will ensure that persons without legitimate reasons to be on the backside are not granted licenses.

### **D. Support or Opposition**

The proposal was discussed at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

### **E. Proposal**

See next page.

CHAPTER 311. OTHER LICENSES

SUBCHAPTER B. SPECIFIC LICENSES

1 **311.105. Jockeys**

2 (a) License.

3 (1) To be licensed as a jockey or apprentice jockey, an  
4 individual must be at least 16 years of age, weigh no more than  
5 130 pounds at the time of licensure, and provide proof of a  
6 satisfactory physical examination as described in subsection (b)  
7 of this section.

8 (2)-(3) (No change.)

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

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 9/19/16

***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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Check appropriate box(es):

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Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 311 Rule: 308

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

Other Rules Affected by Proposal (if any): Chapter: 311 Rule: 302

Chapter: 311 Rule: 304

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: TRA §§3.02, 7.04

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

There have been a number of human methamphetamine positives and drug test refusals among licensees who handle horses, with the resulting possibility that some of the recent methamphetamine positives in horses were the result of human contamination.

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

Commission Rule 311.308 currently establishes the following penalties for failing a drug test:

- A first violation will result in a minimum 30 day suspension and referral to an outside medical review officer (MRO) for evaluation. Before being reinstated, the licensee must complete any rehabilitation requirements ordered by the MRO and produce a negative drug test result.
- A second violation will result in a minimum 6 month suspension and the licensee must enter a certified substance abuse program approved by the MRO. Before being reinstated, the licensee must satisfactorily complete the substance abuse program and any other rehabilitation requirements ordered by the MRO and produce a negative drug test result.
- Third and subsequent violations will result in a minimum one year suspension and the stewards shall refer the licensee to the Commission.

Licensees who refuse drug tests are treated the same as if they had tested positive in accordance with the penalty schedule described above.

However, the recent increase in positive human drug tests show that drug use is a problem among certain licensees and that the current penalties are insufficient to correct the behavior. Further, the recent increase in methamphetamine positives in equine samples raises the possibility that some drug-using licensees may be contaminating horses through their handling of them. Finally, the current penalties are not sufficiently aligned with the potential damage done to the trainer and owner for a contaminated horse; first-offense Class A penalties against the trainer are a one year suspension and a \$10,000 fine, and the owner is subject to the loss of purse and having the horse removed from competition for 90 days.

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

The original proposals provided for license revocation for any individual who tests positive or refuses to submit to a drug test. They also provided that drug tests could be conducted under an episodic random drug testing policy, which is one that occurs during periods of increasing risk of drug users on the backside, such as at the beginning of a meet when there are more new licensees present.

## **D. Support or Opposition**

The proposal was discussed at the Rules Committee's meeting on September 15, 2016, where industry representatives cautiously expressed concern that the original proposal's license revocation after a first offense may be overly harsh, especially in light of their personal experiences where some employees have made mistakes with drug use yet have later redeemed themselves as valuable employees.

The proposal has been amended to change the penalty for a first violation to a six-month suspension, with the same reinstatement requirements as are currently in place, and provides for license revocation for a second violation. The amendments to §301.1

and §311.303 to provide for episodic random testing have been removed because §301.1 is already under amendment to add a definition for Paper/Program Trainer; these amendments may be brought back for consideration at a future date.

The proposal was discussed again at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

**E. Proposal**

See the following four pages for the proposed amendments to Rules 311.302, 311.304, and 311.308.

CHAPTER 311. OTHER LICENSES

SUBCHAPTER D. ALCOHOL AND DRUG TESTING

DIVISION 1. DRUGS

1 **Sec. 311.302. Subject to Testing**

2 (a) The stewards or racing judges may require an occupational  
3 licensee acting pursuant to the license to submit to a urine  
4 test or other non-invasive fluid test at any time while on  
5 association grounds.

6 (b) A licensee who refuses to submit to such a test when  
7 requested to do so by the stewards or racing judges shall be  
8 suspended for at least six months [~~30 days~~]. The stewards or  
9 racing judges shall revoke the [~~The~~] license of a licensee who  
10 refuses to submit to a test for a second or subsequent  
11 time. [~~shall be suspended by the stewards or racing judges for~~  
12 ~~at least six months. In addition, for a first or second refusal,~~  
13 ~~the licensee shall be referred to the medical review officer in~~  
14 ~~accordance with the penalties and conditions for the associated~~  
15 ~~violation under §311.308 of this title (relating to Penalties).~~  
16 ~~A licensee who refuses to submit to a test for a third or~~  
17 ~~subsequent time shall be suspended by the stewards or racing~~  
18 ~~judges for one year and referred to the Commission.]~~

CHAPTER 311. OTHER LICENSES

SUBCHAPTER D. ALCOHOL AND DRUG TESTING

DIVISION 1. DRUGS

1 **Sec. 311.304. Taking of Specimens**

2 (a) (No change.)

3 (b) The specimen shall be immediately sealed and documented  
4 [~~tagged~~] on a form provided by the executive secretary, and the  
5 licensee shall sign the form. The portion of the form that  
6 accompanies the specimen to the laboratory for analysis may not  
7 identify the licensee by name.

8 (c)-(d) (No change.)

CHAPTER 311. OTHER LICENSES

SUBCHAPTER D. ALCOHOL AND DRUG TESTING

DIVISION 1. DRUGS

1 **Sec. 311.308. Penalties**

2 (a) The stewards or racing judges shall impose penalties in  
3 accordance with this section for a violation of §311.301 of this  
4 title (relating to Use Prohibited). A penalty imposed under this  
5 section is appealable pursuant to §307.67 of the Rules (relating  
6 to Appeal to the Commission.)

7 (b) If the stewards or racing judges require a licensee to  
8 submit to testing under §311.302 of this title (relating to  
9 Subject to Testing) as prescribed under §311.303 of this chapter  
10 (relating to Method of Selection), the stewards or racing judges  
11 shall prohibit the licensee from participating in racing for the  
12 remainder of that day.

13 (c) For a first violation, the stewards or racing judges shall:

14 (1) suspend the licensee's license for at least six months  
15 [~~30 days~~]; and

16 (2) prohibit the licensee from participating in racing  
17 until:

18 (A) the licensee's condition has been evaluated by the  
19 medical review officer or a person designated by the  
20 medical review officer under §311.306 of this title  
21 (relating to Medical Review Officer);

22 (B) the licensee has satisfactorily complied with any  
23 rehabilitation requirements ordered by the medical review  
24 officer; and

25 (C) the licensee has produced a negative test result.

26 (d) For a second or subsequent violation, the stewards or racing  
27 judges shall revoke the licensee's license.[+]

28 [~~(1) suspend the licensee's license for at least six~~  
29 ~~months; and]~~

CHAPTER 311. OTHER LICENSES

SUBCHAPTER D. ALCOHOL AND DRUG TESTING

DIVISION 1. DRUGS

1       ~~[(2) prohibit the licensee from participating in racing~~  
2 ~~until:]~~

3               ~~[(A) the licensee has satisfactorily completed a~~  
4 ~~certified substance abuse rehabilitation program approved~~  
5 ~~by the medical review officer; and]~~

6               ~~[(B) the licensee produces a negative test result.]~~

7 ~~[(e) For a third or subsequent violation, the stewards or racing~~  
8 ~~judges shall suspend the licensee for one year and refer the~~  
9 ~~licensee to the Commission.]~~

10 (e)~~[(f)]~~ After a suspended licensee has satisfactorily complied  
11 with any rehabilitation requirements ordered by the medical  
12 review officer or completed a certified substance abuse  
13 rehabilitation program approved by the medical review officer,  
14 the licensee may apply to have the license reinstated. The  
15 stewards or racing judges shall reinstate the license if the  
16 stewards or racing judges determine the licensee poses no danger  
17 to other licensees or race animals and that reinstatement is in  
18 the best interest of racing. On reinstatement, the stewards or  
19 racing judges shall require the licensee to submit to further  
20 drug testing to verify continued compliance with the Rules and  
21 complete any additional rehabilitation or after-care drug  
22 treatment recommended by the medical review officer.

23 (f)~~[(g)]~~ All specimens to be tested under this subchapter shall  
24 be obtained and tested in accordance with §311.304 (relating to  
25 Taking of Samples.) The Commission shall pay the cost of the  
26 initial test. The licensee being tested is responsible for  
27 paying the costs of all subsequent tests.

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 1/25/17

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Addition of a New Rule to the Rules of Racing***

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Mailing address:			

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 313 Rule: 501

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

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

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: TRA § 3.02

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

TxRC Rule 313.501 currently provides that training facility licenses expire on December 31 regardless of when they are issued. This provides a significant disincentive for training facilities to become licensed in the second half of the year.

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

Training facility licenses expire at the end of the calendar year in which they were issued. This proposal would change the expiration date to one year after the end of the month of issuance. This will make the renewal provisions of training facility licenses consistent with those of occupational licenses and would also be more equitable for facilities applying for licenses in the latter part of the calendar year.

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

There are two potential approaches that would make the license terms more equitable: (1) make the licenses effective for a full year, regardless of when they are issued, or (2) pro rate the license fee based on when the license is issued. The latter solution would be administratively more difficult and would result in a process that is still not consistent with other license types.

### **D. Support or Opposition**

The proposal was discussed at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

### **E. Proposal**

See next page.

CHAPTER 313. OFFICIALS AND RULES OF HORSE RACING  
SUBCHAPTER E. TRAINING FACILITIES

1 **Sec. 313.501. Training Facility License**

2 (a) A training facility must be licensed by the Commission in  
3 accordance with this section to provide official workouts.

4 Except as otherwise provided by this subchapter, an official  
5 workout obtained at a training facility licensed under this  
6 section satisfies the workout requirements of §313.103 of this  
7 title (relating to Eligibility Requirements).

8 (b) A training facility license expires one year after the last  
9 day of the month [~~on December 31 of the year~~] in which the  
10 license was issued. An applicant for a training facility license  
11 must submit with the application documents the license fee of  
12 \$1,800. [~~The annual fee for a training facility license is~~  
13 ~~\$1,800, which is due and payable to the Commission on receipt of~~  
14 ~~the license certificate.~~]

15 (c) A training facility license is personal to the licensee and  
16 may not be transferred.

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 1/25/17

***Request for Proposed Change to an Existing Rule or  
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Mailing address:			

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 315 Rule: 1

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

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

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: TRA § 3.02

**A. Brief Description of the Issue**

In preparing for the current race meet at Valley Race Park, staff observed a discrepancy in the lists of required officials between the rules for horse tracks versus greyhound tracks.

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

TxRC Rule 315.1, Required Officials, lists the greyhound racing officials required to be present at each greyhound race. Currently, the track superintendent is not on that list. However, Rule 313.1, Racetrack Official, includes the track superintendent among the required officials at horse race meetings. For consistency, and to ensure that greyhound racing surfaces receive appropriate attention, staff proposes that the track superintendent be added to the list of race officials in Rule 315.1.

**C. Possible Solutions and Impact**

The proposed solution is to add track superintendents to the list of race officials in Rule 315.1.

There will be some impact to the association from this change because the current rule does not require that the track superintendent be present for each race, while the proposal does.

**D. Support or Opposition**

The proposal was discussed at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

**E. Proposal**

See next page.

CHAPTER 315. OFFICIALS AND RULES FOR GREYHOUND RACING

SUBCHAPTER A. OFFICIALS

DIVISION 1. APPOINTMENT OF OFFICIALS

1 **315.1. Required Officials**

2 (a) The following officials must be present at each greyhound  
3 race conducted in this state:

4 (1) at least two racing judges;

5 (2) a commission veterinarian;

6 (3) an association veterinarian;

7 (4) a racing secretary;

8 (5) an assistant racing secretary;

9 (6) a paddock judge;

10 (7) a starter;

11 (8) a clerk of scales;

12 (9) a mutuel manager;

13 (10) a chart writer;

14 (11) a photofinish operator and timer;

15 (12) a kennel master; [~~and~~]

16 (13) a mechanical lure operator; and

17 (14) a track superintendent.

18 (b)-(c) (No change.)

B. Rule Adoptions. The following proposals were published in the December 9, 2016, edition of the *Texas Register* and are eligible for adoption.

- 1) Adoption of Amendment to Rule 301.1, Definitions
- 2) Adoption of Amendment to Rule 311.104, Trainers
- 3) Adoption of Amendment to Rule 307.62, Disciplinary Action, by Amending Subsection (b), Notice of Hearing
- 4) Adoption of Amendment to Rule 307.62, Disciplinary Action, by Creating New Subsection (j), Discovery
- 5) Adoption of Amendment to Rule 321.2, Odds Manipulation
- 6) Adoption of Amendment to Rule 321.11, Access to Magnetic Media
- 7) Adoption of Amendment to Rule 321.35, Claim for Payment
- 8) Adoption of Amendment to Rule 321.41, Cashing Outstanding Tickets
- 9) Adoption of Amendment to Rule 321.42, Cashing Outstanding Vouchers

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 11/7/16

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

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Check appropriate box(es):

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Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 311 Rule: 104

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

Other Rules Affected by Proposal (if any): Chapter: 301 Rule: 1

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: TRA §3.02

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

This proposal would address the practice of listing one person in the program as the trainer of a horse when the horse is actually under the control of and trained by another person who may or may not hold a trainer's license in any jurisdiction.

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

A paper or program trainer is the person who is listed on the program as the trainer of a horse that has been in the care, custody and training of someone else, who is frequently a person whose license has been suspended or revoked or is not qualified for licensure.

Owners and trainers may use a program trainer to avoid the consequences of a positive drug test. If a program trainer is suspended, the owner or actual trainer will replace the trainer with another program trainer. Suspended trainers will also use program trainers in an effort to avoid the consequences of their own suspensions and continue collecting the financial rewards of training and racing.

The wagering public, which uses trainers' records for handicapping purposes, are defrauded when the program does not accurately reflect the name and history of the actual trainer.

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

The proposal would amend Rule 301.1, Definitions, adopt a definition of a Paper/Program Trainer that has been slightly modified from ARCI's Model Rules. It would amend Rule 311.104, Trainers, to deem the practices of a trainer serving as a program trainer and of an owner naming a program trainer on an entry form as being inconsistent with maintaining the honesty and integrity of racing under §307.7 (relating to Ejection and Exclusion) and as a detrimental practice under §311.6 (relating to Denial, Suspension and Revocation of Licenses.) This will allow the Commission to exclude these licensees from racetracks and allow the stewards to fine and suspend, or even revoke, the licenses of trainers who serve as program trainers and of owners who name program trainers on an entry form.

## **D. Support or Opposition**

The proposal was discussed at the Rules Committee's meeting on September 27, 2016, and again at the Out of Competition Testing Committee's meeting on November 1, 2016. At the Out of Competition Testing Committee's meeting, one minor edit was proposed by the Comptroller's Office and accepted by the Committee. The attendees spoke in favor of the proposal and the Committee recommended that it be brought to the full Commission for consideration.

At its meeting on November 15, 2016, the Commission voted to publish the proposal in the *Texas Register* for public comment, and it subsequently appeared in the December 9, 2016, edition. To date the Commission has not received any comments in response to the publication.

The proposal was discussed again at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

## **E. Proposal**

See next page.

## CHAPTER 301. DEFINITIONS

### 1 **Sec. 301.1. Definitions**

2 (a) (No change.)

3 (b) The following words and terms, when used in this part, shall  
4 have the following meanings, unless the context clearly  
5 indicates otherwise:

6 (1) Act--The Texas Racing Act, Article 179e, Texas Civil  
7 Statutes.

8 (2) Active license--a racetrack license designated by the  
9 commission as active.

10 (3) [~~+2~~] Age of a greyhound--determined as beginning on  
11 the day the greyhound is whelped.

12 (4) [~~+3~~] Age of a horse--determined as beginning on the  
13 first day of January in the year in which the horse is foaled.

14 (5) [~~+4~~] Application documents--documents submitted by an  
15 applicant for a license in support of the application.

16 (6) [~~+5~~] Application period--a period designated by the  
17 Commission for the submission of application documents for a  
18 racetrack license.

19 (7) [~~+6~~] Association grounds--all real property approved  
20 by the Commission for use by an association in the conduct of a  
21 race meeting.

22 (8) [~~+7~~] Association veterinarian--a veterinarian employed  
23 by the association.

24 (9) [~~+8~~] Authorized agent--a person appointed in writing  
25 by the owner or trainer of a horse or greyhound to represent the  
26 owner or trainer at a racetrack.

27 (10) [~~+9~~] Backstretch--the straightaway on the side of a  
28 track that is opposite to the finish line.

29 (11) [~~+10~~] Booking--a contract between an association and  
30 a kennel owner for the kennel owner to provide greyhounds to the

## CHAPTER 301. DEFINITIONS

1 association for a race meeting and for the association to  
2 provide kennel buildings to house the greyhounds.

3 (12) [~~(11)~~] Branding--the act of a totalisator system  
4 imprinting a mutuel ticket with information that identifies the  
5 ticket as canceled or cashed and automatically making the  
6 appropriate notation in the system's memories.

7 (13) [~~(12)~~] Canceled ticket--a mutuel ticket that  
8 represents a wager that has been canceled and withdrawn from the  
9 pari-mutuel pool.

10 (14) [~~(13)~~] Cashed ticket--a mutuel ticket that is paid for  
11 a winning wager.

12 (15) [~~(14)~~] Chief veterinarian--the chief veterinarian  
13 employed by the Commission.

14 (16) [~~(15)~~] Common pool--a pool in which the wagers  
15 received at a receiving location are combined with the wagers  
16 received at a sending racetrack.

17 (17) [~~(16)~~] Condition of a race--a characteristic element  
18 of the race, such as the distance, qualifications of animal to  
19 enter, purse or stakes, or other special features.

20 (18) [~~(17)~~] Coupled entry--two or more horses entered in a  
21 race that, because of common ties of ownership are joined to be  
22 a single betting interest in that race.

23 (19) [~~(18)~~] Cushion--the top level of a dirt racetrack.

24 (20) [~~(19)~~] Dead heat--a race in which two or more race  
25 animals finish at the same time.

26 (21) [~~(20)~~] Double entry--an entry of two or more  
27 greyhounds in the same race that have either common ownership or  
28 the same trainer and are separate wagering interests.

29 (22) [~~(21)~~] Encrypted--scrambled or otherwise manipulated  
30 audio-visual signals to mask the original video content of the

## CHAPTER 301. DEFINITIONS

1 signal to cause the signals to be indecipherable and  
2 unrecognizable to any person receiving the signal.

3 (23) [~~(22)~~] Entry--a horse, or horses in the case of a  
4 coupled entry, made eligible to run in a race.

5 (24) [~~(23)~~] Established weight--the racing weight for a  
6 greyhound established in accordance with the Rules.

7 (25) [~~(24)~~] Exempt institutional investor--an investor who  
8 is:

9 (A) an insurance company as defined by the Securities  
10 Act of 1933, §2(13), a bank as defined by that Act, §3(a)(2), a  
11 savings and loan association or other institution referenced in  
12 that Act, §3(a)(5)(A), or a foreign bank or savings and loan  
13 association or equivalent institution;

14 (B) an investment company as defined by the Investment  
15 Company Act of 1940, §3(a), an issuer that would have been  
16 deemed an investment company under that Act except for the  
17 exclusion in that Act, §3(c)(1), or a business development  
18 company as defined by that Act, §2(c)(48);

19 (C) a small business investment company licensed by  
20 the United States Small Business Administration under the Small  
21 Business Investment Act of 1958, §301(c);

22 (D) a plan established and maintained by a state, its  
23 political subdivisions, or an agency or instrumentality of a  
24 state or its political subdivisions for the benefit of its  
25 employees;

26 (E) an employee benefit plan within the meaning of  
27 Title I of the Employee Retirement Income Security Act of 1974;

28 (F) a trust fund whose trustee is a bank or trust  
29 company and whose participants are exclusively plans of the  
30 types identified in subparagraph (D) or (E) of this definition,

## CHAPTER 301. DEFINITIONS

1 except trust funds that include as participants individual  
2 retirement accounts or H.R. 10 plans;

3 (G) a business development company as defined by the  
4 Investment Advisers Act of 1940, §202(a)(22), or an investment  
5 adviser registered under that Act;

6 (H) an organization described in the Internal Revenue  
7 Code, §501(c)(3);

8 (I) a dealer registered under the Securities Exchange  
9 Act of 1934, §15;

10 (J) a legal entity with a market value of at least \$50  
11 million whose securities are traded on a nationally recognized  
12 or foreign securities exchange or interdealer quotation system,  
13 such as NASDAQ; and

14 (K) a legal entity, acting for its own account or the  
15 account of other exempt institutional investors, that in the  
16 aggregate owns and invests on a discretionary basis at least \$25  
17 million in securities of issuers that are not affiliated with  
18 the entity, with the aggregate value of the securities being the  
19 cost of the securities, except if the entity reports its  
20 securities holdings in its financial statements based on their  
21 market value and no current information regarding the cost of  
22 the securities has been published, in which case the securities  
23 may be valued at market.

24 (26) [~~(25)~~] Exotic pool--a mutuel pool that involves wagers  
25 on more than one entered horse or greyhound or on entries in  
26 more than one race.

27 (27) [~~(26)~~] False start--failure of the starting gate or  
28 box doors to open simultaneously.

29 (28) [~~(27)~~] Foul--an action by a horse or jockey that  
30 hinders or interferes with another horse or jockey during the  
31 running of a race.

## CHAPTER 301. DEFINITIONS

1        (29) [~~(28)~~] Greyhound race--a contest among greyhounds for  
2        purse, stakes, premium, or wager for money, run in the presence  
3        of the racetrack officials, including the following:

4                (A) Hurdle race--a race over a course in which jumps  
5        or hurdles are used.

6                (B) Match race--a race between two or more greyhounds,  
7        each the property of different owners, on terms agreed on by the  
8        owners and approved by the Commission.

9                (C) Overnight race--a race for which entries close 96  
10       hours or less before the time set for the first race of the day  
11       on which the race is to be run.

12               (D) Purse race--a race for money or other prize to  
13       which the owners of the greyhounds engaged in the race do not  
14       contribute an entry.

15               (E) Race on the flat--a race over a course in which no  
16       jumps or other obstacles are placed.

17               (F) Stakes race--a race in which all money is to be  
18       deposited by the owners of the greyhounds engaged in the race,  
19       including a race of the day on which the stakes race is to be  
20       run.

21        (30) [~~(29)~~] Groom--an individual employed by an owner or  
22        trainer of a racehorse to tend to the physical appearance of the  
23        horse and to perform chores in and around the stable.

24        (31) [~~(30)~~] Growing medium--the substance immediately below  
25        the grass on a turf track.

26        (32) [~~(31)~~] Handle--the total amount of money wagered at a  
27        racetrack during a particular period.

28        (33) [~~(32)~~] Horse--an equine of any breed, including a  
29        stallion, gelding, mare, colt, filly, or ridgling.

## CHAPTER 301. DEFINITIONS

1        (34) [~~(33)~~] Horse Race--a running contest between horses  
2 for entry fees, purse, prize, or other reward, including the  
3 following:

4            (A) Claiming race--a race in which a horse may be  
5 claimed in accordance with the Rules.

6            (B) Derby race--a race in which the first condition of  
7 eligibility is to be three years old.

8            (C) Futurity race--a race in which the first condition  
9 of eligibility is to be two years old.

10           (D) Guaranteed race--a race for which the association  
11 guarantees by its conditions a specified purse, which is the  
12 limit of its liability.

13           (E) Handicap race--a race in which the weights to be  
14 carried by the entered horses are adjusted by the racing  
15 secretary for the purpose of equalizing their respective chances  
16 of winning.

17           (F) Match race--a race between only two horses that  
18 are owned by different owners.

19           (G) Maturity race--a race in which the first condition  
20 of eligibility is to be four years of age or older.

21           (H) Optional claiming race--a claiming race in which  
22 there is an option to have horses entered to be claimed for a  
23 stated price or not eligible to be claimed.

24           (I) Progeny race--a race restricted to the offspring  
25 of a specific stallion or stallions.

26           (J) Purse or overnight race--a race for which owners  
27 of horses entered are not required by its conditions to  
28 contribute money toward its purse.

29           (K) Stakes race--a race to which nominators of the  
30 entries contribute to a purse.

## CHAPTER 301. DEFINITIONS

1           (L) Starter race--an overnight race under allowance or  
2 handicap conditions, restricted to horses which have previously  
3 started for a designated claiming price or less, as stated in  
4 the conditions of the race.

5           (M) Walkover race--a stakes race in which only one  
6 horse starts or all the starters are owned by the same interest.

7           (N) Weight for age race--a race in which weights are  
8 assigned in keeping with the scale of weights in these rules.

9           (35) [~~34~~] In today horse--a horse that is in the body of  
10 a race program which is entered into a race on the next  
11 consecutive race day.

12           (36) Inactive license--a racetrack license designated by  
13 the commission as inactive.

14           (37) [~~35~~] Kennel area--an area on association grounds for  
15 the boarding or training of greyhounds.

16           (38) [~~36~~] Lead out--an individual who handles a greyhound  
17 from the lockout kennel to the starting box.

18           (39) [~~37~~] Locked in the gate--a horse or greyhound that  
19 is prevented from leaving the starting gate or box due to the  
20 failure of the front door of the gate or box to open  
21 simultaneously with the other doors.

22           (40) [~~38~~] Lure--a mechanical apparatus at a greyhound  
23 racetrack consisting of a stationary rail installed around the  
24 track, a motorized mechanism that travels on the rail, and a  
25 pole that is attached to the mechanism and extends over the  
26 track, and to which a decoy is attached.

27           (41) [~~39~~] Maiden--a horse or greyhound that has never won  
28 a race at a recognized race meeting authorized by the Commission  
29 or by another racing jurisdiction.

## CHAPTER 301. DEFINITIONS

1        (42) [~~(40)~~] Minus pool--a pool in which there are  
2 insufficient net proceeds to pay the minimum price to holders of  
3 the winning tickets.

4        (43) [~~(41)~~] Mutuel field--a group of horses joined as a  
5 single betting interest in a race due to the limited numbering  
6 capacity of the totalisator.

7        (44) [~~(42)~~] No race--a race that is canceled after being  
8 run due to a malfunction of the starting gate or box or any  
9 other applicable reason as determined by the Rules.

10       (45) [~~(43)~~] Nominator--the person in whose name a horse or  
11 greyhound is entered for a race.

12       (46) [~~(44)~~] Occupational licensee--an individual to whom  
13 the Commission has issued a license to participate in racing  
14 with pari-mutuel wagering.

15       (47) [~~(45)~~] Odds--a number indicating the amount of profit  
16 per dollar wagered to be paid to holders of winning pari-mutuel  
17 tickets.

18       (48) [~~(46)~~] Off time--the moment when, on signal from the  
19 starter, the horses or greyhounds break from the starting gate  
20 or box and run the race.

21       (49) [~~(47)~~] Paddock--the area in which horses or greyhounds  
22 gather immediately before a race.

23       (50) Paper/Program Trainer--a licensed trainer who solely  
24 for the purposes of the official race program is identified as  
25 the trainer of a horse that is actually under the control of and  
26 trained by another person who may or may not hold a current  
27 trainer's license in any jurisdiction.

28       (51) [~~(48)~~] Patron--an individual present on association  
29 grounds during a race meeting who is eligible to wager on the  
30 racing.

## CHAPTER 301. DEFINITIONS

1       (52) [~~(49)~~] Pecuniary interest--includes a beneficial  
2 ownership interest in an association, but does not include bona  
3 fide indebtedness or a debt instrument of an association.

4       (53) [~~(50)~~] Performance--the schedule of horse or greyhound  
5 races run consecutively as one program. A greyhound performance  
6 consists of fifteen or fewer races unless approved by the  
7 executive secretary.

8       (54) [~~(51)~~] Photofinish--the system of recording pictures  
9 or images of the finish of a race to assist in determining the  
10 order of finish.

11       (55) [~~(52)~~] Place--to finish second in a race.

12       (56) [~~(53)~~] Post position--the position assigned to a horse  
13 or greyhound in the starting gate or box.

14       (57) [~~(54)~~] Post time--the time set for the arrival at the  
15 starting gate or boxes by the horses or greyhounds in a race.

16       (58) [~~(55)~~] Purse--the cash portion of the prize for a  
17 race.

18       (59) [~~(56)~~] Race date--a date on which an association is  
19 authorized by the Commission to conduct races.

20       (60) [~~(57)~~] Race day--a day in which a numerical majority  
21 of scheduled races is conducted and is a part of the  
22 association's allocated race days.

23       (61) [~~(58)~~] Race meeting--the specified period and dates  
24 each year during which an association is authorized to conduct  
25 racing and/or pari-mutuel wagering by approval of the  
26 Commission.

27       (62) [~~(59)~~] Racetrack facility--the buildings, structures  
28 and fixtures located on association grounds used by an  
29 association to conduct horse or greyhound racing.

30       (63) [~~(60)~~] Racetrack official--an individual appointed or  
31 approved by the Commission to officiate at a race meeting.

## CHAPTER 301. DEFINITIONS

1        (64) [~~(61)~~] Racing judge--the executive racing official at  
2 a greyhound track.

3        (65) [~~(62)~~] Reasonable belief--a belief that would be held  
4 by an ordinary and prudent person in the same circumstances as  
5 the actor.

6        (66) [~~(63)~~] Recognized race meeting--a race meeting held  
7 under the sanction of a turf authority.

8        (67) [~~(64)~~] Refunded ticket--a pari-mutuel ticket that has  
9 been refunded for the value of a wager that is no longer valid.

10       (68) [~~(65)~~] Rule off--to bar an individual from the  
11 enclosure of an association and to deny all racing privileges to  
12 the individual.

13       (69) [~~(66)~~] Rules--the rules adopted by the Texas Racing  
14 Commission found in Title 16, Part VIII of the Texas  
15 Administrative Code.

16       (70) [~~(67)~~] Schooling race--a practice race conducted under  
17 actual racing conditions but for which wagering is not  
18 permitted.

19       (71) [~~(68)~~] Scratch--to withdraw an entered horse or  
20 greyhound from a race after the closing of entries.

21       (72) [~~(69)~~] Scratch time--the closing time set by an  
22 association for written requests to withdraw from a race.

23       (73) [~~(70)~~] Show--to finish third in a race.

24       (74) [~~(71)~~] Specimen--a bodily substance, such as blood,  
25 urine, or saliva, taken for analysis from a horse, greyhound, or  
26 individual in a manner prescribed by the Commission.

27       (75) [~~(72)~~] Stakes payments--the fees paid by subscribers  
28 in the form of nomination, entry, or starting fees to be  
29 eligible to participate.

## CHAPTER 301. DEFINITIONS

1        (76) [~~(73)~~] Stallion owner--a person who is owner of  
2 record, at the time of conception, of the stallion that sired  
3 the accredited Texas-bred horse.

4        (77) [~~(74)~~] Starter--a horse or greyhound entered in a race  
5 when the doors of the starting gate or box open in front of the  
6 horse or greyhound at the time the official starter dispatches  
7 the horses or greyhounds.

8        (78) [~~(75)~~] Straight pool--a mutuel pool that involves  
9 wagers on a horse or greyhound to win, place, or show.

10       (79) [~~(76)~~] Subscription--money paid to nominate, enter, or  
11 start a horse or greyhound in a stakes race.

12       (80) [~~(77)~~] Tack room--a room in the stable area of a horse  
13 racetrack in which equipment for training and racing the horses  
14 is stored.

15       (81) [~~(78)~~] Totalisator--a machine or system for  
16 registering and computing the wagering and payoffs in pari-  
17 mutuel wagering.

18       (82) [~~(79)~~] Tote board--a facility at a racetrack that is  
19 easily visible to the public on which odds, payoffs,  
20 advertising, or other pertinent information is posted.

21       (83) [~~(80)~~] Tote room--the room in which the totalisator  
22 equipment is maintained.

23       (84) [~~(81)~~] Tout--an individual licensed to furnish  
24 selections on a race in return for a set fee.

25       (85) [~~(82)~~] Trial--a race designed primarily to determine  
26 qualifiers for finals of a stakes race.

27       (86) [~~(83)~~] Uplink--an earth station broadcasting facility,  
28 whether mobile or fixed, which is used to transmit audio-visual  
29 signals and/or data emanating from a sending racetrack, and  
30 includes the electronic transfer of received signals from the  
31 receiving antenna to TV monitors within the receiving location.

**CHAPTER 301. DEFINITIONS**

1       (87) [~~(84)~~] Weigh in--the process by which a jockey is  
2 weighed after a race or by which a greyhound is weighed before  
3 being placed in the lockout kennel.

4       (88) [~~(85)~~] Weighing in weight--the weight of a greyhound  
5 on weighing in to the lockout kennel.

6       (89) [~~(86)~~] Weigh out--the process by which a jockey or  
7 greyhound is weighed before a race.

8       (90) [~~(87)~~] Weighing out weight--the weight of a greyhound  
9 on weighing out of the lockout kennel immediately before post  
10 time for the race in which the greyhound is entered.

11       (91) [~~(88)~~] Win--to finish first in a race.

12       (92) [~~(89)~~] Winner--

13               (A) for horse racing, the horse whose nose reaches the  
14 finish line first, while carrying the weight of the jockey or is  
15 placed first through disqualification by the stewards; and

16               (B) for greyhound racing, the greyhound whose muzzle,  
17 or if the muzzle is lost or hanging, whose nose reaches the  
18 finish line first or is placed first through disqualification by  
19 the judges.

20       ~~[(90) Active license--a racetrack license designated by the~~  
21 ~~commission as active.]~~

22       ~~[(91) Inactive license--a racetrack license designated by~~  
23 ~~the commission as inactive.]~~

CHAPTER 311. OTHER LICENSES

SUBCHAPTER B. SPECIFIC LICENSES

1 **Sec. 311.104. Trainers**

2 (a)-(k) (No change.)

3 (1) No licensee shall act as a program trainer, nor shall any  
4 owner name a program trainer on the entry form. Any licensee  
5 found to be acting as a program trainer and any owner who listed  
6 a program trainer is responsible for all violations occurring  
7 from participation of any horse or greyhound entered or raced by  
8 the licensee. Further, the Commission recognizes that  
9 identification of the correct trainer in the program is an  
10 important handicapping tool used by the wagering public.  
11 Therefore, the Commission identifies the practices of utilizing  
12 a program trainer and of acting as a program trainer as being  
13 inconsistent with maintaining the honesty and integrity of  
14 racing under §307.7 (relating to Ejection and Exclusion) and as  
15 a detrimental practice under §311.6 (relating to Denial,  
16 Suspension and Revocation of Licenses.)

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 9 Nov. 2015

***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:	Legal 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(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

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

Proposed Addition to (if known): Chapter: 307 Rule: 62(b)

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

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: TRA § 3.02

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

Rule 307.62, Disciplinary Hearings, requires the stewards and racing judges to provide written notice to a person who is the subject of a disciplinary hearing at least 10 calendar days before the hearing. However, the rule does not explicitly provide that mailing a notice to the licensee's address of record constitutes sufficient notice of the hearing.

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

In many cases, the person is available at the racetrack and notice may be given in person. However, in other cases notice is sent by certified mail to the person's address of record. If the person is a licensee, the Commission's rules require that person maintain an accurate address on file with the Commission and that the person promptly update any changes to the address. However, on occasion, the person receiving notice has not updated the address, may have temporarily left the address without designating a responsible party to pick the mail in the person's absence, or even refused to accept a certified letter from the Commission. In these cases, there may be uncertainty as to whether the required written notice has been given.

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

The proposed solution would amend Rule 307.62 to specify that mailing a hearing notice to the address of record meets the criteria of the rule, even if the letter is returned as being refused or is undeliverable because of a changed address.

## **D. Support or Opposition**

The proposal was discussed at the Rule Committee's meetings on December 1, 2015, and September 27, 2016.

At the meeting on December 1, 2015, the Committee asked Commission staff to conduct research into how other similarly situated agencies address this issue. Staff learned that racing is rather unusual in that other occupational licensing agencies regulate a community that is fixed in location; only racing licensees move frequently from location to location. Therefore, staff looked to other racing jurisdictions for similar rules and learned that many of them explicitly provide that both hand delivery and mail delivery are acceptable. The proposal has been amended to follow this model. The title of the rule has also been corrected from "Disciplinary Action" to "Disciplinary Hearings".

At the meeting on September 27, 2016, attendees asked for additional options to improve the likelihood that the licensee would be successfully contacted. Options discussed included sending the hearing notice by both regular mail and certified mail, and sending the hearing notice by electronic mail. The Committee agreed to include these options and instructed staff to modify the proposal accordingly and to bring the amended proposal to the full Commission for consideration.

## **Commission Meeting – October 11, 2016**

At its meeting on October 11, 2016, the Commission voted to publish the proposal in the *Texas Register* for public comment, and it subsequently appeared in the December 9, 2016, edition. To date the Commission has not received any comments in response to the publication. The proposal was then discussed at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

## **F. Proposal**

See next page.

CHAPTER 307. PROCEEDINGS BEFORE THE COMMISSION

SUBCHAPTER C. PROCEEDINGS BY STEWARDS AND RACING JUDGES

1 **Sec. 307.62. Disciplinary Hearings [~~Action~~]**

2 (a) (No change.)

3 (b) Notice of Hearing. Except as otherwise provided by the  
4 Rules, the stewards and racing judges shall provide written  
5 notice to a person who is the subject of a disciplinary  
6 hearing at least 10 calendar days before the hearing.  
7 Notice given under this subsection must state the nature of  
8 the charges against the person and the possible penalties  
9 that may be imposed. The stewards and racing judges or  
10 their designee may hand deliver the written notice of the  
11 disciplinary hearing to the licensee who is the subject of  
12 the hearing. Alternatively, the stewards and racing judges  
13 may provide the notice by sending it by both certified  
14 mail, return receipt requested, and regular mail to the  
15 licensee's last known address as found in the Racing  
16 Commission's licensing records. The stewards and racing  
17 judges may also send the notice by electronic mail provided  
18 that the Commission verifies receipt by the licensee. The  
19 person may waive his or her right to 10 days notice.  
20 Nonappearance of a licensee to whom notice has been  
21 provided under this subsection shall be deemed a waiver of  
22 the right to a hearing before the stewards or racing  
23 judges.

24 (c)-(i) (No change.)

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 9 Nov. 2015

***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:	Legal 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(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

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

Proposed Addition to (if known): Chapter: 307 Rule: 62(j)

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

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: TRA 3.02

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

There is currently no process for parties to a disciplinary hearing to exchange information prior to the hearing. This can lead to unfair surprises at hearings.

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

Legal processes typically allow for formal or informal discovery prior to hearings; however, the disciplinary hearing process has no such provisions. Racing Commission staff is forthcoming with information that a licensee or a licensee's counsel requests, but it is not always possible for agency staff to obtain information from licensees or their counsel before a hearing.

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

Implementing a discovery process for disciplinary hearings would provide a level playing field for the parties.

### **D. Support or Opposition**

The proposal was discussed at the Rule Committee's meetings on December 1, 2015, and September 27, 2016.

At the meeting on December 1, 2015, the Committee asked Commission staff to conduct research into how other similarly situated agencies address this issue. However, the only Texas agency staff has learned of that holds formal hearings in which the rules of evidence are not strictly applied are unemployment hearings at the Texas Workforce Commission, and the hearing officers at TWC are almost uniformly attorneys.

At the meeting on September 27, 2016, the Committee discussed potential changes and directed staff to modify the proposal so that the stewards and judges *may*, instead of *shall*, exclude from a hearing any witnesses, documents, and other materials that were not properly disclosed in accordance with the rule.

### **Commission Meeting – October 11, 2016**

At its meeting on October 11, 2016, the Commission voted to publish the proposal in the *Texas Register* for public comment, and it subsequently appeared in the December 9, 2016, edition. To date the Commission has not received any comments in response to the publication. The proposal was then discussed at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

### **G. Proposal**

See next page.

CHAPTER 307. PROCEEDINGS BEFORE THE COMMISSION

SUBCHAPTER C. PROCEEDINGS BY STEWARDS AND RACING JUDGES

1 **Sec. 307.62. Disciplinary Hearings [~~Action~~]**

2 (a)-(i) (No change.)

3 (j) Discovery.

4 (1) Prior to a disciplinary hearing, upon written request  
5 served on the opposing party, a party shall be entitled, subject  
6 to the limitations in §2.15 of the Act, to:

7 (a) the name and address of any witness who may be  
8 reasonably expected to testify on behalf of the opposing  
9 party, together with a brief summary of the subject matter  
10 of each witness's anticipated testimony; and

11 (b) copies of all documents or other materials in the  
12 possession or control of the opposing party that the  
13 opposing party reasonably expects to introduce into  
14 evidence in either its case-in-chief or in rebuttal.  
15 Rebuttal documents, to the extent that they are not  
16 immediately identifiable, shall be tendered to the opposing  
17 party forthwith upon identification.

18 (2) A party may obtain discovery only by making a written  
19 request for the production of witness lists, documents, and  
20 other materials, as provided in paragraph (1) of this  
21 subsection.

22 (3) The stewards and racing judges may exclude from a  
23 disciplinary hearing any witnesses, documents, and other  
24 materials that were not properly disclosed in accordance with  
25 this subsection unless good cause is shown for the failure to  
26 disclose them.

27 (4) Discovery requests under this section shall not be  
28 cause for postponement or delay of a disciplinary hearing or of  
29 the disposition of the proceedings.

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 9/27/16

***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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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(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 321 Rule: 2

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

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

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: §§3.02, 11.01

**A. Brief Description of the Issue**

This particular rule references rule §307.9. However, rule §307.9 does not exist.

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

There is a reference in this particular rule to a non-existent rule.

**C. Possible Solutions and Impact**

Revise the rule to reference to correct rule.

**D. Support or Opposition**

The Rules Committee discussed the proposal at its September 27, 2016, meeting and no attendee expressed any comment. The Committee authorized staff to bring the proposal to the full Commission for consideration.

At its meeting on October 11, 2016, the Commission voted to publish the proposal in the *Texas Register* for public comment, and it subsequently appeared in the December 9, 2016, edition. To date the Commission has not received any comments in response to the publication. The proposal was then discussed at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

**E. Proposal**

See next page.

CHAPTER 321. PARI-MUTUEL WAGERING

SUBCHAPTER A. MUTUEL OPERATIONS

DIVISION 3. MUTUEL TICKETS AND VOUCHERS

1 **§321.2. Odds Manipulation**

2 The Commission recognizes that the wagering public uses Odds and  
3 Will Pays as a handicapping tool. To maintain the integrity of  
4 the pools, the Commission, therefore, identifies the practice of  
5 canceling wagers that were placed for the sole purpose of  
6 manipulating the posted Odds or Will Pays as being inconsistent  
7 with the honesty and integrity of racing under §307.7, Ejection  
8 and Exclusion, and as a detrimental practice under §311.6  
9 [~~§309.9~~], Denial, Suspension, and Revocation of Licenses.

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 9/27/16

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

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Mailing address:	8505 Cross Park Drive, Suite 110, Austin, Texas 78754		

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 321 Rule: 11

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

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

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: §§3.02, 11.01

**A. Brief Description of the Issue**

This rule refers to the magnetic media used by the totalisator vendors to store each day's wagering data. Storage mediums now encompass many forms, which may not include magnetic media.

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

The use of magnetic media as terminology referring to storage devices is limiting. Totalisator companies use varying methods of recording data of which may not be considered magnetic media, i.e. flash drives, DVDs, CDs, etc.

**C. Possible Solutions and Impact**

Revise the rule to delete references to "magnetic media" and replace with the words "removable electronic media." This will also align with the verbiage used in the ARCI Totalisator Standards.

**D. Support or Opposition**

The Rules Committee discussed the proposal at its September 27, 2016, meeting and no attendee expressed any comment. The Committee authorized staff to bring the proposal to the full Commission for consideration.

At its meeting on October 11, 2016, the Commission voted to publish the proposal in the *Texas Register* for public comment, and it subsequently appeared in the December 9, 2016, edition. To date the Commission has not received any comments in response to the publication. The proposal was then discussed at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

**E. Proposal**

See next page.

CHAPTER 321. PARI-MUTUEL WAGERING

SUBCHAPTER A. MUTUEL OPERATIONS

DIVISION 1. GENERAL PROVISIONS

1 **§321.11. Access to Removable Electronic [~~Magnetic~~] Media.**

2 (a) An association shall submit a storage plan for all removable  
3 electronic [~~magnetic~~] media storing computer logs to the  
4 executive secretary for approval. This plan must include  
5 sufficient information for the executive secretary to determine  
6 that the information will remain secure, including:

7 (1) Sufficient space for the totalisator vendor to store  
8 all removable electronic [~~magnetic~~] media; and

9 (2) A storage cabinet that will protect the media from  
10 damage.

11 (b) An association shall include in its security plans a means  
12 by which access to the removable electronic [~~magnetic~~] media is  
13 restricted.

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 9/27/16

***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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Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 321 Rule: 35

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

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

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: §§3.02, 11.01

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

Two subsections of this rule deal with the regulation of outstanding (Outs) tickets and vouchers, as Outs were at one time a source of revenue for TxRC. Since Outs are no longer a source of revenue for the agency, these specific subsections of this rule are no longer necessary.

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

Subsections (d) and (e) of this rule require the approval of the executive secretary prior to a claim being paid by the associations if the ticket or voucher meets the criteria for classification as an Outs ticket or voucher. This was a necessary oversight tool to protect the agency's revenue stream at the time the rule was adopted. However, since the associations now retain the uncashed winning tickets and vouchers, there is no need for TxRC to monitor the cashing of Outs tickets and vouchers.

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

Revise the rule to delete the subsections requiring the approval of the executive secretary prior to a claim being paid by the association on an Outs ticket or voucher. This would alleviate an unnecessary burden on the association when dealing with their patrons. If a claim is denied by the associations, the executive secretary still retains the authority to require the association to pay the claim, so authority is not lost.

### **D. Support or Opposition**

Prior to the Rules Committee's meeting on September 27, 2016, staff received verbal support from the Sr. Director of Racing Operations at Sam Houston Race Park and from the Mutuel Manager at Retama Park. No opposition comments were received from the initial distribution to the racetracks or tote companies.

At the Rules Committee's meeting, no attendee expressed any comment. The Committee authorized staff to bring the proposal to the full Commission for consideration.

At its meeting on October 11, 2016, the Commission voted to publish the proposal in the *Texas Register* for public comment, and it subsequently appeared in the December 9, 2016, edition. To date the Commission has not received any comments in response to the publication. The proposal was then discussed at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

### **E. Proposal**

See next page.

CHAPTER 321. PARI-MUTUEL WAGERING

SUBCHAPTER A. MUTUEL OPERATIONS

DIVISION 3. MUTUEL TICKETS AND VOUCHERS

1 **§321.35. Claim for Payment.**

2 (a)-(c) (No change.)

3 [~~(d) In the event a claim is made for a ticket that meets the~~  
4 ~~criteria established in §321.41(a) of this chapter (relating to~~  
5 ~~Cashing Outstanding Tickets), the claim must be approved by the~~  
6 ~~executive secretary before the claim can be paid.]~~

7 [~~(e) In the event a claim is made for a voucher that meets the~~  
8 ~~criteria established in §321.42(a) of this chapter (relating to~~  
9 ~~Cashing Outstanding Vouchers), the claim must be approved by the~~  
10 ~~executive secretary before the claim can be paid.]~~

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 9/27/16

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

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Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 321 Rule: 41

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

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

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: §§3.02, 11.01

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

This rule deals with the regulation of outstanding (Outs) tickets. Parts of this rule were originally adopted when Outs were a source of revenue for TxRC. Since Outs are no longer a source of revenue for the agency, these parts are no longer necessary.

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

This rule requires the associations to provide the pari-mutuel auditor a tote report listing all Outs tickets cashed each day. In addition to the report, the rule mandates the associations provide the auditor copies of every Outs ticket cashed to match those listed on the tote report. This was a necessary oversight tool to protect the agency's revenue stream at the time. However, since the associations now retain the uncashed winning tickets, there is no need for TxRC to monitor the cashing of Outs tickets.

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

Revise the rule to delete the subsections requiring the associations to provide the pari-mutuel auditor tote reports and copies of Outs tickets. This would save both time and resources for both the associations and TxRC. The associations would be responsible for any monitoring of the cashing of Outs tickets since it is now a revenue stream for the racetracks. Any impact would be minimal.

### **D. Support or Opposition**

Prior to the Rules Committee's meeting on September 27, 2016, staff received verbal support from the Sr. Director of Racing Operations at Sam Houston Race Park and from the Mutuel Manager at Retama Park. No opposition comments were received from the initial distribution to the racetracks or tote companies.

At the Rules Committee's meeting, no attendee expressed any comment. The Committee authorized staff to bring the proposal to the full Commission for consideration.

At its meeting on October 11, 2016, the Commission voted to publish the proposal in the *Texas Register* for public comment, and it subsequently appeared in the December 9, 2016, edition. To date the Commission has not received any comments in response to the publication. The proposal was then discussed at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

### **E. Proposal**

See next page.

CHAPTER 321. PARI-MUTUEL WAGERING  
SUBCHAPTER A. MUTUEL OPERATIONS  
DIVISION 3. MUTUEL TICKETS AND VOUCHERS

1 §321.41. Cashing Outstanding Tickets.

2 (a)-(c) (No change.)

3 [~~(d) At the end of each race day, the mutuel manager shall~~  
4 ~~deliver to the pari-mutuel auditor:]~~

5 [~~(1) A list of the outstanding tickets that were cashed on~~  
6 ~~the previous race day; and]~~

7 [~~(2) A photostatic copy of each outstanding ticket cashed~~  
8 ~~on the previous day.]~~

9 [~~(e) In the event a photostatic copy can not be provided, the~~  
10 ~~association will not be held liable for:]~~

11 [~~(1) A reader cashed ticket if the association can produce~~  
12 ~~documentation to support the ticket's existence; or]~~

13 [~~(2) A ticket cashed in accordance with the executive~~  
14 ~~secretary's approval under §321.35(b) or (d) of this chapter~~  
15 ~~(relating to Claim for Payment).]~~

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 9/27/16

***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:	8505 Cross Park Drive, Suite 110, Austin, Texas 78754		

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 321 Rule: 42

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

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

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: §§3.02, 11.01

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

This rule deals with the regulation of outstanding (Outs) vouchers. Parts of this rule were originally adopted when Outs were a source of revenue for TxRC. Since Outs are no longer a source of revenue for the agency, these parts are no longer necessary.

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

This rule requires the associations to provide the pari-mutuel auditor a tote report listing all Outs vouchers cashed each day. In addition to the report, the rule mandates the associations provide the auditor copies of every Outs voucher cashed to match those listed on the tote report. This was a necessary oversight tool to protect the agency's revenue stream at the time. However, since the associations now retain the uncashed vouchers, there is no need for TxRC to monitor the cashing of Outs vouchers.

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

Revise the rule to delete the subsections requiring the associations to provide the pari-mutuel auditor tote reports and copies of Outs vouchers. This would save both time and resources for both the associations and TxRC. The associations would be responsible for any monitoring of the cashing of Outs vouchers since it is now a revenue stream for the racetracks. Any impact would be minimal.

### **D. Support or Opposition**

Prior to the Rules Committee's meeting on September 27, 2016, staff received verbal support from the Sr. Director of Racing Operations at Sam Houston Race Park and from the Mutuel Manager at Retama Park. No opposition comments were received from the initial distribution to the racetracks or tote companies.

At the Rules Committee's meeting, no attendee expressed any comment. The Committee authorized staff to bring the proposal to the full Commission for consideration.

At its meeting on October 11, 2016, the Commission voted to publish the proposal in the *Texas Register* for public comment, and it subsequently appeared in the December 9, 2016, edition. To date the Commission has not received any comments in response to the publication. The proposal was then discussed at the Rules Committee's meeting on January 31, 2017. Hearing no objection, the Committee authorized staff to bring the proposal to the full Commission for consideration.

### **E. Proposal**

See next page.

CHAPTER 321. PARI-MUTUEL WAGERING  
SUBCHAPTER A. MUTUEL OPERATIONS  
DIVISION 3. MUTUEL TICKETS AND VOUCHERS

1 **§321.42. Cashing Outstanding Vouchers.**

2 (a)-(c) (No change.)

3 [~~(d) At the end of each race day, the mutuel manager shall~~  
4 ~~deliver to the pari mutuel auditor:~~]

5 [~~(1) A list of the outstanding vouchers that were cashed on~~  
6 ~~the previous race day; and]~~

7 [~~(2) A photostatic copy of each outstanding voucher cashed~~  
8 ~~on the previous day.]~~

9 [~~(e) In the event a photostatic copy can not be provided, the~~  
10 ~~association will not be held liable for:~~]

11 [~~(1) A reader cashed voucher if the association can produce~~  
12 ~~documentation to support the voucher's existence; or]~~

13 [~~(2) A voucher cashed in accordance with the executive~~  
14 ~~secretary's approval under §321.35(b) or (d) of this chapter~~  
15 ~~(relating to Claim for Payment).]~~