



TEXAS RACING COMMISSION

**P. O. Box 12080
Austin, TX 78711-2080
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Texas Racing Commission
Tuesday, August 14, 2018
10:30 a.m.
John H. Reagan Building, Room 140
105 West 15th Street
Austin, TX 78701

AGENDA

I. CALL TO ORDER

Roll Call

II. PUBLIC COMMENT

III. GENERAL BUSINESS

- A. Discussion and consideration of reports by the Executive Director and staff regarding administrative matters:
 - 1. Budget and finance
 - 2. Wagering statistics
 - 3. Enforcement
- B. Discussion and possible action to approve the Commission's Legislative Appropriations Request for FY 2020-2021 and Operating Budget for FY 2019
- C. Discussion and possible action to approve memorandum of understanding with Texas Veterinary Medical Diagnostic Laboratory for Fiscal Year 2019

IV. PROCEEDINGS ON MATTERS RELATED TO AGENCY FUNDING

- A. Discussion and possible action to direct staff regarding the issuance of a request for proposals regarding a third-party economy, efficiency, and effectiveness audit, review, or similar process

- B. Discussion and possible action to adopt amendments to 16 TAC § 309.8, Racetrack License Fees
- C. Discussion and possible action to propose amendments to 16 TAC § 309.13, Supplemental Fee

V. OTHER PROCEEDINGS ON RULES:

- A. Discussion and possible action to adopt amendments to:
 - 1. 16 TAC § 311.5, License Categories and Fees
 - 2. 16 TAC § 311.104, Trainers
 - 3. 16 TAC § 313.168 Scale of Weights for Age
 - 4. 16 TAC § 319.3, Medication Restricted
- B. Discussion and possible action on the following rule review matters:
 - 1. Closure of rule reviews of Chapter 309, Racetrack Licenses and Operations, and Chapter 311, Other Licenses
 - 2. Opening rule reviews of Chapter 313, Officials and Rules of Horse Racing, and Chapter 315, Officials and Rules for Greyhound Racing

VI. PROCEEDINGS ON RACETRACKS

- A. Discussion and possible action on request by Gillespie County Fair for approval of amendments to tote services agreement with United Tote Company
- B. Discussion and possible action on request by Gulf Greyhound Park for approval of amendments to tote services agreement with United Tote Company
- C. Discussion and possible action on request by Retama Park for approval of majority change of ownership
- D. Discussion and possible action on request by Retama Park for approval of changes in management committee
- E. Discussion and possible action on the following race date items:
 - 1. Allocation of live race dates for horse racetracks under 16 TAC §303.41 for the period beginning January 1, 2019, and ending August 31, 2020
 - 2. Allocation of live race dates for greyhound racetracks under 16 TAC §303.41 for the period beginning January 1, 2019, and ending August 31, 2020
 - 3. Designation of an application period for live race dates under Commission Rule 303.41

VII. EXECUTIVE SESSION

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

- A. Under Texas Government Code § 551.071(1), the Commission may enter an executive session to seek the advice of its attorney regarding pending or contemplated litigation, or regarding a settlement offer.
- B. Under Texas Government Code § 551.071(2), the Commission may enter 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 Texas Racing Act, Tex. Rev. Civ. Stat. Ann. art. 179e, Sec. 6.03, the Commission may enter an executive session to review security plans and management, concession, and totalizator contracts.

VIII. SCHEDULING OF NEXT COMMISSION MEETING

IX. ADJOURN

I. CALL TO ORDER

Roll Call

II. PUBLIC COMMENT

III. GENERAL BUSINESS

A. Discussion and consideration of reports by the Executive Director and staff regarding administrative matters:

1. Budget and finance
2. Wagering statistics
3. Enforcement

Texas Racing Commission

FYE 08/31/2018

OBS-1

Operating Budget Status
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2018 Annual Budget	FY 2018 Expended Thru 06/30/2018	FY 2018 Unexpended Bal 8/31/2018	With 83% of Year Lapsed % of Budget Expended
<i>Appropriated</i> A.1.1.	- FTE's = 4.00 <u>Regulate Racetrack Owners</u>				
Base Appr =	1001 Salaries and Wages	315,108.48	224,909.24	90,199.24	71.38%
\$ 385,941.00	1002 Other Personnel Cost	27,892.54	25,425.18	2,467.36	91.15%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ -	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 385,941.00	2005 Travel	3,000.00	1,368.42	1,631.58	45.61%
Budgeted =	2006 Rent Building	-	-	-	
\$ 351,472.11	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	5,471.08	3,996.98	1,474.10	73.06%
(34,468.89)	CB Computer Equipment	-	-	-	
-8.93%	Total Strategy A.1.1.	351,472.11	255,699.82	95,772.29	72.75%
<i>Appropriated</i> A.2.1.	0 FTE's = 0 <u>Texas Bred Incentive</u>				
	ATB Money Expended	2,918,433.48	2,532,429.72	386,003.76	86.77%
2,918,433.00	Total Strategy A.2.1.	2,918,433.48	2,532,429.72	386,003.76	86.77%
<i>Appropriated</i> A.3.1.	- FTE's = 5.62 <u>Supervise Racing and Licensees</u>				
Base Appr =	1001 Salaries and Wages	380,006.65	316,284.75	63,721.90	83.23%
\$ 545,741.00	1002 Other Personnel Cost	21,491.01	13,345.81	8,145.20	62.10%
Sup Appr =	2001 Prof Fees and Services	11,125.00	5,632.50	5,492.50	50.63%
\$ -	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 545,741.00	2005 Travel	68,320.00	39,305.75	29,014.25	57.53%
Budgeted =	2006 Rent Building	-	-	-	
\$ 485,148.94	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	4,206.28	2,792.09	1,414.19	66.38%
(60,592.06)	CB Computer Equipment	-	-	-	
-11.10%	Total Strategy A.3.1.	485,148.94	377,360.90	107,788.04	77.78%
<i>Appropriated</i> A.3.2.	- FTE's = 3.75 <u>Monitor Occupational Licensee Act.</u>				
Base Appr =	1001 Salaries and Wages	207,290.18	182,601.66	24,688.52	88.09%
\$ 235,247.00	1002 Other Personnel Cost	18,699.22	17,592.12	1,107.10	94.08%
Sup Appr =	2001 Prof Fees and Services	1,000.00	425.00	575.00	42.50%
\$ -	2003 Consumables	500.00	155.57	344.43	31.11%
Total Appr =	2004 Utilities	-	-	-	
\$ 235,247.00	2005 Travel	42,400.00	23,142.13	19,257.87	54.58%
Budgeted =	2006 Rent Building	-	-	-	
\$ 273,817.80	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	3,928.40	2,087.05	1,841.35	53.13%
\$ 38,570.80	CB Computer Equipment	-	-	-	
16.40%	Total Strategy A.3.2.	273,817.80	226,003.53	47,814.27	82.54%
<i>Appropriated</i> A.4.1.	- FTE's = 3.00 <u>Inspect and Provide Emerg. Care</u>				
Base Appr =	1001 Salaries and Wages	212,985.36	177,487.80	35,497.56	83.33%
\$ 364,152.00	1002 Other Personnel Cost	4,024.93	3,327.40	697.53	82.67%
Sup Appr =	2001 Prof Fees and Services	88,000.00	82,575.00	5,425.00	93.84%
\$ -	2003 Consumables	200.00	189.22	10.78	94.61%
Total Appr =	2004 Utilities	-	-	-	
\$ 364,152.00	2005 Travel	21,350.00	8,080.52	13,269.48	37.85%
Budgeted =	2006 Rent Building	-	-	-	
\$ 330,490.14	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	3,929.85	3,210.67	719.18	81.70%
(33,661.86)	CB Computer Equipment	-	-	-	
-9.24%	Total Strategy A.4.1.	330,490.14	274,870.61	55,619.53	83.17%

Texas Racing Commission

FYE 08/31/2018

OBS-2

Operating Budget Status
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2018 Annual Budget	FY 2018 Expended Thru 06/30/2018	FY 2018 Unexpended Bal 8/31/2018	With 83% of Year Lapsed % of Budget Expended
<i>Appropriated</i> A.4.2.	- FTE's = 2.80 <u>Administer Drug Testing</u>				
Base Appr =	1001 Salaries and Wages	160,006.30	124,626.14	35,380.16	77.89%
\$ 215,181.00	1002 Other Personnel Cost	1,120.03	823.21	296.82	73.50%
Sup Appr =	2001 Prof Fees and Services	500.00	500.00	-	100.00%
\$ -	2003 Consumables	500.00	234.35	265.65	46.87%
Total Appr =	2004 Utilities	-	-	-	
\$ 215,181.00	2005 Travel	16,425.00	14,081.87	2,343.13	85.73%
Budgeted =	2006 Rent Building	-	-	-	
\$ 182,001.39	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	3,450.06	4,646.48	(1,196.42)	134.68%
\$ (33,179.61)	CB Computer Equipment	-	-	-	
-15.42%	Total Strategy A.4.2.	182,001.39	144,912.05	37,089.34	79.62%
<i>Appropriated</i> B.1.1.	- FTE's = 4.85 <u>Occupational Licensing</u>				
Base Appr =	1001 Salaries and Wages	197,981.42	160,656.58	37,324.84	81.15%
\$ 412,016.00	1002 Other Personnel Cost	9,588.91	8,906.28	682.63	92.88%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ -	2003 Consumables	1,300.00	963.85	336.15	74.14%
Total Appr =	2004 Utilities	-	-	-	
\$ 412,016.00	2005 Travel	22,700.00	16,452.72	6,247.28	72.48%
Budgeted =	2006 Rent Building	-	-	-	
\$ 343,562.14	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	1,600.00	1,439.99	160.01	90.00%
\$ (68,453.86)	CB Computer Equipment	110,391.81	65,068.15	45,323.66	58.94%
-16.61%	Total Strategy B.1.1.	343,562.14	253,487.57	90,074.57	73.78%
<i>Appropriated</i> B.1.2.	- FTE's = 0 <u>Texas OnLine</u>				
Base Appr =	1001 Salaries and Wages	-	-	-	
\$ 19,185.00	1002 Other Personnel Cost	-	-	-	
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ -	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 19,185.00	2005 Travel	-	-	-	
Budgeted =	2006 Rent Building	-	-	-	
\$ 17,000.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	17,000.00	10,944.00	6,056.00	64.38%
\$ (2,185.00)	CB Computer Equipment	-	-	-	
-11.39%	Total Strategy B.1.2.	17,000.00	10,944.00	6,056.00	64.38%
<i>Appropriated</i> C.1.1.	- FTE's = 5.00 <u>Monitor Wagering and Audit</u>				
Base Appr =	1001 Salaries and Wages	274,779.60	203,576.36	71,203.24	74.09%
\$ 373,795.00	1002 Other Personnel Cost	25,938.90	17,710.12	8,228.78	68.28%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ -	2003 Consumables	-	7.69	(7.69)	
Total Appr =	2004 Utilities	-	-	-	
\$ 373,795.00	2005 Travel	12,500.00	3,989.60	8,510.40	31.92%
Budgeted =	2006 Rent Building	-	-	-	
\$ 327,966.29	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	14,747.80	9,306.81	5,440.99	63.11%
\$ (45,828.71)	CB Computer Equipment	-	-	-	
-12.26%	Total Strategy C.1.1.	327,966.29	234,590.58	93,375.71	71.53%

Texas Racing Commission

FYE 08/31/2018

OBS-3

Operating Budget Status
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2018 Annual Budget	FY 2018 Expended Thru 06/30/2018	FY 2018 Unexpended Bal 8/31/2018	With 83% of Year Lapsed % of Budget Expended
<i>Appropriated</i> D.1.1.	- FTE's = 5.93 <u>Central Administration</u>				
Base Appr =	1001 Salaries and Wages	387,123.51	304,889.53	82,233.98	78.76%
\$ 753,512.00	1002 Other Personnel Cost	44,861.62	18,577.29	26,284.33	41.41%
Sup Appr =	2001 Prof Fees and Services	20,175.00	20,402.82	(227.82)	101.13%
\$ -	2003 Consumables	7,500.00	3,178.90	4,321.10	42.39%
Total Appr =	2004 Utilities	47,984.29	35,306.99	12,677.30	73.58%
\$ 753,512.00	2005 Travel	10,000.00	4,480.27	5,519.73	44.80%
Budgeted =	2006 Rent Building	103,770.00	94,686.60	9,083.40	91.25%
\$ 666,813.16	2007 Rent Machine	900.00	889.79	10.21	98.87%
Difference	2009 Other Operating Cost	44,498.75	55,803.54	(11,304.79)	125.40%
\$ (86,698.84)	CB Computer Equipment	-	-	-	0.00%
-11.51%	Total Strategy D.1.1.	666,813.16	538,215.73	128,597.43	80.71%
<i>Appropriated</i> D.1.2.	- FTE's = 3.80 <u>Information Resources</u>				
Base Appr =	1001 Salaries and Wages	249,187.68	207,656.30	41,531.38	83.33%
\$ 509,511.00	1002 Other Personnel Cost	13,173.00	10,763.90	2,409.10	81.71%
Sup Appr =	2001 Prof Fees and Services	154,185.00	48,694.00	105,491.00	31.58%
\$ -	2003 Consumables	1,565.00	1,635.39	(70.39)	104.50%
Total Appr =	2004 Utilities	-	-	-	0.00%
\$ 509,511.00	2005 Travel	3,500.00	714.35	2,785.65	20.41%
Budgeted =	2006 Rent Building	476.00	400.00	76.00	84.03%
\$ 505,935.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	83,848.32	62,938.11	20,910.21	75.06%
\$ (3,576.00)	CB Computer Equipment	-	-	-	
-0.70%	Total Strategy D.1.2.	505,935.00	332,802.05	173,132.95	65.78%
<i>Appropriated</i> D.1.3.	- FTE's = 38.75 <u>Other Support Services</u>				
Base Appr =	1001 Salaries and Wages	-	-	-	
\$ 6,732,714.00	1002 Other Personnel Cost	-	-	-	
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ -	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 6,732,714.00	2005 Travel	-	-	-	
Budgeted =	2006 Rent Building	-	-	-	
\$ 6,402,639.97	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	-	-	-	
\$ (330,074.03)	CB Computer Equipment	-	-	-	
-4.90%	Total Strategy D.1.3.	-	-	-	
\$ 3,814,281	Regulatory Program Operating Budget	3,484,206.97	2,648,886.84	744,360.52	76.03%
\$ 2,918,433	TX Bred Program Operating Budget	2,918,433.48	2,532,429.72	386,003.76	86.77%
\$ 6,732,714	Total M.O.F. (TXRC Acct. 597 & GR)	6,402,640.45	5,181,316.56	1,130,364.28	80.92%
	Total All Programs Operating Budget				

Texas Racing Commission

FYE 08/31/2018

OBS-4

Operating Budget Status
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2018 Annual Budget	FY 2018 Expended Thru 06/30/2018	FY 2018 Unexpended Bal 8/31/2018	With 83% of Year Lapsed % of Budget Expended
\$ -	FTE's = 38.75				
<i>Appropriated</i>	<u>Direct Expense of Regulatory Programs</u>				
	1001 Salaries and Wages	2,384,469.18	1,902,688.36	481,780.82	79.80%
	1002 Other Personnel Cost	166,790.15	116,471.31	50,318.84	69.83%
	2001 Prof Fees and Services	274,985.00	158,229.32	116,755.68	57.54%
	2003 Consumables	11,565.00	6,364.97	5,200.03	55.04%
	2004 Utilities	47,984.29	35,306.99	12,677.30	73.58%
	2005 Travel	200,195.00	111,615.63	88,579.37	55.75%
	2006 Rent Building	104,246.00	95,086.60	9,159.40	91.21%
	2007 Rent Machine	2,500.00	2,329.78	170.22	93.19%
	2009 Other Operating Cost	291,472.35	220,793.88	70,678.47	75.75%
	CB Computer Equipment	-	-	-	0.00%
\$ 3,814,281	Total Direct Expense of Regulatory Program	3,484,206.97	2,648,886.84	835,320.13	76.03%
\$ 2,918,433	FTE's = - Direct Expense of TX Bred Program	2,918,433.48	2,532,429.72	386,003.76	86.77%
\$ 6,732,714	FTE's = 38.75 Total Direct Expense of All Programs	6,402,640.45	5,181,316.56	1,221,323.89	80.92%
<i>Un-Appropriated</i>	<u>Indirect Expense of All Programs</u>				
	OASI Match	182,411.89	145,188.63	37,223.26	79.59%
	Group Insurance	265,000.00	218,469.10	46,530.90	82.44%
	State Retirement	187,466.08	146,508.39	40,957.69	78.15%
	Benefit Replacement	3,178.86	3,080.58	98.28	96.91%
	ERS Retiree Insurance	390,000.00	328,338.73	61,661.27	84.19%
	SWCAP GR Reimburse	-	-	-	0.00%
	Unemployment Cost	17,000.00	8,368.50	8,631.50	49.23%
	Other	-	-	-	
\$ 1,045,057	Total Indirect Expense of All Programs	1,045,056.83	849,953.93	195,102.90	81.33%
\$ 7,777,771	Total Direct and Indirect Expense of All Programs	7,447,697.29	6,031,270.49	1,416,426.80	80.98%

Source Of Funds	Agency Method Of Finance	FY 2018 Projected Revenue	FY 2018 Actual Revenue Thru 06/30/2018	N/A	With 83% of Year Lapsed % of Revenue Collected
	Regulatory Program MOF:				
Acct. 597	Cash Balance Carry Forward	\$ 44,530.00	\$ 44,530.00		n/a
Acct. 597	Live Race Day Fees	\$ -	\$ -		
Acct. 597	Simulcast Race Day Fees	\$ -	\$ -		
Acct. 597	Annual License Fees (Active & Inactive)	\$ 3,837,854.00	\$ 3,156,795.27		82.25%
Acct. 597	Outs	\$ -	\$ -		
Acct. 597	Occupational License Fees and Fines	\$ 690,000.00	\$ 558,360.75		80.92%
Acct. 597	Other Revenue	\$ 23,867.00	\$ 20,450.37		85.68%
Acct. 1	GR Funds	\$ -	\$ -		
	Sub-Total Regulatory Prgm. MOF	\$ 4,596,251.00	\$ 3,780,136.39		82.24%
	Texas Bred Program MOF:				
Acct. 597	Cash Balance Carry Forward	\$ -	\$ -		
Acct. 597	Breakage and 1% Exotic	\$ 2,918,433.48	\$ 2,532,429.72		86.77%
Acct. 597	Other	\$ -	\$ -		
	Sub-Total Texas Bred Prgm. MOF	\$ 2,918,433.48	\$ 2,532,429.72		86.77%
All Sources	Total MOF	\$ 7,514,684.48	\$ 6,312,566.11		84.00%
	MOF Estimated to Exceed or (Fall-Short of Covering) Direct & Indirect Expenses of Operating Budget	\$ 66,987.19	\$ 281,295.62		



Fiscal Year 2018 Operational Budget

Updated: July 16, 2018
Thru: June 30, 2018

Summary of Operating Revenue

By Revenue Type:				Uncollected	
	Budget	Collected	Suspended	Balance	%
Account 597 - Racing Commission - GRD	\$ 7,514,684	\$ 6,312,566	\$ -	\$ 1,202,118	16%
Account 1 - State of Texas - GR	\$ -	\$ -	\$ -	\$ -	
TOTAL - ALL REVENUES	\$ 7,514,684	\$ 6,312,566	\$ -	\$ 1,202,118	16%

Summary of Appropriated Operating Expenses

				Unexpended	
	Budget	Expended	Encumbered	Balance	%
1001 - Salaries and Wages:	\$ 2,384,469	\$ 1,902,688	\$ -	\$ 481,781	20%
1002 - Other Personnel Cost:	\$ 166,790	\$ 116,471	\$ -	\$ 50,319	30%
2001 - Professional Fees and Services:	\$ 274,985	\$ 158,229	\$ -	\$ 116,756	42%
2003 - Consumable Supplies:	\$ 11,565	\$ 6,365	\$ -	\$ 5,200	45%
2004 - Utilities:	\$ 47,984	\$ 35,307	\$ -	\$ 12,677	26%
2005 - Travel:	\$ 200,195	\$ 111,616	\$ -	\$ 88,579	44%
2006 - Rent Building:	\$ 104,246	\$ 95,087	\$ -	\$ 9,159	9%
2007 - Rent Machine and Other:	\$ 2,500	\$ 2,330	\$ -	\$ 170	7%
2009 - Other Operating Expense:	\$ 291,472	\$ 220,794	\$ -	\$ 70,678	24%
4000 - Grants	\$ 2,918,433	\$ 2,532,430	\$ -	\$ 386,004	13%
5000 - Capital Expenditures:	\$ -	\$ -	\$ -	\$ -	0%
TOTAL - ALL APPROPRIATED EXPENDITURES	\$ 6,402,640	\$ 5,181,317	\$ -	\$ 1,221,324	19%

Unappropriated Operating Expenses

Type:				Unexpended	
	Budget	Expended	Encumbered	Balance	%
TOTAL - ALL UNAPPROPRIATED EXPENDITURES	\$ 1,045,057	\$ 849,954	\$ -	\$ 195,103	19%
TOTAL - ALL EXPENDITURES	\$ 7,447,697	\$ 6,031,270	\$ -	\$ 1,416,427	19%

OPERATING SURPLUS / (DEFICIT)

	\$ 66,987	\$ 281,296			
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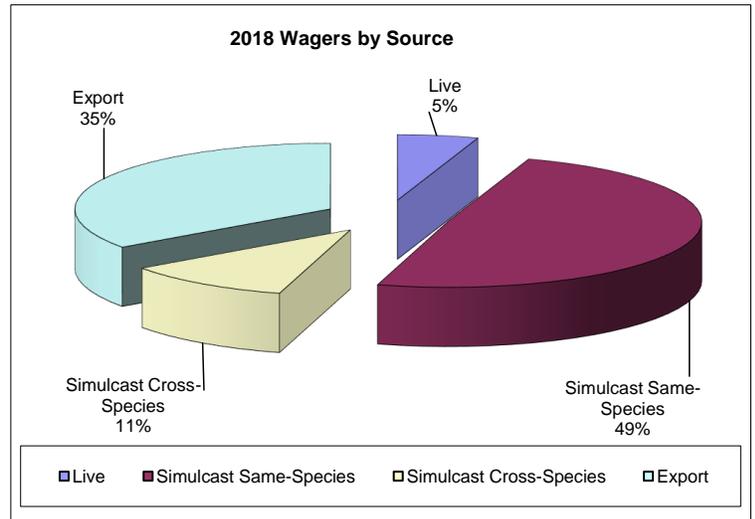
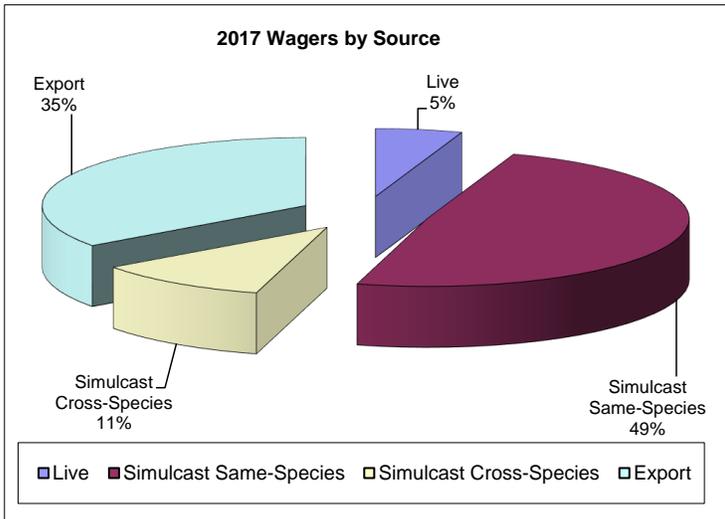
Summary of FTE's

By Fiscal Quarter:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Authorized FTE's	46.40	46.40	46.40	46.40
Budgeted FTE's	38.75	38.75	38.75	38.75
Actual FTE's	40.50	34.70	35.50	0.00
Actual FTE's Over / (Under) Budget	1.75	(4.05)	(3.25)	n/a
Actual FTE's Over / (Under) Authorization	(5.90)	(11.70)	(10.90)	n/a



Texas Pari-Mutuel Racetracks Wagering Statistics Comparison Report on Total Wagers Placed in Texas & on Texas Races For the Period of January 1 through May 31

	Year 2017			Year 2018			Percentage Change	
	<u>Wagers (Handle)*</u>			<u>Wagers (Handle)*</u>			<u>Wagers (Handle)</u>	
	# Days	Total	Average per day	# Days	Total	Average per day	Total	Average per day
Greyhound Racetracks								
Live	20	\$ 417,563	\$ 20,878	33	\$ 594,284	\$ 18,009	42.32%	-13.74%
Simulcast Same-Species	388	\$ 9,475,515	\$ 24,421	384	\$ 9,685,006	\$ 25,221	2.21%	3.28%
Simulcast Cross-Species	388	\$ 7,656,107	\$ 19,732	384	\$ 7,422,253	\$ 19,329	-3.05%	-2.04%
Export	20	\$ 399,684	\$ 19,984	33	\$ 1,073,319	\$ 32,525	168.54%	62.75%
Total Wagers		\$ 17,948,870			\$ 18,774,863		4.60%	
Horse Racetracks								
Live	76	\$ 9,921,834	\$ 130,550	73	\$ 9,394,236	\$ 128,688	-5.32%	-1.43%
Simulcast Same-Species	537	\$ 85,792,111	\$ 159,762	536	\$ 86,708,558	\$ 161,770	1.07%	1.26%
Simulcast Cross-Species	537	\$ 13,137,567	\$ 24,465	536	\$ 13,398,735	\$ 24,998	1.99%	2.18%
Export	76	\$ 67,686,524	\$ 890,612	73	\$ 67,074,388	\$ 918,827	-0.90%	3.17%
Total Wagers		\$ 176,538,036			\$ 176,575,917		0.02%	
All Racetracks								
Live	96	\$ 10,339,397	\$ 107,702	106	\$ 9,988,520	\$ 94,231	-3.39%	-12.51%
Simulcast Same-Species	925	\$ 95,267,626	\$ 102,992	920	\$ 96,393,565	\$ 104,776	1.18%	1.73%
Simulcast Cross-Species	925	\$ 20,793,674	\$ 22,480	920	\$ 20,820,988	\$ 22,632	0.13%	0.68%
Export	96	\$ 68,086,208	\$ 709,231	106	\$ 68,147,707	\$ 642,903	0.09%	-9.35%
Total Wagers		\$ 194,486,905			\$ 195,350,780		0.44%	
Total Wagers Placed in Texas		\$ 126,400,697			\$ 127,203,073		0.63%	
Total Wagers Placed on Texas Races		\$ 78,425,605			\$ 78,136,227		-0.37%	



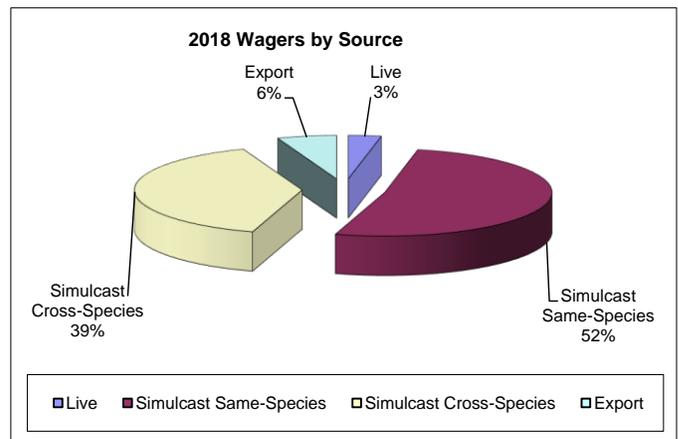
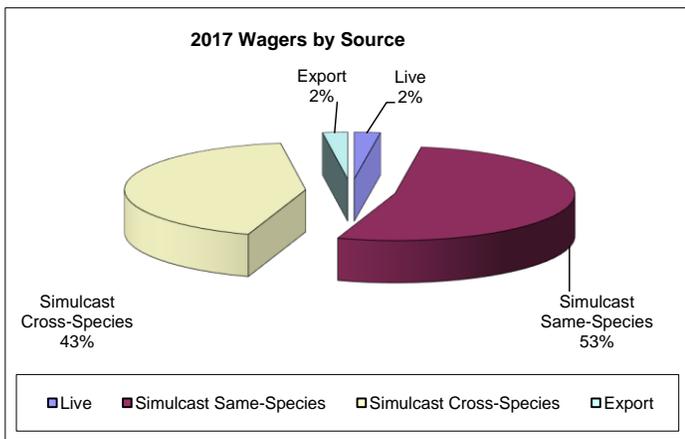
*NOTE: All figures are based on data available at the time this report was compiled and are subject to being audited and revised.



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

For the Period of January 1 through May 31

	Year 2017			Year 2018			Percentage Change	
	# Days	Wagers (Handle)*		# Days	Wagers (Handle)*		Wagers (Handle)	
		Total	Average per day		Total	Average per day	Total	Average per day
<u>Gulf Coast Racing</u>								
Live	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Simulcast Same-Species	108	\$ 2,914,365	\$ 26,985	107	\$ 3,003,529	\$ 28,070	3.06%	4.02%
Simulcast Cross-Species	108	\$ 1,401,293	\$ 12,975	107	\$ 1,584,813	\$ 14,811	13.10%	14.15%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Total Wagers		\$ 4,315,658			\$ 4,588,341		6.32%	
<u>Gulf Greyhound Park</u>								
Live	0	\$ -	\$ -	33	\$ 594,284	\$ 18,009	0.00%	NA
Simulcast Same-Species	151	\$ 4,098,485	\$ 27,142	148	\$ 4,318,289	\$ 29,178	5.36%	7.50%
Simulcast Cross-Species	151	\$ 4,062,571	\$ 26,904	148	\$ 3,693,244	\$ 24,954	-9.09%	-7.25%
Export	0	\$ -	\$ -	33	\$ 1,073,319	\$ 32,525	0.00%	NA
Total Wagers		\$ 8,161,056			\$ 9,679,136		18.60%	
<u>Valley Race Park</u>								
Live	20	\$ 417,563	\$ 20,878	0	\$ -	\$ -	-100.00%	-100.00%
Simulcast Same-Species	129	\$ 2,462,665	\$ 19,090	129	\$ 2,363,189	\$ 18,319	-4.04%	-4.04%
Simulcast Cross-Species	129	\$ 2,192,244	\$ 16,994	129	\$ 2,144,196	\$ 16,622	-2.19%	-2.19%
Export	20	\$ 399,684	\$ 19,984	0	\$ -	\$ -	-100.00%	-100.00%
Total Wagers		\$ 5,472,157			\$ 4,507,385		-17.63%	
<u>All Greyhound Tracks</u>								
Live	20	\$ 417,563	\$ 20,878	33	\$ 594,284	\$ 18,009	42.32%	-13.74%
Simulcast Same-Species	388	\$ 9,475,515	\$ 24,421	384	\$ 9,685,006	\$ 25,221	2.21%	3.28%
Simulcast Cross-Species	388	\$ 7,656,107	\$ 19,732	384	\$ 7,422,253	\$ 19,329	-3.05%	-2.04%
Export	20	\$ 399,684	\$ 19,984	33	\$ 1,073,319	\$ 32,525	168.54%	62.75%
Total Wagers		\$ 17,948,870			\$ 18,774,863		4.60%	
Total Wagers Placed in Texas		\$ 17,549,186			\$ 17,701,543		0.87%	
Total Wagers Placed on Texas Races		\$ 817,247			\$ 1,667,603		104.05%	

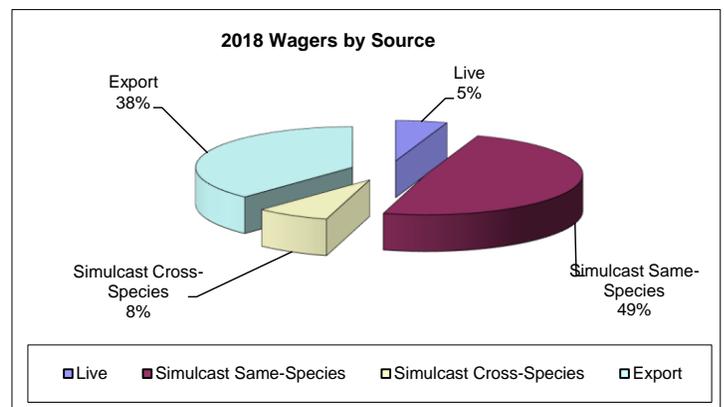
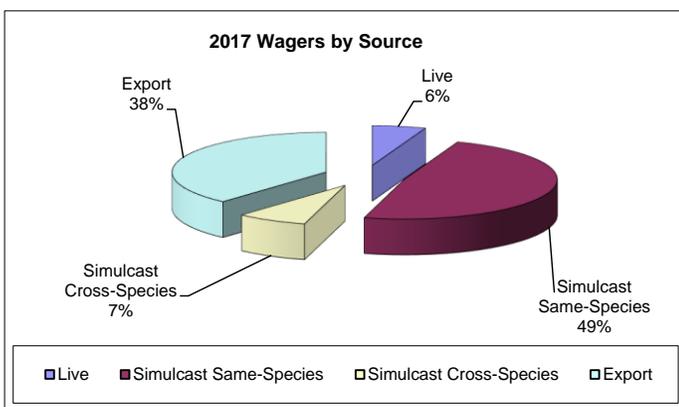


*NOTE: All figures are based on data available at the time this report was compiled and are subject to being audited. Page 1 of 300



Horse Racetrack Wagering Statistics Comparison Report on Total Wagers Placed in Texas & on Texas Races For the Period of January 1 through May 31

	Year 2017			Year 2018			Percentage Change	
	# Days	Wagers (Handle)*		# Days	Wagers (Handle)*		Wagers (Handle)	
		Total	Average per day		Total	Average per day	Total	Average per day
<u>Gillespie County Fair</u>								
Live	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Simulcast Same-Species	84	\$ 1,264,373	\$ 15,052	85	\$ 1,995,984	\$ 23,482	57.86%	56.01%
Simulcast Cross-Species	84	\$ 196,506	\$ 2,339	85	\$ 205,474	\$ 2,417	4.56%	3.33%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Total Wagers		\$ 1,460,879			\$ 2,201,458		50.69%	
<u>Lone Star Park</u>								
Live	20	\$ 5,126,387	\$ 256,319	20	\$ 5,072,443	\$ 253,622	-1.05%	-1.05%
Simulcast Same-Species	151	\$ 43,585,058	\$ 288,643	151	\$ 44,023,880	\$ 291,549	1.01%	1.01%
Simulcast Cross-Species	151	\$ 2,777,734	\$ 18,396	151	\$ 3,139,138	\$ 20,789	13.01%	13.01%
Export	20	\$ 15,203,044	\$ 760,152	20	\$ 17,603,503	\$ 880,175	15.79%	15.79%
Total Wagers		\$ 66,692,223			\$ 69,838,965		4.72%	
<u>Retama Park</u>								
Live	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Simulcast Same-Species	151	\$ 15,191,253	\$ 100,604	150	\$ 14,365,026	\$ 95,767	-5.44%	-4.81%
Simulcast Cross-Species	151	\$ 3,091,200	\$ 20,472	150	\$ 2,623,179	\$ 17,488	-15.14%	-14.57%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Total Wagers		\$ 18,282,453			\$ 16,988,205		-7.08%	
<u>Sam Houston Race Park</u>								
Live	56	\$ 4,795,448	\$ 85,633	53	\$ 4,321,793	\$ 81,543	-9.88%	-4.78%
Simulcast Same-Species	151	\$ 25,751,427	\$ 170,539	150	\$ 26,323,668	\$ 175,491	2.22%	2.90%
Simulcast Cross-Species	151	\$ 7,072,127	\$ 46,835	150	\$ 7,430,945	\$ 49,540	5.07%	5.77%
Export	56	\$ 52,483,480	\$ 937,205	53	\$ 49,470,884	\$ 933,413	-5.74%	-0.40%
Total Wagers		\$ 90,102,481			\$ 87,547,290		-2.84%	
<u>All Horse Tracks</u>								
Live	76	\$ 9,921,834	\$ 130,550	73	\$ 9,394,236	\$ 128,688	-5.32%	-1.43%
Simulcast Same-Species	537	\$ 85,792,111	\$ 159,762	536	\$ 86,708,558	\$ 161,770	1.07%	1.26%
Simulcast Cross-Species	537	\$ 13,137,567	\$ 24,465	536	\$ 13,398,735	\$ 24,998	1.99%	2.18%
Export	76	\$ 67,686,524	\$ 890,612	73	\$ 67,074,388	\$ 918,827	-0.90%	3.17%
Total Wagers		\$ 176,538,036			\$ 176,575,917		0.02%	
Total Wagers Placed in Texas		\$ 108,851,512			\$ 109,501,530		0.60%	
Total Wagers Placed on Texas Races		\$ 77,608,358			\$ 76,468,624		-1.47%	



*NOTE: All figures are based on data available at the time this report was compiled and are subject to being audited and revised.

ENFORCEMENT ACTIVITY SUMMARY

Lone Star Park concluded its Thoroughbred meet on July 22, 2018. The racetrack is conducting simulcast operations until its fall Quarter Horse meet scheduled to begin on September 21, 2018.

Retama Park's mixed breed race meet opened on July 6, 2018 and runs through September 5, 2018.

Gillespie County Fair has concluded two weekends of its four weekend race calendar.

Gulf Greyhound Park, Gulf Coast Racing, Sam Houston Race Park, and Valley Race Park are conducting simulcast operations.

Lone Star Park – Thoroughbred Meet

Rulings Activity from 04/19/2018 through 08/01/2018

Human Drug Violation	8
Jockey – Non-riding Infraction	1
Jockey – Riding Infraction	8
Conduct Violation	3
Medication Violation*	
<u>Class 4</u>	
Phenylbutazone	1
Human Alcohol Violation	12
Trainer Infractions	6
Licensing	3
Contraband	6
Reciprocity	3
Financial Obligations	3
TOTAL	54*

*Does not include any rulings that have not been finalized through the appeals process.

Retama Park Mixed Race Meet

Rulings Activity from 07/06/2018 through 08/01/2018

Human Drug Violation	3
Jockey – Riding Infraction	1
Conduct Violation	1
Licensing	2
Contraband	2
Failure To Pay Fine	1
TOTAL	10*

Gillespie County Fair & Festivals Race Meet

Rulings Activity from 07/07/2018 through 08/01/2018

Jockey – Riding Infraction	1
Trainer Infractions	1
Licensing	1
TOTAL	3*

*Does not include any rulings that have not been finalized through the appeals process.

III. GENERAL BUSINESS

B. Discussion and possible action to approve the Commission's Legislative Appropriations Request for FY 2020-2021 and Operating Budget for FY 2019

— TEXAS —

RACING COMMISSION

LEGISLATIVE APPROPRIATIONS REQUEST

FOR FISCAL YEARS

2020 AND 2021



Commissioners

John T. Steen III, Chair

Ronald F. Ederer, Vice Chair

Gloria Hicks

Robert Schmidt, M.D.

Margaret Martin

Term

Expires

2019

2019

2017

2017

2021

Hometown

Houston

Corpus Christi

Corpus Christi

Fort Worth

Boerne

Ex-Officio Members

Sid Miller, Commissioner

Texas Department of Agriculture

Stephen P. Mach, Chair

Public Safety Commission

Stephenville

Houston

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TEXAS RACING COMMISSION

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Phone: 512-833-6699
Fax: 512-833-6907

Web Page Address:
<http://www.txrc.texas.gov>

The Texas Racing Commission is an Equal Opportunity Employer.



CERTIFICATE FROM THE TEXAS RACING COMMISSION

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

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the GOBPP will be notified in writing in accordance with Article IX, Section 7.01 (2018-19 GAA).

Charles G. Trout
Executive Director

John T. Steen, III
Chairman

Date

Date

Adrienne Courtney
Chief Financial Officer

Date

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FY2020 - FY2021

Administrator's Statement

The Racing Commission regulates and supervises pari-mutuel horse and greyhound racing pursuant to authority granted in the Texas Racing Act, Vernon's Texas Civil Statutes, Art. 179e. The policy-making board consists of nine members. Seven members are appointed by the Governor with the advice and consent of the Senate to serve six-year terms, and two are ex officio members, the Commissioner of Agriculture and the Chair of the Public Safety Commission.

Commissioners	Term	Hometown
John T. Steen III, Chairman	10/03/2011 – 02/01/2019	Houston
Ronald F. Ederer, Vice Chair	07/17/2007 – 02/01/2019	Corpus Christi
Gloria Hicks	11/09/2007 – 02/01/2017	Corpus Christi
Robert Schmidt, M.D.	11/09/2007 – 02/01/2017	Ft. Worth
Margaret Martin	11/06/2015 – 02/01/2021	Boerne
Vacant		
Vacant		
Ex Officio Members		
Sid Miller, Commissioner, Department of Agriculture		Stephenville
Steven P. Mach, Chair, Public Safety Commission		Houston

I. OVERVIEW

The Racing Commission enforces the Texas Racing Act and the Rules of Racing to ensure the safety, integrity, and fairness of Texas pari-mutuel racing. Seven operational licensed racetracks operate throughout the state. Over 1.2 million patrons wagered \$287 million at these tracks in 2017 during 186 days of live horse and 24 days of live greyhound racing.

To effectively regulate the operations at a racetrack, Commission employees participate in the presentation and oversight of horse and greyhound racing operations throughout the year. Regulation at the racetrack involves veterinary, licensing and auditing staff, stewards and judges, and law enforcement investigators. There are approximately 7,300 active racing participants under the jurisdiction of the Racing Commission.

All agency regulatory efforts are directed towards protecting the health, safety and welfare of every racing participant, including race animals, and protecting patrons from any illegal, dishonest, or corrupt activities that potentially could occur.

The agency's revenue is derived primarily from fees assessed to racetracks and occupational licensees. The Commission's funding is self-leveling, generating only enough to operate the agency. This funding method directly ties to the viability of the Commission and its ability to effectively regulate.

II. SIGNIFICANT CHANGE IN REVENUE

During FY2016, three racetrack licensees stopped paying their annual fees and subsequently lost their licenses. This created a funding shortfall of \$690,000 that brought the agency perilously close to closing its doors in September, 2017. As the agency is funded primarily from fees assessed to racetracks and occupational licensees, this meant that the total revenue projected from racetrack licensing fees had to be covered by the 10 remaining licensed racetracks. As the three tracks that lost their licenses were not *operating* racetracks, there was *zero* savings to the agency to offset the lost revenue. Despite that, during FY2017 and through this fiscal year, the agency implemented several cost saving measures in an effort to reduce the additional fee burden on the remaining racetrack license holders. Due to the continual decline of the racing industry in Texas, racetracks have expressed concern over the recent fee reallocation. This reallocation is the direct result of the \$690,000 loss in revenue, not the result of growth in agency operating costs.

To address the \$690,000 shortfall, the racetrack licensing fees had to be adjusted. As part of the finance/fees discussion, the racetracks requested that the Commission undergo an efficiency audit that the racetracks would pay for. Their expectation was that the audit would reveal significant cost cutting measures. The Commission agreed to their request and adopted a rule authorizing a supplemental license fee of up to \$200,000 for an audit that the racetracks agreed would be paid for by dividing the amount among the tracks. An RFP for an Economy, Effectiveness, and Efficiency Internal Audit was filed on the Electronic State Business Daily website on April 27, 2018 but no bids were received by the due date of May 29, 2018.

During the discussions regarding the most equitable reallocation of the racetrack licensing fees to recover the \$690,000 shortfall, there were disagreements over equity issues, with some Class 2 horse racetracks and greyhound racetracks stating if their fees went up they too would be forced to relinquish their license. This would further increase the cost to each remaining racetrack. In a compromise, the amended racetrack licensing fee rule adopted in February 2018 reduced the fees for the Class 2 horse racetracks and greyhound racetracks and increased fees for the Class 1 horse racetracks and provided that the fees revert back to the previous fee structure on September 1, 2018. This was intended to allow

time for the audit to be completed and any cost savings incorporated into a revised racetrack licensing fee rule. However, the lack of response to the RFP meant that the anticipated timeline could not be met. At its August 14, 2018, meeting, the Commission will be voting on whether to keep the current fee rule in place through February 2019, at which time the fees would revert back to the previous fee structure, with Class 2 horse racetrack and greyhound racetrack fees going up and Class 1 horse racetrack fees going down. At this meeting, the Commission will also be considering whether to repost for an audit.

Bottom line, the agency's funding mechanism is problematic as the regulated industry continues to face a significant decline and is looking to cut the Commission's regulatory costs. However, the agency's mission remains to ensure the safety, integrity, and fairness of Texas pari-mutuel racing and to operate in compliance with all state and Racing Act statutes and requirements.

The Commission by rule will set fees in amounts reasonable and necessary to cover the costs of regulating and supervising live and simulcast racing.

III. REMOVING REDUNDANCIES AND IMPEDIMENTS

Agency Funding

- *Consider alternative funding mechanisms such as reallocating a portion of the outstanding ticket revenue to the agency*

See above discussion regarding funding issues.

- *Grant the Commission authority to recoup costs of litigation from licensees found guilty of violations*

TxRC hearings are becoming increasingly complex and costly as more licensees choose to contest penalties which have increased in an effort to deter violations.

- *Permit the industry to administer the Texas-Bred Accredited Program funds with minimal oversight by the Commission*

The agency provides oversight for the distribution of funds for the Texas-Bred Incentive Program. Funds are collected based on the total amount wagered at Texas racetracks and passed through the Commission for distribution to owners and breeders of Texas-bred race animals. The agency has reduced staff in the auditing function and does not have sufficient manpower to audit and administer these funds.

Agency Operations

- *Provide that the agency contribute proportionately for retiree's health insurance premiums depending on employee's length of service with TxRC*

In FY2018, the agency estimates it will pay approximately \$395,000 in health insurance premiums for employees who retire from the agency and for their dependents. The cost for employee retiree insurance premiums in FY 2020 is budgeted at \$409,000. The agency is responsible for this cost for all employees who retire from the agency regardless of their length of service with the Racing Commission.

- *Modify definition of 'prohibited substance' in the Racing Act to eliminate a 'loophole' that could jeopardize prosecution of a well-established, well-documented drug positive*

The statutory definition of 'prohibited substance' requires expert testimony to establish that the substance is, in its use or intended use, "reasonably capable of influencing or affecting the outcome of a race in a manner contrary to [the] Act or Commission rule." In a recent case the Commission was unable to find an expert witness until shortly before the hearing, calling into question the ability of the agency to prosecute what was otherwise a well-established, well-documented drug positive.

- *Remove requirement for occupational license renewals to resubmit fingerprints to the FBI every three years*

The Racing Act currently requires the Commission to resubmit fingerprints every three years for occupational licensee renewals. However, there is no longer an FBI requirement for resubmitting fingerprints submitted after June 1, 2015. This change would make the Racing Act consistent with current FBI requirements and will result in a savings of \$27 every three years for occupational license applicants.

- *List the specific occupations requiring a license from the Racing Commission*

FBI policies regarding background checks performed on behalf of state agencies require specific statutory authority in state law. That authority is expressed in Tex. Gov't Code 411.096 ("The Texas Racing Commission is entitled to obtain from the department (DPS) criminal history record information maintained by the department that pertains to a person who is ...an applicant for a license under the Texas Racing Act"); however, in the Racing Act the Texas Legislature delegated to the Racing Commission the determination of which occupations should be required to obtain licenses to engage in racing. The FBI has asked that the Racing Act be amended to specifically list the occupations requiring licenses.

IV. SIGNIFICANT EXTERNAL CHALLENGES

The measure of the health of the pari-mutuel industry is the total amount of money wagered at racetracks. Texas has seen a significant decline since reaching a high of over \$633 million wagered in 2000 to the current low of \$287 million. While the decline in overall wagering has been leveling out, the racing industry continues to face many challenges. The industry is subject to varying types of competition, ranging from the expansion of gaming and racing opportunities in neighboring states to unregulated sources of competition such as online gambling, illegal 8-liner businesses, and unregulated racing.

Unfortunately, the wagering decline at the racetracks affects many other businesses and individuals. The number of racing opportunities has decreased as well as the money paid to winning owners, jockeys and breeders. From there the decline reaches into local communities – especially when owners, trainers, and breeders cut back on their operations.

Despite the industry's decline, the agency's role remains unchanged: to enforce the Texas Racing Act and the Rules of Racing to ensure the safety, integrity, and fairness of Texas pari-mutuel racing. As reflected in this LAR, the agency continues to allocate resources as efficiently as possible, working to ensure that regulations are both fair and cost-effective.

V. EXCEPTIONAL ITEM – APPROPRIATIONS FOR INFORMATION SECURITY OFFICER/NETWORK SPECIALIST

The agency is requesting additional appropriations of \$81,200 for each fiscal year for an Information Security Officer/Network Specialist. Texas Government Code mandates the designation of an Information Security Officer who, as the officer's primary duties, has authority over information security for the entire agency.

VI. SUPPLEMENTAL SCHEDULE – 10 PERCENT BIENNIAL BASE REDUCTION OPTIONS

As directed, the agency reviewed its request and offers a reduction in four increments of 2.5 percent that equal a 10 percent reduction in its biennial request. It is important to note that 47 percent of the Commission's appropriation is statutorily dedicated pass-through revenue to the Texas-Bred Incentive Program administered by the state's designated breed registries. A 10 percent reduction to the Texas-Bred Incentive Program is allocated equally among the four options listed below. Of the Commission's remaining portion of the operating budget appropriation, 72.2 percent is devoted to staff salaries and related costs. In order to comply with the reduction options requirement, the Commission proposes the following biennial reductions:

1. The first option for a biennial reduction of 2.5 percent consists of the following:

- Reduce \$156,500 in appropriation authority for the Texas-Bred Incentive Program. The money for this strategy is generated by wagers at Texas racetracks and is passed through the Commission to the official breed registries, which in turn pay out awards to Texas owners and breeders of race animals. Any decrease to the appropriation for the Texas-Bred Incentive Program would prevent statutorily dedicated revenue from being distributed to the breed registries, which in turn will reduce awards paid to the owners and breeders of accredited Texas-bred race animals.
 - Eliminate \$37,000 for a salary increase. Commission salaries are below the midpoint in most of the salary groups across the agency. This has made it difficult to recruit and retain qualified, experienced state employees.
 - Reduce \$30,000 in Central Administration for professional fees and services related to providing internal auditing services and the Internal Audit Plan.
 - Reduce \$102,000 to eliminate the position of Records Management Officer. This position is responsible for managing the agency's record management program to ensure the agency complies with state records management and record retention requirements.
2. The second option for a biennial reduction of 2.5 percent consists of the following.
- Reduce \$156,500 in appropriation authority for the Texas-Bred Incentive Program.
 - Reduce \$62,000 in the Licensing Program for administrative support.
 - Reduce \$56,000 in Central Administration by reducing the hours of staff in Accounting. Additional duties and responsibilities would be assigned to remaining staff and could result in less oversight, reduced effectiveness of internal office procedures and reduced compliance with state and Commission requirements.
 - Reduce \$55,000 in Information Resources by delaying an upgrade to the network system. Network devices are used to protect and control access to the agency's critical infrastructure and data. These devices eventually reach end of life and must be replaced.
3. The third option for a biennial reduction of 2.5 percent consists of the following.
- Reduce \$156,500 in appropriation authority for the Texas-Bred Incentive Program.
 - Reduce \$91,000 in Monitor Licensee Activities by eliminating 0.5 of an FTE and reducing travel in this program. This 0.5 of an FTE allows the agency to minimize the use of several part-time investigators that rotate to work at Lone Star Park racetrack by hiring a full-time investigator. This provides for a more consistent presence and increased enforcement efficiency at the racetrack during live racing.
 - Reduce \$65,790 in Administer Drug Tests by eliminating the presence of Commission and contract veterinarians at the horse racetracks during routine training hours. This presence allows the veterinarians an

expanded opportunity to examine horses beyond the brief pre-race examination, and when necessary, take appropriate action to place a horse on the Veterinarian's List until the horse demonstrates that it is sound to race.

- Reduce \$37,900 in Central Administration by no longer paying membership dues in the Association of Racing Commissioners International (ARCI). The agency would no longer be able to participate in the ARCI national database that is used to monitor and share licensees' standing with other jurisdictions. Staff would no longer be able to participate in the development of national standards for the racing industry or stay current on the standards for racing regulation, medication policy, drug testing laboratories, totalizator systems, racetrack operations, and security.
4. The fourth and final option for a biennial reduction of 2.5 percent includes the following:
- Reduce \$156,500 in appropriation authority for the Texas-Bred Incentive Program.
 - Reduce \$150,000 in the Regulate Racetracks program by reducing staff hours. This would have a significant impact on the agency's ability to prepare for enforcement cases before the State Office of Administrative Hearings and would reduce agency regulatory oversight.
 - Reduce \$22,221 in Information Resources by delaying modifications and upgrades to the agency's database.

VII. BACKGROUND CHECKS: STATUTORY AUTHORITY AND AGENCY RULES AND PROCEDURES

STATUTE AND RULE:

The Commission has statutory authority to conduct background checks from two sources:

(1) Government Code, Sec. 411.96 — authorizes the Commission to obtain from DPS criminal history record information that pertains to persons appointed to the Commission, applicants for employment by the Commission, and applicants for a license under the Texas Racing Act.

(2) Texas Racing Act, Sec. 5.04 — authorizes the Commission to obtain any criminal history record information maintained by DPS or the FBI that relates to each applicant for employment by the Commission and to each applicant for a license issued. This section also authorizes the Commission to refuse to license an applicant who fails to provide a complete set of his or her fingerprints.

The Texas Rules of Racing are codified in Title 16, Part 8 of the Texas Administrative Code and require background checks on applicants for a racetrack license (Sec. 309.4) and applicants for an occupational license (Sec. 311.3). Both sections require that: (1) a licensure applicant must submit with the application documents a set of fingerprints in a form prescribed by DPS; (2) not later than 10 days after TxRC staff takes the fingerprints, the fingerprints must be forwarded to

DPS; and (3) TxRC must obtain a criminal history record from DPS and the FBI for each individual who submits fingerprints.

Agency Process

To obtain a license, each applicant must complete a basic application, submit fingerprints for a criminal history background check and pay the DPS/FBI fingerprint processing fee, and pay a licensing fee. The agency sends all fingerprints electronically to DPS. DPS electronically forwards the fingerprints to the FBI for processing. The Commission's transition to electronic fingerprinting has shortened the amount of time it takes to receive criminal history information from DPS and the FBI.

Currently, Commission staff resubmits fingerprints and obtains a new FBI background check at the three-year renewal mark for each occupational licensee. Between renewal periods, TxRC investigators rely on updates from DPS which alert the Commission if a licensee is arrested in Texas.

Please note the Commission is asking the Legislature to remove the requirement for occupational license renewals to resubmit fingerprints to the FBI every three years. There is no longer a FBI requirement for resubmitting fingerprints submitted after June 1, 2015. This requested change would make the Racing Act consistent with current FBI requirements and will result in a savings of \$27 every three years for occupational license applicants.

VIII. SUMMARY

The Commission regulates an industry that is large and complex, operating seven days a week and 365 days a year. The racing industry provides an entertainment and recreation experience for hundreds of thousands while providing significant economic benefits to the state. Approval of the Legislative Appropriations Request – baseline budget, rider authorization requests, and exceptional items – will allow the Commission to continue providing effective and efficient regulation of this industry, thereby fulfilling its mission to ensure that pari-mutuel racing is safe, honest, and fair for all participants.

Agency code: **476**

Agency name: **Racing Commission**

AGENCY MISSION

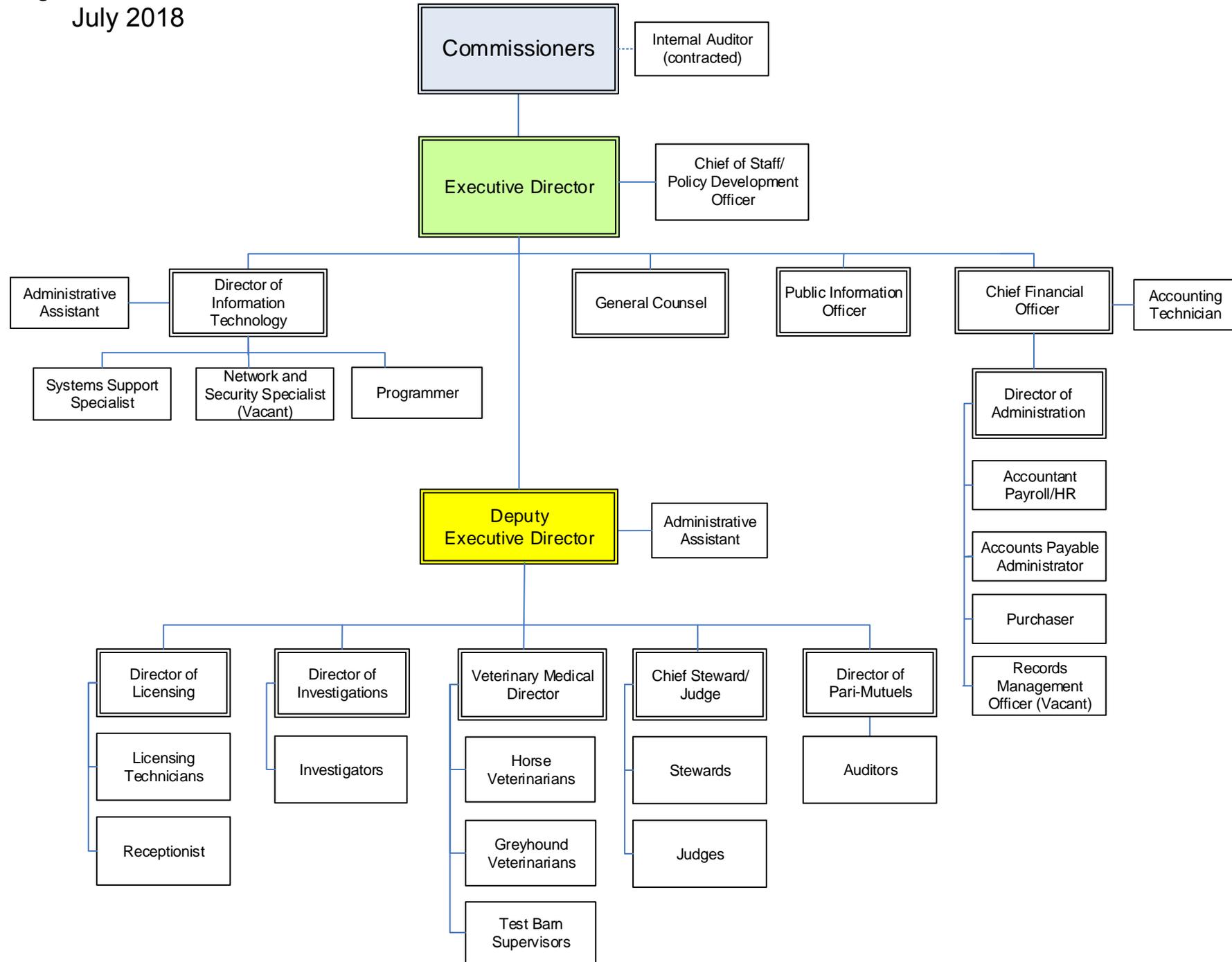
To enforce the Texas Racing Act and the Rules of Racing to ensure the safety, integrity and fairness of Texas pari-mutuel racing.

The Texas Racing Commission performs its responsibilities in strict compliance with state laws. The agency conducts its regulatory activities fairly, consistently, efficiently and courteously.

TEXAS RACING COMMISSION

Organizational Chart

July 2018



Budget Overview - Biennial Amounts
86th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

476 Racing Commission
Appropriation Years: 2020-21

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	2018-19	2020-21	2018-19	2020-21	2018-19	2020-21	2018-19	2020-21	2018-19	2020-21	2020-21
	Goal: 1. Enforce Racing Regulations in Texas										
1.1.1. License/Regulate Racetracks			735,648	747,516					735,648	747,516	
1.2.1. Texas Bred Incentive Program			6,260,000	6,260,000					6,260,000	6,260,000	
1.3.1. Supervise & Conduct Live Races			990,475	932,458					990,475	932,458	
1.3.2. Monitor Licensee Activities			533,307	607,172					533,307	607,172	
1.4.1. Inspect & Provide Emergency Care			642,130	564,810					642,130	564,810	
1.4.2. Administer Drug Tests			384,499	412,627					384,499	412,627	
Total, Goal			9,546,059	9,524,583					9,546,059	9,524,583	
Goal: 2. Regulate the Participation in Racing											
2.1.1. Occupational Licensing Program			686,382	688,459					686,382	688,459	
2.1.2. Texas.Gov			34,000	35,000					34,000	35,000	
Total, Goal			720,382	723,459					720,382	723,459	
Goal: 3. Regulate Pari-mutuel Wagering in Texas											
3.1.1. Monitor Wagering And Compliance			579,545	522,267					579,545	522,267	
Total, Goal			579,545	522,267					579,545	522,267	
Goal: 4. Indirect Administration											
4.1.1. Central Admin & Other Support Svcs			1,402,791	1,485,192					1,402,791	1,485,192	
4.1.2. Information Resources			1,045,596	1,087,697					1,045,596	1,087,697	166,400
Total, Goal			2,448,387	2,572,889					2,448,387	2,572,889	166,400
Total, Agency			13,294,373	13,343,198					13,294,373	13,343,198	166,400
Total FTEs									37.8	39.3	1.0

2.A. Summary of Base Request by Strategy

7/27/2018 12:27:40PM

86th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

476 Racing Commission

Goal / Objective / STRATEGY	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
1 Enforce Racing Regulations in Texas					
1 <i>Regulate Pari-mutuel Racetracks Effectively</i>					
1 LICENSE/REGULATE RACETRACKS	363,968	351,272	384,376	373,628	373,888
2 <i>Provide Oversight of Texas Bred Incentive Program</i>					
1 TEXAS BRED INCENTIVE PROGRAM	3,028,616	3,130,000	3,130,000	3,130,000	3,130,000
3 <i>Reduce the Rate of Rulings Per Occupational Licensee</i>					
1 SUPERVISE & CONDUCT LIVE RACES	515,128	485,127	505,348	465,909	466,549
2 MONITOR LICENSEE ACTIVITIES	325,315	274,138	259,169	303,586	303,586
4 <i>Reduce the Percentage of Race Animals Injured or Dismissed</i>					
1 INSPECT & PROVIDE EMERGENCY CARE	380,295	340,255	301,875	282,235	282,575
2 ADMINISTER DRUG TESTS	214,894	184,673	199,826	206,721	205,906
TOTAL, GOAL 1	\$4,828,216	\$4,765,465	\$4,780,594	\$4,762,079	\$4,762,504

2 Regulate the Participation in Racing

2.A. Summary of Base Request by Strategy

7/27/2018 12:27:40PM

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Automated Budget and Evaluation System of Texas (ABEST)

476 Racing Commission

Goal / Objective / STRATEGY	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
<u>1</u> <i>Maintain the Efficiency of the Occupational Licensing Process</i>					
1 OCCUPATIONAL LICENSING PROGRAM	365,587	342,772	343,610	344,130	344,329
2 TEXAS.GOV	17,212	17,000	17,000	17,500	17,500
TOTAL, GOAL 2	\$382,799	\$359,772	\$360,610	\$361,630	\$361,829
<u>3</u> <i>Regulate Pari-mutuel Wagering in Texas</i>					
<u>1</u> <i>Increase Pass Rate for Initial Tote Test and Compliance Audits</i>					
1 MONITOR WAGERING AND COMPLIANCE	370,608	289,031	290,514	260,794	261,473
TOTAL, GOAL 3	\$370,608	\$289,031	\$290,514	\$260,794	\$261,473
<u>4</u> <i>Indirect Administration</i>					
<u>1</u> <i>Indirect Administration</i>					
1 CENTRAL ADMIN & OTHER SUPPORT SVCS	684,627	655,197	747,594	742,426	742,766
2 INFORMATION RESOURCES	440,574	530,167	515,429	546,788	540,909

2.A. Summary of Base Request by Strategy

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Automated Budget and Evaluation System of Texas (ABEST)

476 Racing Commission

Goal / Objective / STRATEGY	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
TOTAL, GOAL 4	\$1,125,201	\$1,185,364	\$1,263,023	\$1,289,214	\$1,283,675
TOTAL, AGENCY STRATEGY REQUEST	\$6,706,824	\$6,599,632	\$6,694,741	\$6,673,717	\$6,669,481
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	\$6,706,824	\$6,599,632	\$6,694,741	\$6,673,717	\$6,669,481
<u>METHOD OF FINANCING:</u>					
General Revenue Dedicated Funds:					
597 Texas Racing Comm Acct	6,706,824	6,599,632	6,694,741	6,673,717	6,669,481
SUBTOTAL	\$6,706,824	\$6,599,632	\$6,694,741	\$6,673,717	\$6,669,481
TOTAL, METHOD OF FINANCING	\$6,706,824	\$6,599,632	\$6,694,741	\$6,673,717	\$6,669,481

*Rider appropriations for the historical years are included in the strategy amounts.

2.B. Summary of Base Request by Method of Finance
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

7/27/2018 12:27:40PM

Agency code: 476

Agency name: Racing Commission

METHOD OF FINANCING	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
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GENERAL REVENUE FUND - DEDICATED

597 GR Dedicated - Texas Racing Commission Account No. 597

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2016-17 GAA)

\$7,722,747	\$0	\$0	\$0	\$0
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Comments: Matches 2016-17 GAA Conference Committee version

Regular Appropriations from MOF Table (2018-19 GAA)

\$0	\$7,139,624	\$7,139,624	\$0	\$0
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Comments: Matches 2018-19 GAA Conference Committee version

Requested Appropriations

\$0	\$0	\$0	\$6,673,717	\$6,669,481
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RIDER APPROPRIATION

Art VIII, Agency 476, Rider 5 (2016-17 GAA)

\$635,637	\$0	\$0	\$0	\$0
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2.B. Summary of Base Request by Method of Finance

7/27/2018 12:27:40PM

86th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476

Agency name: Racing Commission

METHOD OF FINANCING	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
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GENERAL REVENUE FUND - DEDICATED

Comments: Matches GAA 2016-17 Rider 5 "Contingent Appropriation: New Horse Racetrack or Reopening Horse Racetrack and Accredited Texas Bred Program"

Contingency rider for new horse tracks. Of the total, \$303,600 and 5.0 FTEs are for new horse track operations (Rider 5a) and \$332,037 is for projected Texas Bred Incentive Program revenue collected from the new horse tracks (Rider 5b).

Art VIII, Agency 476, Rider 5 (2018-19 GAA)

\$0	\$650,427	\$650,427	\$0	\$0
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Comments: Matches GAA 2018-19 Rider 5 "Contingent Appropriation: New Horse Racetrack or Reopening Horse Racetrack and Accredited Texas Bred Program"

Contingency rider for new horse tracks. Of the total, \$315,950 and 5.0 FTEs are for new horse track operations (Rider 5a) and \$334,477 is for projected Texas Bred Incentive Program revenue collected from the new horse tracks (Rider 5b). The agency does not anticipate any racetracks opening before the end of the biennium and plans to lapse the appropriation.

Art VIII, Agency 476, Rider 7 (2018-19 GAA)

\$0	\$5,776	\$5,776	\$0	\$0
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2.B. Summary of Base Request by Method of Finance

7/27/2018 12:27:40PM

86th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476

Agency name: Racing Commission

METHOD OF FINANCING	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
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GENERAL REVENUE FUND - DEDICATED

Comments: Matches GAA 2018-19 Rider 7 "Contingent Appropriation: Additional Live Race Days Added beyond the Base of 186 Days Each Fiscal Year to the Horse Race Date Calendar and Accredited Texas Bred Program."

Contingency rider for additional live race days added beyond base of 186 days. Of the total, \$3,501 and .1 FTEs are for additional days (Rider 7a) and \$2,275 is for projected Texas Bred Incentive Program revenue collected from additional days (Rider 7b).

Art VIII, Agency 476, Rider 8 (2018-19 GAA)

\$0	\$2,639	\$2,639	\$0	\$0
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Comments: Matches GAA 2018-19 Rider 8 "Contingent Appropriation: Additional Live Race Days Added beyond the Base of 36 Days Each Fiscal Year to the Greyhound Race Date Calendar and Accredited Texas Bred Program."

Contingency rider for additional live race days added beyond base of 36 days. Of the total, \$2,564 and .1 FTEs are for additional days (Rider 8a) and \$75 is for projected Texas Bred Incentive Program revenue collected from additional days (Rider 8b).

TRANSFERS

Art IX, Sec 18.02, Salary Increase for General State Employees (2016-17)

\$39,279	\$0	\$0	\$0	\$0
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Comments: Authority from 2016-17 GAA Appropriation for a Salary Increase

This amount is 2.5% of total employee salaries paid for FY 2017.

LAPSED APPROPRIATIONS

2.B. Summary of Base Request by Method of Finance

7/27/2018 12:27:40PM

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Automated Budget and Evaluation System of Texas (ABEST)

METHOD OF FINANCING	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
<u>GENERAL REVENUE FUND - DEDICATED</u>					
Regular Appropriation from MOF Table (2016-17 GAA)	\$ (867,956)	\$ 0	\$ 0	\$ 0	\$ 0
<p>Comments: The lapsed appropriations are in response to a decline in the racing industry. The reduction in live racing across the operating racetracks, including the greyhound tracks which have 36 race days approved each year at alternating tracks, resulted in unused Texas- Bred Incentive Program appropriations and decreased staffing levels at the tracks. In addition, the industry decline resulted in lapsed appropriations for professional fees and services and other operating costs. The breakdown by strategy is included below:</p> <p>A.1.1. License/Regulate Racetracks: \$4,225 A.2.1. Texas-Bred Incentive Program: \$446,384 A.3.1. Supervise & Conduct Live Races: \$103,478</p> <p>A.4.2. Drug Tests: \$34,177 B.1.1. Occupational Licensing Program: \$53,903</p> <p>C.1.1. & C.1.2. Monitor Wagering and Audit: \$86,583</p> <p>D.1.1 Central Administration: \$38,869 D.1.2. Information Resources: \$100,337</p>					
Savings due to Hiring Freeze	\$ (97,445)	\$ 0	\$ 0	\$ 0	\$ 0

2.B. Summary of Base Request by Method of Finance
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

7/27/2018 12:27:40PM

Agency code: **476**

Agency name: **Racing Commission**

METHOD OF FINANCING	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
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GENERAL REVENUE FUND - DEDICATED

Comments: The lapsed appropriations by strategy attributable to the Governor's hiring freeze are listed below:

- B.1.1. Occupational Licensing Program: \$12,320
- C.1.1. & C.1.2. Monitor Wagering and Audit: \$45,765
- D.1.1 Central Administration: \$39,360

Art VIII, Agency 476, Rider 5 (2016-17 GAA)

	\$(635,637)	\$0	\$0	\$0	\$0
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Comments: Lapse of Rider 5 "Contingent Appropriations: New Horse Racetrack or Reopening Horse Racetrack and Accredited Texas Bred Program"

There were no Class 2 horse racetracks that opened in this biennium, therefore, Rider 5 was not activated..

Art VIII, Sec. 4, Texas.gov Appropriation (2016-17 GAA)

	\$(5,288)	\$0	\$0	\$0	\$0
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Comments: The agency issued fewer licenses than projected and therefore did not utilize the full appropriation.

Art VIII, Rider 3 (Criminal History & Background Checks)

	\$(84,513)	\$0	\$0	\$0	\$0
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2.B. Summary of Base Request by Method of Finance
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

7/27/2018 12:27:40PM

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

METHOD OF FINANCING	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
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GENERAL REVENUE FUND - DEDICATED

Comments: GAA 2016-17 Rider 3 "Criminal History Checks and Background Checks"

The agency currently performs criminal history and background checks on each new licensee and on each licensee that renews every three years. In addition, background checks are also performed on racetrack license applicants when a new application is submitted or when a change in ownership is requested. Because of the decline in the racing industry, a smaller licensing population caused less criminal history and background checks to be performed and there were no major changes in track ownership in FY 2017. As a result, the agency lapsed appropriations for this program.

Art VIII, Rider 3 (Criminal History & Background Checks)

	\$0	\$(32,000)	\$(30,000)	\$0	\$0
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Comments: GAA 2018-19 Rider 3 "Criminal History Checks and Background Checks"

The agency currently performs criminal history and background checks on each new licensee and on each licensee that renews every three years. In addition, background checks are also performed on racetrack license applicants when a new application is submitted or when a change in ownership is requested. Because of the decline in the racing industry, a smaller licensing population has caused less criminal history and background checks to be performed. The agency does not anticipate any major changes in ownership in FY 2018 or FY 2019. As a result, the agency will lapse appropriations for this program.

Regular Appropriations from MOF Table (2018-19 GAA)

	\$0	\$(507,992)	\$(414,883)	\$0	\$0
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2.B. Summary of Base Request by Method of Finance

7/27/2018 12:27:40PM

86th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476

Agency name: Racing Commission

METHOD OF FINANCING	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
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GENERAL REVENUE FUND - DEDICATED

Comments: The anticipated lapsed appropriations are in response to a decline in the racing industry. The reduction in live racing at both the horse and greyhound racetracks will result in unused Texas-Bred Incentive Program appropriations and decreased staffing levels at the tracks. The agency also anticipates lapsed appropriations for professional fees and services and other operating costs. The agency implemented cost savings measures in FY 2018 and in FY 2019 due to the loss of revenue from three inactive horse racetracks. Positions were permanently eliminated in Wagering and Auditing. One part-time position was eliminated in License/Regulate Racetracks. One position in Central Administration was not filled for the current biennium but the agency expects to fill it in FY 2020. If the Commission decides to repost for an Economy, Effectiveness and Efficiency Internal Audit, this audit is expected to occur in FY 2019. The total cost is budgeted for \$200,000. This Audit originally was budgeted in FY 2018. The agency will redirect the appropriations in FY 2020-21 to increase the presence of investigators at the Class 1 horse racetracks to provide more oversight, to fill the position in Central Administration that remained unfilled in FY 2018-19 and to fund the migration of database applications to cloud computing services. In FY 2019, there are 27 fewer race days projected resulting in greater savings.

A.1.1. License/Regulate Racetracks: \$4,670; \$32,065

A.2.1. Texas-Bred Program: \$195,343; \$195,343

A.3.1. Supervise & Conduct Live Races: \$10,612; \$120,891

A.4.1. Emergency Care: \$1,604; \$51,852

A.4.2. Drug Tests: \$10,164; \$37,939

B.1.1. Occupational Licensing Program: \$32,742; \$30,966

C.1.1. & C.1.2. Monitor Wagering and Audit: \$24,764; \$73,822

D.1.1 Central Administration: \$5,640; \$39,721

D.1.2. Information Resources: \$0; \$0

2.B. Summary of Base Request by Method of Finance

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Automated Budget and Evaluation System of Texas (ABEST)

METHOD OF FINANCING	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
<p>Agency code: 476 Agency name: Racing Commission</p>					
<u>GENERAL REVENUE FUND - DEDICATED</u>					
Art VIII, Agency 476, Rider 5 (2018-19 GAA)	\$0	\$(650,427)	\$(650,427)	\$0	\$0
<p>Comments: Lapse of Rider 5 "Contingent Appropriations: New Horse Racetrack or Reopening Horse Racetrack and Accredited Texas Bred Program"</p> <p>The agency does not expect any racetrack to open and does not plan on activating the contingent revenue rider.</p>					
Art VIII, Agency 476, Rider 7 (2018-19 GAA)	\$0	\$(5,776)	\$(5,776)	\$0	\$0
<p>Comments: Lapse of Rider 7 "Contingent Appropriation: Additional Live Race Days Added beyond the Base of 186 Days Each Fiscal Year to the Horse Race Date Calendar and Accredited Texas Bred Program"</p> <p>The agency does not expect additional live race days to be added to the horse race date calendar and, therefore, does not plan on activating the contingent revenue rider.</p>					
Art VIII, Agency 476, Rider 8 (2018-19 GAA)	\$0	\$(2,639)	\$(2,639)	\$0	\$0
<p>Comments: Lapse of Rider 8 "Contingent Appropriation: Additional Live Race Days Added beyond the Base of 36 Days Each Fiscal Year to the Greyhound Race Date Calendar and Accredited Texas Bred Program"</p> <p>The agency does not expect additional live race days to be added to the greyhound race date calendar and, therefore, does not plan on activating the contingent revenue rider.</p>					

2.B. Summary of Base Request by Method of Finance
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

7/27/2018 12:27:40PM

Agency code:	476	Agency name:	Racing Commission			
METHOD OF FINANCING		Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
<u>GENERAL REVENUE FUND - DEDICATED</u>						
TOTAL,	GR Dedicated - Texas Racing Commission Account No. 597					
		\$6,706,824	\$6,599,632	\$6,694,741	\$6,673,717	\$6,669,481
TOTAL, ALL	GENERAL REVENUE FUND - DEDICATED					
		\$6,706,824	\$6,599,632	\$6,694,741	\$6,673,717	\$6,669,481
TOTAL,	GR & GR-DEDICATED FUNDS					
		\$6,706,824	\$6,599,632	\$6,694,741	\$6,673,717	\$6,669,481
GRAND TOTAL		\$6,706,824	\$6,599,632	\$6,694,741	\$6,673,717	\$6,669,481

2.B. Summary of Base Request by Method of Finance
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

7/27/2018 12:27:40PM

Agency code: 476	Agency name: Racing Commission				
METHOD OF FINANCING	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
FULL-TIME-EQUIVALENT POSITIONS					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2016-17 GAA) Comments: Matches 2016-17 GAA Conference Committee version	51.2	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2018-19 GAA) Comments: Matches 2018-19 GAA Conference Committee version	0.0	46.4	46.4	0.0	0.0
Requested Appropriations	0.0	0.0	0.0	39.3	39.3
RIDER APPROPRIATION					
Art VIII, Agency 476, Rider 5 (2016-17 GAA) Comments: Matches GAA 2016-17 Rider 5 "Contingent Appropriation: New Horse Racetrack or Reopening Horse Racetrack and Accredited Texas Bred Program" Contingency rider for a new horse track. Of the total, \$303,600 and 5.0 FTEs are for new horse track operations (Rider 5a) and \$332,037 is for projected Texas Bred Incentive Program revenue collected from a new horse track (Rider 5b).	5.0	0.0	0.0	0.0	0.0
Art VIII, Agency 476, Rider 7 (2018-19 GAA)	0.0	0.1	0.1	0.0	0.0

2.B. Summary of Base Request by Method of Finance

7/27/2018 12:27:40PM

86th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476	Agency name: Racing Commission				
METHOD OF FINANCING	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
<p>Comments: Matches GAA 2018-19 Rider 7 "Contingent Appropriation: Additional Live Race Days Added beyond the Base of 186 Days Each Fiscal Year to the Horse Race Date Calendar and Accredited Texas Bred Program."</p> <p>Contingency rider for additional live race days added beyond base of 186 days. Of the total, \$3,501 and .1 FTEs are for additional days (Rider 7a) and \$2,275 is for projected Texas Bred Incentive Program revenue collected from additional days (Rider 7b).</p>					
Art VIII, Agency 476, Rider 8 (2018-19 GAA)	0.0	0.1	0.1	0.0	0.0
<p>Comments: Matches GAA 2018-19 Rider 8 "Contingent Appropriation: Additional Live Race Days Added beyond the Base of 36 Days Each Fiscal Year to the Greyhound Race Date Calendar and Accredited Texas Bred Program."</p> <p>Contingency rider for additional live race days added beyond base of 36 days. Of the total, \$2,564 and .1 FTEs are for additional days (Rider 8a) and \$75 is for projected Texas Bred Incentive Program revenue collected from additional days (Rider 8b).</p>					
Art VIII, Agency 476, Rider 5 (2018-19 GAA)	0.0	5.0	5.0	0.0	0.0
<p>Comments: Matches GAA 2018-19 Rider 5 "Contingent Appropriation: New Horse Racetrack or Reopening House Racetrack and Accredited Texas Bred Program"</p> <p>Contingency rider for new horse tracks. Of the total, \$315,950 and 5.0 FTEs are for new horse track operations (Rider 5a) and \$334,477 is for projected Texas Bred Incentive Program revenue collected from the new horse tracks (Rider 5b). The agency does not anticipate any racetracks opening before the end of the biennium and plans to lapse the appropriation.</p>					

LAPSED APPROPRIATIONS

2.B. Summary of Base Request by Method of Finance

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Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476	Agency name: Racing Commission					
METHOD OF FINANCING	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021	
Regular Appropriations from MOF Table (2016-17 GAA) Comments: These lapses are due to the decline in the racing industry reducing the FTE need at live racing events. The agency also reduced headcount by 1.5 FTE's through merging the duties of two positions in Wagering and Auditing into one position and reducing a position in Licensing.	(7.9)	0.0	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2018-19 GAA) Comments: These lapses are due to the decline in the racing industry reducing the FTE need at live racing events and due to the cost saving measures the agency implemented.	0.0	(9.0)	(8.6)	0.0	0.0	0.0
Art VIII, Agency 476, Rider 5 (2016-17 GAA) Comments: Lapse of Rider 5 "Contingent Appropriations: New Horse Racetrack or Reopening Horse Racetrack and Accredited Texas Bred Program"	(5.0)	0.0	0.0	0.0	0.0	0.0
Art VIII, Agency 476, Rider 5 (2018-19 GAA) Comments: Lapse of Rider 5 "Contingent Appropriations: New Horse Racetrack or Reopening Horse Racetrack and Accredited Texas Bred Program"	0.0	(5.0)	(5.0)	0.0	0.0	0.0
Art VIII, Agency 476, Rider 7 (2018-19 GAA) Comments: Lapse of Rider 7 "Contingent Appropriation: Additional Live Race Days Added beyond the Base of 186 Days Each Fiscal Year to the Horse Race Date Calendar and Accredited Texas Bred Program."	0.0	(0.1)	(0.1)	0.0	0.0	0.0
Art VIII, Agency 476, Rider 8 (2018-19 GAA)	0.0	(0.1)	(0.1)	0.0	0.0	0.0

2.B. Summary of Base Request by Method of Finance
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

7/27/2018 12:27:40PM

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

METHOD OF FINANCING	Exp 2017	Est 2018	Bud 2019	Req 2020	Req 2021
Comments: Lapse of Rider 8 "Contingent Appropriation: Additional Live Race Days Added beyond the Base of 36 Days Each Fiscal Year to the Greyhound Race Date Calendar and Accredited Texas Bred Program.					
TOTAL, ADJUSTED FTES	43.3	37.4	37.8	39.3	39.3

NUMBER OF 100% FEDERALLY FUNDED FTES

2.C. Summary of Base Request by Object of Expense

7/27/2018 12:27:41PM

86th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

476 Racing Commission

OBJECT OF EXPENSE	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1001 SALARIES AND WAGES	\$2,604,860	\$2,361,741	\$2,344,661	\$2,451,313	\$2,451,312
1002 OTHER PERSONNEL COSTS	\$115,498	\$160,289	\$104,945	\$108,241	\$110,162
2001 PROFESSIONAL FEES AND SERVICES	\$277,442	\$289,454	\$428,510	\$260,937	\$260,925
2003 CONSUMABLE SUPPLIES	\$17,992	\$8,562	\$12,000	\$13,000	\$13,000
2004 UTILITIES	\$47,966	\$43,245	\$50,000	\$51,000	\$51,000
2005 TRAVEL	\$208,458	\$192,087	\$189,384	\$197,163	\$196,008
2006 RENT - BUILDING	\$96,278	\$104,250	\$104,970	\$105,970	\$105,970
2007 RENT - MACHINE AND OTHER	\$3,091	\$2,800	\$3,200	\$3,200	\$3,200
2009 OTHER OPERATING EXPENSE	\$293,354	\$307,204	\$327,071	\$352,893	\$347,904
4000 GRANTS	\$3,028,616	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000
5000 CAPITAL EXPENDITURES	\$13,269	\$0	\$0	\$0	\$0
OOE Total (Excluding Riders)	\$6,706,824	\$6,599,632	\$6,694,741	\$6,673,717	\$6,669,481
OOE Total (Riders)					
Grand Total	\$6,706,824	\$6,599,632	\$6,694,741	\$6,673,717	\$6,669,481

2.D. Summary of Base Request Objective Outcomes
86th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

7/27/2018 12:27:41PM

476 Racing Commission

Goal/ Objective / Outcome	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1 Enforce Racing Regulations in Texas					
1 Regulate Pari-mutuel Racetracks Effectively					
1 Percent Racetracks with Inspection Score of 100 Percent					
	80.00%	75.00%	75.00%	75.00%	75.00%
2 Percentage of Deficiency Items Closed					
	100.00%	95.00%	95.00%	95.00%	95.00%
2 Provide Oversight of Texas Bred Incentive Program					
1 Percent Increase in Texas Bred Accredited Horses					
	9.38%	5.00%	-5.00%	-4.00%	-3.00%
2 Percent Increase in Texas Bred Accredited Greyhounds					
	-13.37%	-5.00%	-3.00%	-3.00%	-2.00%
3 Reduce the Rate of Rulings Per Occupational Licensee					
1 Average Number of Rulings Per Occupational Licensee					
	0.05	0.04	0.04	0.04	0.04
2 Recidivism Rate for Those Receiving Disciplinary Action					
	25.88%	26.25%	26.25%	26.25%	26.25%
KEY 3 Percentage of Investigations Resulting in Disciplinary Action					
	97.77%	95.00%	95.00%	95.00%	95.00%
KEY 4 Percentage of Licensees with No Recent Violations					
	96.30%	97.00%	97.00%	97.00%	97.00%
4 Reduce the Percentage of Race Animals Injured or Dismissed					
KEY 1 Percent of Race Horses that Sustain a Catastrophic Injury					
	0.14%	0.14%	0.14%	0.14%	0.14%
KEY 2 Percent of Greyhounds that Sustain a Catastrophic Injury					
	0.03%	0.36%	0.73%	0.73%	0.73%
3 Ratio of Drug Positive Tests for Prohibited Substances in Horses					
	28.78	20.00	20.00	20.00	20.00

2.D. Summary of Base Request Objective Outcomes
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

7/27/2018 12:27:41PM

476 Racing Commission

Goal/ Objective / Outcome	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
4 Ratio of Drug Positive Tests for Prohibited Subst in Greyhounds					
	20.93	42.60	42.60	42.60	42.60
2 Regulate the Participation in Racing					
1 <i>Maintain the Efficiency of the Occupational Licensing Process</i>					
1 Percent of New Eligible Individual Licences Issued Online					
	11.32%	12.00%	13.00%	13.50%	14.00%
2 Percent of Licensees Who Renew Online					
	16.02%	18.00%	19.00%	20.00%	20.50%
3 Regulate Pari-mutuel Wagering in Texas					
1 <i>Increase Pass Rate for Initial Tote Test and Compliance Audits</i>					
1 Percentage of Scenarios Within Tote Tests Passed on the First Run					
	97.24%	98.00%	98.00%	98.00%	98.00%
KEY 2 Percentage of Compliance Audits Passed					
	99.17%	99.00%	98.00%	98.00%	98.00%

2.E. Summary of Exceptional Items Request
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 7/27/2018
 TIME : 12:27:41PM

Agency code: 476

Agency name: **Racing Commission**

Priority	Item	2020			2021			Biennium	
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds
1	ISO/Network Security	\$83,200	\$83,200	1.0	\$83,200	\$83,200	1.0	\$166,400	\$166,400
Total, Exceptional Items Request		\$83,200	\$83,200	1.0	\$83,200	\$83,200	1.0	\$166,400	\$166,400

Method of Financing

General Revenue

General Revenue - Dedicated

Federal Funds

Other Funds

General Revenue - Dedicated	\$83,200	\$83,200		\$83,200	\$83,200		\$166,400	\$166,400
Total	\$83,200	\$83,200		\$83,200	\$83,200		\$166,400	\$166,400

Full Time Equivalent Positions

1.0

1.0

Number of 100% Federally Funded FTEs

2.F. Summary of Total Request by Strategy
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 7/27/2018
 TIME : 12:27:41PM

Agency code: 476 Agency name: Racing Commission

Goal/Objective/STRATEGY	Base 2020	Base 2021	Exceptional 2020	Exceptional 2021	Total Request 2020	Total Request 2021
1 Enforce Racing Regulations in Texas						
1 <i>Regulate Pari-mutuel Racetracks Effectively</i>						
1 LICENSE/REGULATE RACETRACKS	\$373,628	\$373,888	\$0	\$0	\$373,628	\$373,888
2 <i>Provide Oversight of Texas Bred Incentive Program</i>						
1 TEXAS BRED INCENTIVE PROGRAM	3,130,000	3,130,000	0	0	3,130,000	3,130,000
3 <i>Reduce the Rate of Rulings Per Occupational Licensee</i>						
1 SUPERVISE & CONDUCT LIVE RACES	465,909	466,549	0	0	465,909	466,549
2 MONITOR LICENSEE ACTIVITIES	303,586	303,586	0	0	303,586	303,586
4 <i>Reduce the Percentage of Race Animals Injured or Dismissed</i>						
1 INSPECT & PROVIDE EMERGENCY CARE	282,235	282,575	0	0	282,235	282,575
2 ADMINISTER DRUG TESTS	206,721	205,906	0	0	206,721	205,906
TOTAL, GOAL 1	\$4,762,079	\$4,762,504	\$0	\$0	\$4,762,079	\$4,762,504
2 Regulate the Participation in Racing						
1 <i>Maintain the Efficiency of the Occupational Licensing Process</i>						
1 OCCUPATIONAL LICENSING PROGRAM	344,130	344,329	0	0	344,130	344,329
2 TEXAS.GOV	17,500	17,500	0	0	17,500	17,500
TOTAL, GOAL 2	\$361,630	\$361,829	\$0	\$0	\$361,630	\$361,829
3 Regulate Pari-mutuel Wagering in Texas						
1 <i>Increase Pass Rate for Initial Tote Test and Compliance Audits</i>						
1 MONITOR WAGERING AND COMPLIANCE	260,794	261,473	0	0	260,794	261,473
TOTAL, GOAL 3	\$260,794	\$261,473	\$0	\$0	\$260,794	\$261,473

2.F. Summary of Total Request by Strategy
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 7/27/2018
 TIME : 12:27:41PM

Agency code: 476 Agency name: Racing Commission

Goal/Objective/STRATEGY	Base 2020	Base 2021	Exceptional 2020	Exceptional 2021	Total Request 2020	Total Request 2021
4 Indirect Administration						
1 Indirect Administration						
1 CENTRAL ADMIN & OTHER SUPPORT SVCS	\$742,426	\$742,766	\$0	\$0	\$742,426	\$742,766
2 INFORMATION RESOURCES	546,788	540,909	83,200	83,200	629,988	624,109
TOTAL, GOAL 4	\$1,289,214	\$1,283,675	\$83,200	\$83,200	\$1,372,414	\$1,366,875
TOTAL, AGENCY STRATEGY REQUEST	\$6,673,717	\$6,669,481	\$83,200	\$83,200	\$6,756,917	\$6,752,681
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$6,673,717	\$6,669,481	\$83,200	\$83,200	\$6,756,917	\$6,752,681

2.F. Summary of Total Request by Strategy
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 7/27/2018

TIME : 12:27:41PM

Agency code: 476 Agency name: Racing Commission

Goal/Objective/STRATEGY	Base 2020	Base 2021	Exceptional 2020	Exceptional 2021	Total Request 2020	Total Request 2021
General Revenue Dedicated Funds:						
597 Texas Racing Comm Acct	\$6,673,717	\$6,669,481	\$83,200	\$83,200	\$6,756,917	\$6,752,681
	\$6,673,717	\$6,669,481	\$83,200	\$83,200	\$6,756,917	\$6,752,681
TOTAL, METHOD OF FINANCING	\$6,673,717	\$6,669,481	\$83,200	\$83,200	\$6,756,917	\$6,752,681
FULL TIME EQUIVALENT POSITIONS	39.3	39.3	1.0	1.0	40.3	40.3

2.G. Summary of Total Request Objective Outcomes
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 7/27/2018
 Time: 12:27:41PM

Agency code: 476

Agency name: **Racing Commission**

Goal/ Objective / Outcome

		BL 2020	BL 2021	Excp 2020	Excp 2021	Total Request 2020	Total Request 2021
KEY	4 Percentage of Licensees with No Recent Violations	97.00%	97.00%			97.00%	97.00%
4	<i>Reduce the Percentage of Race Animals Injured or Dismissed</i>						
KEY	1 Percent of Race Horses that Sustain a Catastrophic Injury	0.14%	0.14%			0.14%	0.14%
KEY	2 Percent of Greyhounds that Sustain a Catastrophic Injury	0.73%	0.73%			0.73%	0.73%
	3 Ratio of Drug Positive Tests for Prohibited Substances in Horses	20.00	20.00			20.00	20.00
	4 Ratio of Drug Positive Tests for Prohibited Subst in Greyhounds	42.60	42.60			42.60	42.60
2	Regulate the Participation in Racing						
1	<i>Maintain the Efficiency of the Occupational Licensing Process</i>						
	1 Percent of New Eligible Individual Licences Issued Online	13.50%	14.00%			13.50%	14.00%
	2 Percent of Licensees Who Renew Online	20.00%	20.50%			20.00%	20.50%
3	Regulate Pari-mutuel Wagering in Texas						
1	<i>Increase Pass Rate for Initial Tote Test and Compliance Audits</i>						

2.G. Summary of Total Request Objective Outcomes
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 7/27/2018
 Time: 12:27:41PM

Agency code: 476

Agency name: **Racing Commission**

Goal/ Objective / Outcome

	BL 2020	BL 2021	Excp 2020	Excp 2021	Total Request 2020	Total Request 2021
1 Percentage of Scenarios Within Tote Tests Passed on the First Run	98.00%	98.00%			98.00%	98.00%
KEY 2 Percentage of Compliance Audits Passed	98.00%	98.00%			98.00%	98.00%

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 1 Regulate Pari-mutuel Racetracks Effectively Service Categories:
 STRATEGY: 1 Provide Regulatory and Enforcement Services to Racetrack Owners Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
Output Measures:						
	1 Number of Racetrack Operation Complaints Closed	0.00	0.00	2.00	2.00	2.00
KEY 2	Number of Racetrack Inspections	50.00	40.00	12.00	12.00	12.00
Explanatory/Input Measures:						
KEY 1	Number of Horse Tracks Regulated	7.00	7.00	7.00	7.00	7.00
KEY 2	Number of Greyhound Tracks Regulated	3.00	3.00	3.00	3.00	3.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$346,467	\$315,108	\$336,942	\$355,456	\$355,456
1002	OTHER PERSONNEL COSTS	\$8,877	\$27,739	\$8,165	\$8,717	\$8,977
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$30,000	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$199	\$0	\$0	\$0	\$0
2005	TRAVEL	\$1,713	\$3,170	\$3,000	\$3,000	\$3,000
2009	OTHER OPERATING EXPENSE	\$6,712	\$5,255	\$6,269	\$6,455	\$6,455
TOTAL, OBJECT OF EXPENSE		\$363,968	\$351,272	\$384,376	\$373,628	\$373,888
Method of Financing:						
597	Texas Racing Comm Acct	\$363,968	\$351,272	\$384,376	\$373,628	\$373,888

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 1 Regulate Pari-mutuel Racetracks Effectively Service Categories:
 STRATEGY: 1 Provide Regulatory and Enforcement Services to Racetrack Owners Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$363,968	\$351,272	\$384,376	\$373,628	\$373,888
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$373,628	\$373,888
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$363,968	\$351,272	\$384,376	\$373,628	\$373,888
FULL TIME EQUIVALENT POSITIONS:		4.2	3.1	4.0	4.0	4.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Commission's responsibilities for regulating pari-mutuel racetracks is contained in Article 6 of the Texas Racing Act (V.T.C.S. Art. 179e). It includes approval of new racetrack applications, management, totalisator and concession contracts, racetrack construction, determination of active or inactive status of each racetrack, review and renewal of inactive racetrack licenses, conditions at the racetracks, and approving changes in ownership, plus defending the Commission's decisions on each of these issues.

Approval of new applications for racetrack licenses requires the application of several statutory criteria, plus a determination that the proposed license would serve the public interest. This process frequently requires lengthy hearings before SOAH.

The Commission must make a determination of active or inactive status of each racetrack and conduct subsequent annual reviews of the inactive racetracks to determine whether to renew the license as Inactive, re-designate as Active, or refer the license to SOAH for non-renewal proceedings. Additionally, the Commission is required to schedule and conduct ownership and management reviews of active racetrack licenses every five years.

The agency accomplishes this strategy through its general counsel's office.

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 1 Regulate Pari-mutuel Racetracks Effectively Service Categories:
 STRATEGY: 1 Provide Regulatory and Enforcement Services to Racetrack Owners Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The agency’s workload is affected by five main factors: 1) new applications, 2) newly licensed applicants in the process of building facilities, 3) significant proposals for changes to racetrack locations and/or license ownership, 4) the review and renewal of inactive racetrack licenses, and 5) ownership and management reviews of active licenses.

Although staff is able to schedule and plan for some of these duties, others, such as a request to make a significant ownership and management change can be challenging. Ownership interests in racetrack licenses have become more fluid, with more owners making requests for approval of transfers. The legal entities holding these interests also have become more complex, making for longer and more complicated investigations.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2018 + Bud 2019)</u>	<u>Baseline Request (BL 2020 + BL 2021)</u>	<u>CHANGE</u>	<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$735,648	\$747,516	\$11,868	\$62,768	Attorney position remained unfilled for approximately nine months. MOF is 0597, .75 FTE.
			\$(30,000)	One time fee for EEE Internal Audit in FY 2019 in Professional Services. MOF is 0597.
			\$(20,900)	Retirement Payout in FY 2018. MOF is 0597
			\$11,868	Total of Explanation of Biennial Change

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 2 Provide Oversight of Texas Bred Incentive Program
 STRATEGY: 1 Allocate Texas Bred Funds. Estimated and Nontransferable.

Service Categories:
 Service: 13 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
Output Measures:						
KEY 1	Number of Texas Bred Awards for Horses	6,940.00	6,600.00	6,500.00	6,400.00	6,400.00
KEY 2	Number of Texas Bred Awards for Greyhounds	1,561.00	1,245.00	1,200.00	1,100.00	1,100.00
Objects of Expense:						
4000	GRANTS	\$3,028,616	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000
TOTAL, OBJECT OF EXPENSE		\$3,028,616	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000
Method of Financing:						
597	Texas Racing Comm Acct	\$3,028,616	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$3,028,616	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$3,130,000	\$3,130,000
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$3,028,616	\$3,130,000	\$3,130,000	\$3,130,000	\$3,130,000

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 2 Provide Oversight of Texas Bred Incentive Program Service Categories:
 STRATEGY: 1 Allocate Texas Bred Funds. Estimated and Nontransferable. Service: 13 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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Sections 9.01 and 10.04 of the Texas Racing Act requires the authorized state horse and greyhound breed registries to make rules to establish the qualifications of accredited Texas-bred horses and greyhounds to promote, develop, and improve the breeding of horses and greyhounds in the state. Sections 6.08 and 6.09 of the Texas Racing Act set forth the Texas-Bred funding allocations from each type of wagering. The portion of wagers allocated to the Texas-Bred Incentive Program is deposited to Fund 597 by each racetrack on a daily basis. Monthly, the Commission audits and distributes the collected funds to the appropriate breed registry for distribution of the earned awards to the owners and breeders. The Texas-Bred revenue is strictly a pass-through the agency's account as the agency is not authorized any funding for its administrative function.

By providing monetary incentives to owners and breeders of race animals in Texas, this strategy contributes to the overall economic wealth of the state. The ancillary economic benefits from these operations, both large and small, contribute not only to the state's agriculture industry, but also to the local economies by providing jobs, purchasing goods and services, and generating tax revenues.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Any factor that influences the amount of money wagered at Texas racetracks will affect the revenue for this strategy. Alternative forms of gaming in the region continue to boost the breed incentive programs of neighboring states. While Louisiana, New Mexico and Oklahoma continue to see increases in the amounts paid through their incentive programs, the Texas' program has remained relatively flat over the last five years. Through legislative designation, neighboring states also have limited a substantial portion of their breed incentive money to natively accredited horses, prohibiting many out-of-state racing opportunities for Texas-bred animals. The increased funding to incentive breeding programs in other states, combined with the legislative restrictions earmarking dollars for animals accredited in that particular state, has caused some Texas breeders to relocate to other states or to leave the business altogether.

3.A. Strategy Request
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

7/27/2018 12:27:41PM

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 2 Provide Oversight of Texas Bred Incentive Program
 STRATEGY: 1 Allocate Texas Bred Funds. Estimated and Nontransferable.

Service Categories:
 Service: 13 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2018 + Bud 2019)	Baseline Request (BL 2020 + BL 2021)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$6,260,000	\$6,260,000	\$0	\$0	Total of Explanation of Biennial Change

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 3 Reduce the Rate of Rulings Per Occupational Licensee
 STRATEGY: 1 Supervise the Conduct of Racing through Enforcement and Monitoring

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

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
Output Measures:						
1	Number of Live Races Conducted	2,163.00	1,855.00	1,855.00	1,855.00	1,855.00
2	Number of Rulings Issued against Occupational Licensees	363.00	356.00	321.00	343.00	343.00
KEY 3	Number of Occupational Licenses Suspended or Revoked	161.00	167.00	121.00	154.00	154.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$402,008	\$385,675	\$372,033	\$372,033	\$372,033
1002	OTHER PERSONNEL COSTS	\$17,520	\$20,725	\$17,140	\$17,700	\$18,340
2001	PROFESSIONAL FEES AND SERVICES	\$29,566	\$7,633	\$49,900	\$9,900	\$9,900
2005	TRAVEL	\$61,943	\$67,685	\$62,300	\$62,300	\$62,300
2009	OTHER OPERATING EXPENSE	\$4,091	\$3,409	\$3,975	\$3,976	\$3,976
TOTAL, OBJECT OF EXPENSE		\$515,128	\$485,127	\$505,348	\$465,909	\$466,549
Method of Financing:						
597	Texas Racing Comm Acct	\$515,128	\$485,127	\$505,348	\$465,909	\$466,549
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$515,128	\$485,127	\$505,348	\$465,909	\$466,549

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 3 Reduce the Rate of Rulings Per Occupational Licensee Service Categories:
 STRATEGY: 1 Supervise the Conduct of Racing through Enforcement and Monitoring Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$465,909	\$466,549
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$515,128	\$485,127	\$505,348	\$465,909	\$466,549
FULL TIME EQUIVALENT POSITIONS:		6.2	5.7	5.5	5.5	5.5

STRATEGY DESCRIPTION AND JUSTIFICATION:

Section 3.02 of the Texas Racing Act requires the Commission to regulate and supervise every race meeting in the state involving wagering. It makes all persons and things relating to the operation of those meetings subject to regulation and supervision by the Commission. Section 3.07 requires the Commission to employ a board of three stewards or judges at each racetrack to supervise the conduct of each race meeting. Section 7.01 provides that a person may not participate in racing, except as a spectator or patron, without first obtaining a license from the Commission. Section 7.04 provides grounds on which the Commission may deny, revoke or suspend a license. Strategy 1-3-1 implements these sections by providing for regulation of each live race conducted in this state and the regulation of occupational licensees.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 3 Reduce the Rate of Rulings Per Occupational Licensee Service Categories:
 STRATEGY: 1 Supervise the Conduct of Racing through Enforcement and Monitoring Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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Stewards and Racing Judges are an integral part of each day of live racing. Most of the hours they work are dedicated to the supervision of the race performance itself. With limited FTEs, they now have little time to oversee the restricted areas of a racetrack on the days preceding or succeeding live race days. This has resulted in a significant loss of important communication between Commission employees and the occupational licensees, including racetrack personnel, horsemen, jockeys, veterinarians, kennel personnel, and other racing participants.

This scheduling challenge is compounded by the fact that racetracks respond to changing market conditions on a much shorter time frame than the state's biennial planning process. Changing economic conditions and dynamic entertainment markets compel racetracks to adjust their schedules on a yearly, sometimes monthly, basis. Gulf Greyhound Park's decision to end live racing as of December 31, 2015, is an example of a change that significantly affected the agency's operations in the midst of the fiscal year. The latest examples of adjustments to racetrack schedules include a reduction in horse race days by the Class 1 racetracks in 2018 and a growing trend for racetracks to schedule nonconsecutive race days which creates a "down" or "off" day in between race dates. This practice increases hotel and per diem expenses for agency staff. These decisions, as well as the three greyhound tracks' modified racing schedules for 2018, 2019, 2020, and 2021, is reflected in this LAR.

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 3 Reduce the Rate of Rulings Per Occupational Licensee Service Categories:
 STRATEGY: 1 Supervise the Conduct of Racing through Enforcement and Monitoring Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2018 + Bud 2019)	Baseline Request (BL 2020 + BL 2021)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$990,475	\$932,458	\$(58,017)	\$(40,000)	One time fee for EEE Internal Audit in FY 2019 in Professional Fees. MOF is 0597.
			\$(13,642)	Fewer Horse Race Dates projected in FY 2019, 2020 and 2021. MOF is 0597. FTEs reduced by .2.
			\$(4,375)	Travel reduced due to fewer race dates. MOF is 0597.
			\$(58,017)	Total of Explanation of Biennial Change

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 3 Reduce the Rate of Rulings Per Occupational Licensee
 STRATEGY: 2 Monitor Occupational Licensee Activities

Service Categories:
 Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
Output Measures:						
KEY 1	Number of Investigations Completed	136.00	240.00	240.00	240.00	240.00
2	Number of Complaints Received Against Licensees	0.00	0.00	2.00	2.00	2.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$253,804	\$218,965	\$207,489	\$245,627	\$245,627
1002	OTHER PERSONNEL COSTS	\$17,394	\$12,000	\$10,000	\$9,135	\$9,135
2001	PROFESSIONAL FEES AND SERVICES	\$1,786	\$953	\$500	\$500	\$500
2003	CONSUMABLE SUPPLIES	\$1,396	\$465	\$500	\$500	\$500
2005	TRAVEL	\$46,808	\$38,255	\$37,500	\$44,124	\$44,124
2009	OTHER OPERATING EXPENSE	\$4,127	\$3,500	\$3,180	\$3,700	\$3,700
TOTAL, OBJECT OF EXPENSE		\$325,315	\$274,138	\$259,169	\$303,586	\$303,586
Method of Financing:						
597	Texas Racing Comm Acct	\$325,315	\$274,138	\$259,169	\$303,586	\$303,586
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$325,315	\$274,138	\$259,169	\$303,586	\$303,586

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 3 Reduce the Rate of Rulings Per Occupational Licensee
 STRATEGY: 2 Monitor Occupational Licensee Activities

Service Categories:
 Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$303,586	\$303,586
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$325,315	\$274,138	\$259,169	\$303,586	\$303,586
FULL TIME EQUIVALENT POSITIONS:		4.5	3.7	3.7	4.2	4.2

STRATEGY DESCRIPTION AND JUSTIFICATION:

Section 3.02 of the Texas Racing Act requires the Commission to regulate and supervise every race meeting in the state involving wagering. It also makes all persons and things relating to the operation of those meetings subject to regulation and supervision by the Commission. Section 7.01 provides that a person may not participate in racing, except as a spectator or patron, without first obtaining a license from the Commission. Section 7.04 provides grounds on which the Commission may deny, revoke or suspend a license. Section 11.01 authorizes the Commission to employ and commission investigators as peace officers.

This strategy implements these sections by providing investigators that assist the stewards, judges, veterinarians, and licensing staff by monitoring the activities of licensees, conducting inspections, conducting investigations on animal drug positives, reviewing criminal histories returned on license applicants, and detecting illegal wagering, contraband, human drug abuse, narcotics trafficking, and other illicit activities that could affect the integrity of pari-mutuel racing.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 3 Reduce the Rate of Rulings Per Occupational Licensee Service Categories:
 STRATEGY: 2 Monitor Occupational Licensee Activities Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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Over the past several years limited FTEs, along with DPS having to redirect most of its racetrack support staff to concentrate on threats of terrorism and gang/drug violations, has resulted in a reduced presence of enforcement personnel at the racetracks. However, while the visible presence has been reduced, a strong partnership remains through intelligence sharing and DPS’ participation in periodic gate and barn searches or any other requested assistance. The illegal activities of Mexican drug cartels in the sport of horse racing such as money laundering, hidden ownership and illegal betting schemes, continues to rise. Illegal “brush tracks” operating within the state attract these criminal elements and often times the participating racehorses and individuals migrate to licensed pari-mutuel racetracks in Texas. The Commission remains vigilant in its efforts to improve and enhance the fight against organized crime. To aid its enforcement effort, the Commission is: 1) Building multi-jurisdictional networks capable of disseminating timely intelligence information related to organized criminal activities identified within the racing industry; 2) Enhancing the state’s ability to develop actionable intelligence and conduct complex criminal investigations; 3) Disrupting organized criminal groups through timely license suspensions and revocations; and finally, 4) Providing expert investigative resources to conduct or assist in major racing related criminal cases throughout the state.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2018 + Bud 2019)	Baseline Request (BL 2020 + BL 2021)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$533,307	\$607,172	\$73,865	\$64,800	Increase in salaries for additional investigator. Additional .5 FTE. MOF is 0597.
			\$9,065	Increase in Travel. MOF is 0597.
			\$73,865	Total of Explanation of Biennial Change

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 4 Reduce the Percentage of Race Animals Injured or Dismissed
 STRATEGY: 1 Inspect and Provide Emergency Care

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

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
Output Measures:						
KEY 1	Number of Horses Inspected Pre-race	13,967.00	11,656.00	10,512.00	10,512.00	10,512.00
KEY 2	Number of Greyhounds Inspected Pre-race	3,041.00	2,757.00	2,757.00	2,757.00	2,757.00
Explanatory/Input Measures:						
1	Number of Horses that Expire or Must Be Euthanized	19.00	16.00	16.00	16.00	16.00
2	Number of Greyhounds that Expire or Must Be Euthanized	1.00	1.00	2.00	2.00	2.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$217,852	\$212,985	\$212,985	\$212,985	\$212,985
1002	OTHER PERSONNEL COSTS	\$5,652	\$4,025	\$4,385	\$4,745	\$5,085
2001	PROFESSIONAL FEES AND SERVICES	\$129,232	\$99,135	\$61,600	\$41,600	\$41,600
2003	CONSUMABLE SUPPLIES	\$48	\$130	\$300	\$300	\$300
2005	TRAVEL	\$22,424	\$20,000	\$17,375	\$17,375	\$17,375
2009	OTHER OPERATING EXPENSE	\$5,087	\$3,980	\$5,230	\$5,230	\$5,230
TOTAL, OBJECT OF EXPENSE		\$380,295	\$340,255	\$301,875	\$282,235	\$282,575
Method of Financing:						
597	Texas Racing Comm Acct	\$380,295	\$340,255	\$301,875	\$282,235	\$282,575

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 4 Reduce the Percentage of Race Animals Injured or Dismissed
 STRATEGY: 1 Inspect and Provide Emergency Care

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

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$380,295	\$340,255	\$301,875	\$282,235	\$282,575
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$282,235	\$282,575
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$380,295	\$340,255	\$301,875	\$282,235	\$282,575
FULL TIME EQUIVALENT POSITIONS:		3.2	3.2	3.2	3.2	3.2

STRATEGY DESCRIPTION AND JUSTIFICATION:

Section 3.07 of the Texas Racing Act authorizes the Commission to employ veterinarians to monitor the health and safety of the race animals. The Commission's veterinarians physically inspect each animal before it races to determine, to the extent possible, if the animal is sound and fit to race. This vital inspection helps safeguard the health of all racing participants and helps to ensure a fair and competitive race for the wagering public. A Commission veterinarian is readily available during each race to provide emergency care and attention as needed. Additionally, the veterinarians inspect the barns and kennel areas for health and safety issues.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

With limited FTEs, the small state veterinarian staff has comparatively restricted opportunities to evaluate race animals for racing soundness during a narrow window of time allotted to conduct pre-race inspections and monitor races. As wagering and purses decline at Texas racetracks, the class of the participating race animals is impacted. Due to declining industry conditions, some participants may be tempted to enter their animals in races when a rest is warranted or they may lower their standard of care in order to save money. The Commission veterinarians must remain diligent and thorough in their inspections and monitoring to protect these animals.

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 4 Reduce the Percentage of Race Animals Injured or Dismissed
 STRATEGY: 1 Inspect and Provide Emergency Care

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

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2018 + Bud 2019)</u>	<u>Baseline Request (BL 2020 + BL 2021)</u>	<u>CHANGE</u>	<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$642,130	\$564,810	\$(77,320)	\$(20,000)	One time fee for EEE Internal Audit in FY 2019 in Professional Fees. MOF is 0597.
			\$(57,320)	Reduction in race dates in FY 2019, 2020 and 2021. Reduction taken in Professional Fees for Contract Veterinarians. MOF is 0597.
			\$(77,320)	Total of Explanation of Biennial Change

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 4 Reduce the Percentage of Race Animals Injured or Dismissed
 STRATEGY: 2 Administer Drug Tests

Service Categories:
 Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
Output Measures:						
1	Number of Horse Specimens Collected for Drug Testing	3,509.00	2,922.00	2,922.00	2,922.00	2,922.00
2	Number of Greyhound Specimens Collected for Drug Testing	430.00	352.00	350.00	350.00	350.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$176,391	\$157,976	\$135,859	\$135,859	\$135,859
1002	OTHER PERSONNEL COSTS	\$1,142	\$1,050	\$1,099	\$1,239	\$1,579
2001	PROFESSIONAL FEES AND SERVICES	\$16,000	\$500	\$20,500	\$26,100	\$26,100
2003	CONSUMABLE SUPPLIES	\$149	\$120	\$200	\$200	\$200
2005	TRAVEL	\$18,082	\$19,527	\$31,209	\$32,364	\$31,209
2009	OTHER OPERATING EXPENSE	\$3,130	\$5,500	\$10,959	\$10,959	\$10,959
TOTAL, OBJECT OF EXPENSE		\$214,894	\$184,673	\$199,826	\$206,721	\$205,906
Method of Financing:						
597	Texas Racing Comm Acct	\$214,894	\$184,673	\$199,826	\$206,721	\$205,906
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$214,894	\$184,673	\$199,826	\$206,721	\$205,906

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 4 Reduce the Percentage of Race Animals Injured or Dismissed
 STRATEGY: 2 Administer Drug Tests

Service Categories:
 Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$206,721	\$205,906
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$214,894	\$184,673	\$199,826	\$206,721	\$205,906
FULL TIME EQUIVALENT POSITIONS:		3.3	2.8	2.6	2.6	2.6

STRATEGY DESCRIPTION AND JUSTIFICATION:

Section 3.07 of the Texas Racing Act authorizes the Commission to conduct a comprehensive drug testing program for participating race animals. Under this strategy, Commission veterinarians and test barn staff collect blood and/or urine samples from the race animals, using strict protocols to ensure each sample's integrity. Actual testing is done by the Texas Veterinary Medical Diagnostic Laboratory (TVMDL), as provided for under this section. Detecting the presence of prohibited substances, both therapeutic and non-therapeutic, and penalizing the trainer and/or owner serves as a deterrent to the illegal use of drugs.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Texas has made significant progress in adopting national regulatory standards, particularly in the area of identifying and correcting the use of prohibited drugs in racing. Aligning Texas' rules and policies to other racing jurisdictions should help improve licensees' ability to comply with the same expectations as they move their racing operations from state to state. Unfortunately, there are some individuals who do not operate within established rules and regulations. Looking for a competitive edge, some participants administer unknown drugs and substances that could potentially harm an animal, enhance the performance of an animal, alter the outcome of a race, or interfere with the detection of illegal drugs. The Commission continues to work with TVMDL to stay ahead of those that will try anything to gain a win. Any significant changes that require additional resources or affect TVMDL's budget and operations could negatively impact the Commission's drug testing program cost.

476 Racing Commission

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 4 Reduce the Percentage of Race Animals Injured or Dismissed
 STRATEGY: 2 Administer Drug Tests

Service Categories:
 Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2018 + Bud 2019)	Baseline Request (BL 2020 + BL 2021)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$384,499	\$412,627	\$28,128	\$(20,000)	One time fee for EEE Internal Audit in FY 2019 in Professional Fees. MOF is 0597.
			\$51,200	Veterinarian's presence at tracks during routine training hours. MOF is 0597 and is in Professional Fees.
			\$(22,117)	Decrease in salaries. Able to use a contract test barn supervisor at Lone Star Park instead of employee. MOF is 0597.
			\$5,459	Increase in other operating costs for contract test barn supervisor. MOF is 0597.
			\$13,586	Increase in travel for veterinarian's presence at race tracks during routine training hours. MOF is 0597.
			\$28,128	Total of Explanation of Biennial Change

476 Racing Commission

GOAL: 2 Regulate the Participation in Racing
 OBJECTIVE: 1 Maintain the Efficiency of the Occupational Licensing Process Service Categories:
 STRATEGY: 1 Administer the Occupational Licensing Program through Enforcement Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
Output Measures:						
KEY 1	Number of New Occupational Licenses Issued	1,895.00	1,860.00	1,850.00	1,800.00	1,800.00
KEY 2	Number of Occupational Licenses Renewed	4,244.00	4,150.00	4,000.00	4,000.00	4,000.00
Efficiency Measures:						
1	Average Regulatory Cost Per Licensee	19.00	15.50	15.50	15.50	15.50
Explanatory/Input Measures:						
1	Total Number of Individuals Licensed	5,345.00	5,680.00	5,500.00	5,500.00	5,500.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$223,329	\$197,650	\$206,724	\$206,724	\$206,724
1002	OTHER PERSONNEL COSTS	\$8,067	\$10,172	\$8,127	\$8,647	\$8,847
2003	CONSUMABLE SUPPLIES	\$2,980	\$2,000	\$2,500	\$2,500	\$2,500
2005	TRAVEL	\$34,089	\$20,900	\$14,500	\$14,500	\$14,500
2007	RENT - MACHINE AND OTHER	\$1,861	\$1,800	\$2,000	\$2,000	\$2,000
2009	OTHER OPERATING EXPENSE	\$95,261	\$110,250	\$109,759	\$109,759	\$109,758
TOTAL, OBJECT OF EXPENSE		\$365,587	\$342,772	\$343,610	\$344,130	\$344,329
Method of Financing:						
597	Texas Racing Comm Acct	\$365,587	\$342,772	\$343,610	\$344,130	\$344,329

476 Racing Commission

GOAL: 2 Regulate the Participation in Racing
 OBJECTIVE: 1 Maintain the Efficiency of the Occupational Licensing Process Service Categories:
 STRATEGY: 1 Administer the Occupational Licensing Program through Enforcement Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$365,587	\$342,772	\$343,610	\$344,130	\$344,329
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$344,130	\$344,329
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$365,587	\$342,772	\$343,610	\$344,130	\$344,329
FULL TIME EQUIVALENT POSITIONS:		5.6	4.8	5.0	5.0	5.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

Article 7 of the Texas Racing Act mandates a comprehensive occupational licensing program. Section 7.01 provides that a person may not participate in racing, except as a spectator or patron, without first obtaining a license from the Commission. To ensure all participants in racing are properly licensed, the Commission has more than fifty categories, including stable and kennel area occupations, such as jockeys, owners, trainers, and grooms, as well as any employee of the racetrack whose position affords the employee an opportunity to influence racing, including association officers, directors, management personnel and mutuel tellers. Section 7.06 requires the Commission issue a license certificate in the form of an identification card with a photograph and other prescribed information. Section 5.03 requires any applicant for a license to submit to the Commission fingerprints that are forwarded to DPS and the FBI for a criminal background check.

This strategy implements the occupational licensing program to ensure that all individuals who participate in pari-mutuel racing have successfully passed background checks and are qualified to perform their duties. The Commission has licensing offices at each track and at the Austin headquarters.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

476 Racing Commission

GOAL: 2 Regulate the Participation in Racing
 OBJECTIVE: 1 Maintain the Efficiency of the Occupational Licensing Process Service Categories:
 STRATEGY: 1 Administer the Occupational Licensing Program through Enforcement Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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With limited FTEs the licensing department makes every effort to maintain office hours that coincide with individual racetrack’s racing schedule and the work schedules of racing participants.
 The Commission works closely with the Department of Public Safety and utilizes its contract for electronic fingerprinting of the licensees. This partnership is essential to assisting the Commission in fulfilling its statutory mandate.
 Any significant change in the number of people who apply for an occupational license will affect the operations and funding of this strategy.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2018 + Bud 2019)	Baseline Request (BL 2020 + BL 2021)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$686,382	\$688,459	\$2,077	\$9,074	Unfilled FTE for 3 months, .25 FTE. MOF is 0597.
			\$(6,400)	Decrease in travel. MOF is 0597.
			\$(597)	Decrease in Other Operating Expenses. MOF is 0597.
			\$2,077	Total of Explanation of Biennial Change

476 Racing Commission

GOAL: 2 Regulate the Participation in Racing
 OBJECTIVE: 1 Maintain the Efficiency of the Occupational Licensing Process
 STRATEGY: 2 Texas.gov. Estimated and Nontransferable

Service Categories:
 Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
Objects of Expense:						
2009	OTHER OPERATING EXPENSE	\$17,212	\$17,000	\$17,000	\$17,500	\$17,500
TOTAL, OBJECT OF EXPENSE		\$17,212	\$17,000	\$17,000	\$17,500	\$17,500
Method of Financing:						
597	Texas Racing Comm Acct	\$17,212	\$17,000	\$17,000	\$17,500	\$17,500
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$17,212	\$17,000	\$17,000	\$17,500	\$17,500
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$17,500	\$17,500
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$17,212	\$17,000	\$17,000	\$17,500	\$17,500

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Participation in Texas.gov is authorized in accordance with Section 2054.252 of the Government Code. This online portal provides a licensing application for certain types of occupational licenses issued by the Commission.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

476 Racing Commission

GOAL: 2 Regulate the Participation in Racing
 OBJECTIVE: 1 Maintain the Efficiency of the Occupational Licensing Process Service Categories:
 STRATEGY: 2 Texas.gov. Estimated and Nontransferable Service: 16 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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While Texas.gov provides an excellent way of applying for a license 24x7 to a small segment of the Commission’s service population, it does not eliminate the need for physically visiting a Commission licensing office to obtain the identification badge needed for those working in or accessing the barn and kennel areas at a racetrack. The number of individuals that use the service will affect the pass-through fund amounts.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2018 + Bud 2019)</u>	<u>Baseline Request (BL 2020 + BL 2021)</u>	<u>CHANGE</u>	<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$34,000	\$35,000	\$1,000	\$1,000	Forecast a slight increase in online registration of occupational licenses. MOF is 0597.
			\$1,000	Total of Explanation of Biennial Change

476 Racing Commission

GOAL: 3 Regulate Pari-mutuel Wagering in Texas
 OBJECTIVE: 1 Increase Pass Rate for Initial Tote Test and Compliance Audits Service Categories:
 STRATEGY: 1 Regulate Pari-mutuel Wagering & Conduct Wagering Compliance Inspection Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
Output Measures:						
1	Number of Live and Simulcast Races Audited and Reviewed	649,329.00	645,000.00	640,000.00	638,000.00	635,000.00
2	Number of Compliance Audits Completed	1,941.00	1,500.00	1,400.00	1,400.00	1,300.00
3	Number of Tote Tests Completed	5.00	6.00	5.00	5.00	5.00
Efficiency Measures:						
1	Average Cost to Audit and Review a Live or Simulcast Race	0.64	0.75	0.70	0.69	0.69
Explanatory/Input Measures:						
KEY 1	Total Pari-Mutuel Handle (in Millions)	288.24	300.00	285.00	282.00	278.00
KEY 2	Total Take to the State Treasury from Pari-Mutuel Wagering	2,765,953.00	2,800,000.00	2,750,000.00	2,700,000.00	2,600,000.00
3	Ratio of Simulcast Handle to Live Handle	11.53	10.50	11.00	11.50	11.70
Objects of Expense:						
1001	SALARIES AND WAGES	\$330,446	\$242,114	\$231,226	\$231,226	\$231,225
1002	OTHER PERSONNEL COSTS	\$17,729	\$22,465	\$8,976	\$9,256	\$9,936
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$30,000	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$8	\$0	\$0	\$0
2005	TRAVEL	\$10,704	\$11,500	\$6,000	\$6,000	\$6,000
2009	OTHER OPERATING EXPENSE	\$11,729	\$12,944	\$14,312	\$14,312	\$14,312

476 Racing Commission

GOAL: 3 Regulate Pari-mutuel Wagering in Texas
 OBJECTIVE: 1 Increase Pass Rate for Initial Tote Test and Compliance Audits Service Categories:
 STRATEGY: 1 Regulate Pari-mutuel Wagering & Conduct Wagering Compliance Inspection Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
TOTAL, OBJECT OF EXPENSE		\$370,608	\$289,031	\$290,514	\$260,794	\$261,473
Method of Financing:						
597	Texas Racing Comm Acct	\$370,608	\$289,031	\$290,514	\$260,794	\$261,473
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$370,608	\$289,031	\$290,514	\$260,794	\$261,473
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$260,794	\$261,473
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$370,608	\$289,031	\$290,514	\$260,794	\$261,473
FULL TIME EQUIVALENT POSITIONS:		6.3	4.3	4.0	4.0	4.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

Article 11 of the Texas Racing Act authorizes the Commission to regulate all aspects of pari-mutuel wagering on horse and greyhound races. Sec. 6.061 of the Act requires the Commission to implement an inspection program for racetrack facilities and operations.

This strategy implements these requirements by providing for the monitoring of all pari-mutuel wagering activity, including simulcasting. It includes funding for the day-to-day operations of the Commission's customized wagering database, which is used to certify the funds that the Comptroller collects from the tax on pari-mutuel wagering. This strategy includes the inspection program for pari-mutuel wagering activities and totalisator operations, including the testing of all computer programs that calculate the odds and payoffs to patrons.

476 Racing Commission

GOAL: 3 Regulate Pari-mutuel Wagering in Texas
 OBJECTIVE: 1 Increase Pass Rate for Initial Tote Test and Compliance Audits Service Categories:
 STRATEGY: 1 Regulate Pari-mutuel Wagering & Conduct Wagering Compliance Inspection Service: 17 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Beginning in FY 2016 a decision was made to increase the efficiency of the agency by consolidating two director positions. The pari-mutuel manager responsibilities were assigned to the manager of wagering compliance. Operating costs were decreased further in FY 2017-18 by reducing 2.25 FTEs from the auditing staff. Because the regulation of pari-mutuel wagering relies so heavily on computerized networks and systems, the Commission continues to enhance and modify the specialized systems developed by the agency. Using this technology, the auditors audit the accuracy of and the distribution of the wagering pools on a daily basis.

476 Racing Commission

GOAL: 3 Regulate Pari-mutuel Wagering in Texas
 OBJECTIVE: 1 Increase Pass Rate for Initial Tote Test and Compliance Audits
 STRATEGY: 1 Regulate Pari-mutuel Wagering & Conduct Wagering Compliance Inspection

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

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2018 + Bud 2019)	Baseline Request (BL 2020 + BL 2021)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$579,545	\$522,267	\$(57,278)	\$(10,890)	Salaries - reduction of FTE by .2. Employee left and was not replaced. MOF is 0597.
			\$(30,000)	One time fee for EEE Internal Audit in FY 2019 in Professional Services. MOF is 0597.
			\$(12,249)	Lump sum payout for employee who left in FY 2018. Unemployment cost for RIF in 2017 paid in FY 2018. MOF is 0597.
			\$(4,139)	Reduction in travel. MOF is 0597.
			<u>\$(57,278)</u>	Total of Explanation of Biennial Change

476 Racing Commission

GOAL: 4 Indirect Administration
 OBJECTIVE: 1 Indirect Administration Service Categories:
 STRATEGY: 1 Central Administration and Other Support Services Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
Objects of Expense:						
1001	SALARIES AND WAGES	\$398,890	\$379,914	\$379,215	\$429,215	\$429,215
1002	OTHER PERSONNEL COSTS	\$26,308	\$24,100	\$35,659	\$36,049	\$36,389
2001	PROFESSIONAL FEES AND SERVICES	\$22,857	\$24,071	\$85,500	\$25,500	\$25,500
2003	CONSUMABLE SUPPLIES	\$10,042	\$4,525	\$7,000	\$8,000	\$8,000
2004	UTILITIES	\$47,956	\$43,245	\$50,000	\$51,000	\$51,000
2005	TRAVEL	\$11,090	\$10,000	\$15,000	\$15,000	\$15,000
2006	RENT - BUILDING	\$95,834	\$103,770	\$104,470	\$105,470	\$105,470
2007	RENT - MACHINE AND OTHER	\$1,230	\$1,000	\$1,200	\$1,200	\$1,200
2009	OTHER OPERATING EXPENSE	\$70,420	\$64,572	\$69,550	\$70,992	\$70,992
TOTAL, OBJECT OF EXPENSE		\$684,627	\$655,197	\$747,594	\$742,426	\$742,766
Method of Financing:						
597	Texas Racing Comm Acct	\$684,627	\$655,197	\$747,594	\$742,426	\$742,766
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$684,627	\$655,197	\$747,594	\$742,426	\$742,766

476 Racing Commission

GOAL: 4 Indirect Administration
 OBJECTIVE: 1 Indirect Administration Service Categories:
 STRATEGY: 1 Central Administration and Other Support Services Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$742,426	\$742,766
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$684,627	\$655,197	\$747,594	\$742,426	\$742,766
FULL TIME EQUIVALENT POSITIONS:		6.2	6.0	6.0	7.0	7.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

In accordance with the Texas Racing Act, Article 2, this strategy covers the Commission’s central administrative staff including executive management and general administrative support services. The agency’s Executive Director fulfills standard administrative head responsibilities in addition to performing top-level regulatory functions such as taking enforcement actions and overseeing the development of regulatory policies. Central administrative staff handles budget and finance (including payroll and accounting), purchasing, human resources, public information requests and fulfillment of state reporting requirements.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The Commission continues its effort to evaluate and improve its current rules and regulations in response to industry changes and the need for consistency with national standards and model rules to improve multi-jurisdictional enforcement.

476 Racing Commission

GOAL: 4 Indirect Administration
 OBJECTIVE: 1 Indirect Administration Service Categories:
 STRATEGY: 1 Central Administration and Other Support Services Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2018 + Bud 2019)	Baseline Request (BL 2020 + BL 2021)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$1,402,791	\$1,485,192	\$82,401	\$102,243	Increase of 1 FTE for position that was temporarily reduced for FY 2018-19. MOF is 0597.
			\$(60,000)	One time fee for EEE Internal Audit in FY 2019 in Professional Services. MOF is 0597.
			\$12,679	Retirement payout forecasted in FY 2020 and 2021. MOF is 0597.
			\$12,084	Increase in rent and utilities forecasted. MOF is 0597.
			\$5,000	Increase in travel forecasted. MOF is 0597.
			\$6,920	Increase in membership dues in other operating expense. MOF is 0597.
			\$3,475	Increase in consumables forecasted. MOF is 0597.
			\$82,401	Total of Explanation of Biennial Change

476 Racing Commission

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

Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
Objects of Expense:						
1001	SALARIES AND WAGES	\$255,673	\$251,354	\$262,188	\$262,188	\$262,188
1002	OTHER PERSONNEL COSTS	\$12,809	\$38,013	\$11,394	\$12,753	\$11,874
2001	PROFESSIONAL FEES AND SERVICES	\$78,001	\$157,162	\$150,510	\$157,337	\$157,325
2003	CONSUMABLE SUPPLIES	\$3,178	\$1,314	\$1,500	\$1,500	\$1,500
2004	UTILITIES	\$10	\$0	\$0	\$0	\$0
2005	TRAVEL	\$1,605	\$1,050	\$2,500	\$2,500	\$2,500
2006	RENT - BUILDING	\$444	\$480	\$500	\$500	\$500
2009	OTHER OPERATING EXPENSE	\$75,585	\$80,794	\$86,837	\$110,010	\$105,022
5000	CAPITAL EXPENDITURES	\$13,269	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$440,574	\$530,167	\$515,429	\$546,788	\$540,909
Method of Financing:						
597	Texas Racing Comm Acct	\$440,574	\$530,167	\$515,429	\$546,788	\$540,909
SUBTOTAL, MOF (GENERAL REVENUE FUNDS - DEDICATED)		\$440,574	\$530,167	\$515,429	\$546,788	\$540,909

476 Racing Commission

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

Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$546,788	\$540,909
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$440,574	\$530,167	\$515,429	\$546,788	\$540,909
FULL TIME EQUIVALENT POSITIONS:		3.8	3.8	3.8	3.8	3.8

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Commission’s regulatory approach and program is based on effective implementation of information technology , specifically its specialized database system and modules that operate on a 24/7 basis.
 The Commission uses its technology for licensing, enforcement, veterinary services, drug testing, pari-mutuel monitoring, administrative functions and information distribution. The database integrates related data among these various departmental programs, helping staff be more efficient and effective.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

The agency continues its commitment to exploring technological enhancements. Initiatives related to technological modifications or upgrades include developing solutions to enhance the productivity of staff.
 The agency continues to enhance security measures that protect the access and storage of its extensive and vital database information. The Texas Veterinary Medical Diagnostic Laboratory has access to the agency’s database to report sample results to the drug testing application. The State Comptroller’s Office has query access to the auditing application.

476 Racing Commission

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

Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
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EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2018 + Bud 2019)	Baseline Request (BL 2020 + BL 2021)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$1,045,596	\$1,087,697	\$42,101	\$55,000	Network and Security System Upgrade. MOF is 0597.
			\$(24,399)	Retirement payout in FY 2018 in Other Personnel Costs. MOF is 0597.
			\$11,500	Salary Increase. MOF in 0597.
			\$42,101	Total of Explanation of Biennial Change

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$6,706,824	\$6,599,632	\$6,694,741	\$6,673,717	\$6,669,481
METHODS OF FINANCE (INCLUDING RIDERS):				\$6,673,717	\$6,669,481
METHODS OF FINANCE (EXCLUDING RIDERS):	\$6,706,824	\$6,599,632	\$6,694,741	\$6,673,717	\$6,669,481
FULL TIME EQUIVALENT POSITIONS:	43.3	37.4	37.8	39.3	39.3

3.A.1. PROGRAM-LEVEL REQUEST SCHEDULE
85th Regular Session, Agency Submission, Version 1

Agency Code: 476		Agency: Texas Racing Commission				Prepared By:					
Date: July 24, 2018						18-19 Base	Requested 2020	Requested 2021	Biennial Total 20-21	Biennial Difference	
Goal	Goal Name	Strategy	Strategy Name	Program	Program Name					\$	%
A	Enforce Racing Regulation	A.1.1.	License/Regulate Racetracks	A.1.1.1.	License/Regulate Racetracks	\$735,648	\$373,628	\$373,888	\$747,516	\$11,868	1.6%
A	Enforce Racing Regulation	A.2.1.	Texas Bred Incentive Program	A.2.1.1.	Texas Bred Incentive Program	\$6,260,000	\$3,130,000	\$3,130,000	\$6,260,000	\$0	0.0%
A	Enforce Racing Regulation	A.3.1.	Supervise & Conduct Live Races	A.3.1.1.	Supervise & Conduct Live Races	\$990,475	\$465,909	\$466,549	\$932,458	(\$58,017)	-5.9%
A	Enforce Racing Regulation	A.3.2.	Monitor Licensee Activities	A.3.2.1.	Monitor Licensee Activities	\$533,307	\$303,586	\$303,586	\$607,172	\$73,865	13.9%
A	Enforce Racing Regulation	A.4.1.	Inspect & Provide Emergency Care	A.4.1.1.	Inspect & Provide Emergency Care	\$642,130	\$282,235	\$282,575	\$564,810	(\$77,320)	-12.0%
A	Enforce Racing Regulation	A.4.2.	Administer Drug Tests	A.4.2.1.	Administer Drug Tests	\$384,499	\$206,721	\$205,906	\$412,627	\$28,128	7.3%
B	Regulate Participation	B.1.1.	Occupational Licensing Program	B.1.1.1.	Occupational Licensing Program	\$686,382	\$344,130	\$344,329	\$688,459	\$2,077	0.3%
B	Regulate Participation	B.1.2.	Texas.Gov	B.1.2.1.	Texas.Gov	\$34,000	\$17,500	\$17,500	\$35,000	\$1,000	2.9%
C	Regulate Pari-Mutuel Wagering	C.1.1.	Regulate Pari-mutuel Wagering & Conduct Wagering Compliance Inspection	C.1.1.1.	Regulate Pari-mutuel Wagering & Conduct Wagering Compliance Inspection	\$579,545	\$260,794	\$261,473	\$522,267	(\$57,278)	-9.9%
D	Indirect Administration	D.1.1.	Central Admin & Other Support SVCS	D.1.1.1.	Central Admin & Other Support SVCS	\$1,402,791	\$742,426	\$742,766	\$1,485,192	\$82,401	5.9%
D	Indirect Administration	D.1.2.	Information Resources	D.1.2.1.	Information Resources	\$1,045,596	\$546,788	\$540,909	\$1,087,697	\$42,101	4.0%
			Exceptional Item	D.1.2.1.	E.I. #1 - Information Security Officer/Network Specialist		\$83,200	\$83,200	\$166,400	\$166,400	
						\$13,294,373	\$6,756,917	\$6,752,681	\$13,509,598		

3. B. Rider Revisions and Additions Request

Agency Code: 476	Agency Name: Texas Racing Commission	Prepared By: Adrienne Courtney	Date: 7/24/2018	Request Level: Baseline
Current Rider Number	Page Number in 2018–19 GAA	Proposed Rider Language		
1	VIII-55 & VIII-56	<p>Performance Measure Targets. The following is a listing of the key performance target levels for the Racing Commission. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Racing Commission. In order to achieve the objectives and service standards established by this Act, the Racing Commission shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.</p>		
			<u>2020</u>	<u>2021</u>
		<p>A. Goal: ENFORCE RACING REGULATION Outcome (Results/Impact): Percentage of Investigations (Individuals) Resulting in Disciplinary Action Percentage of Licensees with No Recent Violations Percentage of Race Horses that Sustain a Catastrophic Injury Percentage of Greyhounds that Sustain a Catastrophic Injury</p>	95.0% 97.0% 0.14% 0.73%	95.0% 97.0% 0.14% 0.73%
		<p>A.1.1. Strategy: LICENSE/REGULATE RACETRACKS Output (Volume): Number of Racetrack Inspections</p>	12	12
		<p>Explanatory: Number of Horse Tracks Regulated Number of Greyhound Tracks Regulated</p>	7 3	7 3
		<p>A.2.1. Strategy: TEXAS BRED INCENTIVE PROGRAM Output (Volume): Number of Texas Bred Awards for Horses Number of Texas Bred Awards for Greyhounds</p>	6,400 1,100	6,400 1,100
		<p>A.3.1. Strategy: SUPERVISE & CONDUCT LIVE RACES Output (Volume): Number of Occupational Licenses Suspended or Revoked</p>	154	154
		<p>A.3.2. Strategy: MONITOR LICENSEE ACTIVITIES Output (Volume): Number of Investigations Completed</p>	240	240
		<p>A.4.1. Strategy: INSPECT & PROVIDE EMERGENCY CARE Output (Volume): Number of Horses Inspected Pre-race Number of Greyhounds Inspected Pre-race</p>	10,512 2,757	10,512 2,757

**3. B. Rider Revisions and Additions Request
(continued)**

		<p>B. Goal: REGULATE PARTICIPATION B.1.1. Strategy: OCCUPATIONAL LICENSING PROGRAM Output (Volume): Number of New Occupational Licenses Issued Number of Occupational Licenses Renewed</p> <p>C. Goal: REGULATE PARI-MUTUEL WAGERING Outcome (Results/Impact): Percentage of Compliance Audits Passed C.1.1. Strategy: MONITOR WAGERING AND AUDIT Explanatory: Total Pari-Mutuel Handle (In Millions) Total Take to the State Treasury from Pari-Mutuel Wagering</p>	<p>1,800 4,000</p> <p>98.0%</p> <p>282 2,700,000</p>	<p>1,800 4,000</p> <p>98.0%</p> <p>278 2,600,000</p>
2	VIII-56	<p>Texas Bred Incentive Program Receipts. The amounts appropriated above in Strategy A.2.1, Texas Bred Incentive Program, are estimated amounts set aside by the Texas Racing Act pursuant to VTCS, Article 179e §§ 6.08, 6.09, and 6.091 for the Texas Bred Incentive Program. Any additional revenue set aside by the Texas Racing Act pursuant to VTCS, Article 179e §§ 6.08, 6.09, and 6.091 for the Texas Bred Incentive Program (estimated to be \$0) is appropriated to the Racing Commission in Strategy A.2.1, Texas Bred Incentive Program, in each fiscal year of the <u>2020-21</u> 2018-19 biennium.</p>		
3	VIII-56	<p>Criminal History Checks and Background Checks.</p> <p>a. Out of the funds appropriated above in Strategy B.1.1, Occupational Licensing Program, \$124,217 in fiscal year <u>2020</u> 2018 and \$124,217 in fiscal year <u>2021</u> 2019 are appropriated to the Racing Commission for the purpose of reimbursing the Department of Public Safety (DPS), Federal Bureau of Investigations (FBI), and/or any other entity authorized to conduct criminal history background checks for costs incurred in conducting criminal history checks or background checks on individuals seeking to transfer ownership interest in an existing racetrack license or Racing Commission license applicants and renewals. Any additional revenue received from occupational license fees to cover the costs of criminal history checks or background checks (estimated to be \$0) is hereby appropriated to the Racing Commission for the purpose of reimbursing DPS, the FBI, and/or any other entity authorized to conduct criminal history background checks.</p> <p>b. Before May 31, <u>2020</u> 2018, the Racing Commission shall submit a report to the Legislative Budget Board, in a form prescribed by the Legislative Budget Board, that details the amount collected and expended on criminal history checks and background checks to date and the amount the agency is projecting to collect and expend on criminal history checks and background checks for the remainder of the <u>2020-21</u> 2018-19 biennium.</p> <p>c. Any appropriation authority identified in subsection (a) of this rider not used for criminal history checks or background checks shall be lapsed by the Racing Commission.</p>		
4	VIII-57	<p>Texas Bred Incentive Program Awards. None of the funds appropriated above for Texas Bred Incentive</p>		

**3. B. Rider Revisions and Additions Request
(continued)**

		<p>Program Awards may be expended for payments to a member serving on the commission. The Racing Commission shall take all necessary steps to ensure compliance with this provision.</p>
<p align="center">5</p>	<p align="center">VIII-57</p>	<p>Contingent Appropriation: New Horse Racetrack or Reopening Horse Racetrack and Accredited Texas Bred Program</p> <p>a. In addition to the amounts appropriated above, the Texas Racing Commission shall be appropriated \$315,950 out of funds collected by the agency and deposited to GR Dedicated-Texas Racing Commission Account No. 597 during each fiscal year of the 2020-21 2018-19 biennium, in the following amounts for each new horse racetrack that begins operation for the first time during the biennium or for each reopening horse racetrack that initiates operations again during the biennium (estimated to be one new horse racetrack or reopening horse racetrack) contingent upon the Texas Racing Commission assessing fees sufficient to generate, in addition to revenue requirements elsewhere in this Act, during the 2020-21 2018-19 biennium, \$423,970 for fiscal year 2020 2018 and \$424,570 for fiscal year 2021 2019 for each new horse racetrack or each reopening horse racetrack during the 2020-21 2018-19 biennium in excess of \$7,496,765 in fiscal year 2020 2018 and \$7,496,765 in fiscal year 2021 2019 (Object Codes 3188, 3189, 3190, 3193, and 3197) contained in the Comptroller of Public Accounts' Biennial Revenue Estimate for fiscal years 2020 2018 and 2021 2019:</p> <ol style="list-style-type: none"> 1) \$97,000 in Strategy A.3.1, Supervise and Conduct Live Races; 2) \$54,000 in Strategy A.3.2, Monitor Licensee Activities; 3) \$65,200 in Strategy A.4.1, Inspect and Provide Emergency Care; 4) \$19,750 in Strategy A.4.2, Administer Drug Tests; 5) \$35,000 in Strategy B.1.1, Occupational Licensing Program; 6) \$45,000 in Strategy C.1.1, Monitor Wagering and Audit. <p>Also, the "Number of Full-Time-Equivalents (FTE)" figure indicated above shall be increased by 5.0 FTEs in each fiscal year for each new horse racetrack that begins operations for the first time during the biennium or for each reopening horse racetrack that initiates operations again during the biennium contingent upon the Texas Racing Commission generating the amount of revenue indicated above for each new horse racetrack. The Texas Racing Commission upon completion of necessary actions to access or increase such additional revenue shall furnish copies of the Texas Racing Commissions' minutes and other information supporting the estimated revenues to be generated for the 2020-21 2018-19 biennium under the revised fee structure to the Comptroller of Public Accounts. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purpose. For informational purposes, the amount of increased revenue identified above reflects amounts sufficient to cover direct appropriations of \$631,900 and other direct and indirect costs (estimated to be \$216,640 for the 2020-21 2018-19 biennium).</p>
		<p>b. In addition to the amounts appropriated above in GR Dedicated - Texas Racing Commission Account No. 597, the Texas Racing Commission shall be appropriated in Strategy A.2.1, Texas Bred Incentive Program, revenue set aside by the Texas Racing Act pursuant to VTCS, Article 179e. §§ 6.08 and 6.091 for the Texas</p>

3. B. Rider Revisions and Additions Request (continued)

		<p>Bred Incentive Program that is collected by the agency from each new horse racetrack that begins operations for the first time in the 2020-21 2018-19 biennium or for each reopening horse racetrack that initiates operations again during the 2020-21 2018-19 biennium in an amount not to exceed \$334,477 from GR Dedicated-Texas Racing Commission Account No. 597 each year for each new horse racetrack. Any appropriations from revenue collected by the agency from new horse racetracks for the Texas Bred Incentive Program during the 2020-21 2018-19 biennium may be used only for that purpose and are not transferable to any other strategy.</p> <p>c. For the purposes of this contingency rider, a “reopening horse racetrack” is a horse racetrack that has not operated live or simulcast race operations for 365 or more consecutive days prior to the reopening date for which live or simulcast operations are to be initiated again. Additionally, the reopening horse racetrack can not have ceased operations during the same biennium in which it initiates operations again.</p>
6	VIII-57 & VIII-58	<p>Contingent Appropriation: New Racetrack Application. All fees collected to cover the cost of the racetrack application process, in excess of \$15,000 in each fiscal year from GR Dedicated- Texas Racing Commission Account No. 597 (Object Code 3191) in the Comptroller’s Biennial Revenue Estimate (estimated to be \$0 each fiscal year), are hereby appropriated to Strategy A.1.1, License and Regulate Racetracks. Any appropriations from revenue collected by the agency from new racetrack applications shall be used only for the racetrack application review process for those racetracks that have a scheduled hearing before the State Office of Administrative Hearing or the Texas Racing Commission during the 2020-21 2018-19 biennium and are not transferable to any other strategy.</p>
7	VIII-58	<p>Contingent Appropriation: Additional live race days added beyond the base of <u>146</u> 186 days each fiscal year to the Horse Race Date Calendar and Accredited Texas Bred Program.</p> <p>a. In addition to the amounts appropriated above, the Texas Racing Commission shall be appropriated \$3,501 for each additional live horse race day added beyond the base of <u>146</u> 186 days to the horse race date calendar in each fiscal year out of funds collected by the agency and deposited to GR Dedicated-Texas Racing Commission Account No. 597 during each fiscal year of the 2020-21 2018-19 biennium (estimated to be one additional race day). This appropriation is contingent upon the Texas Racing Commission assessing fees sufficient to generate, in addition to revenue requirements elsewhere in this Act, during the 2020-21 2018-19 biennium, \$5,346 for fiscal year 2020 2018 and \$5,358 for fiscal year 2021 2019 for each additional live race day added beyond the base of <u>146</u> 186 days to the horse race date calendar in each fiscal year during the 2020-21 2018-19 biennium in excess of \$7,496,765 in fiscal year 2020 2018 and \$7,496,765 in fiscal year 2021 2019 (Object Codes 3188, 3189, 3190, 3193, and 3197) contained in the Comptroller of Public Accounts’ Biennial Revenue Estimate for fiscal years 2020 2018 and 2021 2019:</p> <ul style="list-style-type: none"> (a) \$1,255 in Strategy A.3.1, Supervise and Conduct Live Races; (b) \$413 in Strategy A.3.2, Monitor Licensee Activities; (c) \$1,175 in Strategy A.4.1, Inspect and Provide Emergency Care; (d) \$357 in Strategy A.4.2, Administer Drug Tests; (e) \$301 in Strategy B.1.1, Occupational Licensing Program.

**3. B. Rider Revisions and Additions Request
(continued)**

		<p>Also the “Number of Full-Time Equivalents (FTE)” figure indicated above shall be increased by 0.1 FTEs for each live horse race day granted that exceeds the base of 146 186 days on the horse race date calendar in each fiscal year contingent upon the Texas Racing Commission generating the amount of revenue indicated above. The Texas Racing Commission upon completion of necessary actions to assess or increase such additional revenue shall furnish copies of the Texas Racing Commission’s minutes and other information supporting the estimated revenues to be generated for the 2020-21 2018-19 biennium under the revised fee structure to the Comptroller of Public Accounts. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purpose. For informational purposes, the amount of increased revenue identified above reflects amounts sufficient to cover direct appropriations of \$7,002 and other direct and indirect costs (estimated to be \$3,702 for the 2020-21 2018-19 biennium).</p> <p>b. In addition to the amounts appropriated above in GR Dedicated - Texas Racing Commission Account No. 597, the Texas Racing Commission shall be appropriated in Strategy A.2.1, Texas Bred Incentive Program, revenue set aside by the Texas Racing Act pursuant to VTCS, Article 179e, § 6.08 and 6.091 for the Texas Bred Incentive Program that is collected by the agency, in an amount not to exceed \$2,275 from GR Dedicated – Texas Racing Commission Account No. 597 for each additional live horse race day added beyond the base of 146 186 days during each fiscal year to the horse race date calendar in the 2020-21 2018-19 biennium. Any appropriations from revenue collected by the agency for the Texas Bred Incentive Program during the 2020-21 2018-19 biennium may be used only for that purpose and are not transferable to any other strategy.</p>
8	VIII-58 & VIII-59	<p>Contingent Appropriation: Additional live race days added beyond the base of 36 days each fiscal year to the Greyhound Race Date Calendar and Accredited Texas Bred Program.</p> <p>a. In addition to the amounts appropriated above, the Texas Racing Commission shall be appropriated \$2,564 for each additional live greyhound race day added beyond the base of 36 days to the greyhound race date calendar in each fiscal year out of funds collected by the agency and deposited to GR Dedicated-Texas Racing Commission Account No. 597 during each fiscal year of the 2020-21 2018-19 biennium (estimated to be one additional race day). This appropriation is contingent upon the Texas Racing Commission assessing fees sufficient to generate, in addition to revenue requirements elsewhere in this Act, during the 2020-21 2018-19 biennium, \$2,837 for fiscal year 2020 2018 and \$2,837 for fiscal year 2021 2019 for each additional live race day added beyond the base of 36 days to the greyhound race date calendar in each fiscal year during the 2020-21 2018-19 biennium in excess of \$7,496,765 in fiscal year 2020 2018 and \$7,496,765 in fiscal year 2021 2019 (Object Codes 3188, 3189, 3190, 3193, and 3197) contained in the Comptroller of Public Accounts’ Biennial Revenue Estimate for fiscal years 2020 2018 and 2021 2019:</p> <ul style="list-style-type: none"> (a) \$1,255 in Strategy A.3.1, Supervise and Conduct Live Races; (b) \$413 in Strategy A.3.2, Monitor Licensee Activities; (c) \$595 in Strategy A.4.1, Inspect and Provide Emergency Care; (d) \$301 in Strategy B.1.1, Occupational Licensing Program.

**3. B. Rider Revisions and Additions Request
(continued)**

		<p>Also, the “Number of Full-Time Equivalent (FTE)” figure indicated above shall be increased by 0.1 FTEs for each live greyhound race day granted that exceeds the base of 36 days on the greyhound race date calendar in each fiscal year contingent upon the Texas Racing Commission generating the amount of revenue indicated above. The Texas Racing Commission upon completion of necessary actions to assess or increase such additional revenue shall furnish copies of the Texas Racing Commission’s minutes and other information supporting the estimated revenues to be generated for the <u>2020-21</u> 2018-19 biennium under the revised fee structure to the Comptroller of Public Accounts. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purpose. For informational purposes, the amount of increased revenue identified above reflects amounts sufficient to cover direct appropriations of \$5,128 and other direct and indirect costs (estimated to be \$546 for the <u>2020-21</u> 2018-19 biennium).</p> <p>b. In addition to the amounts appropriated above in GR Dedicated - Texas Racing Commission Account No. 597, the Texas Racing Commission shall be appropriated in Strategy A.2.1, Texas Bred Incentive Program, revenue set aside by the Texas Racing Act pursuant to VTCS, Article 179e §§ 6.09 and 6.091 for the Texas Bred Incentive Program that is collected by the agency, in an amount not to exceed \$75 from GR Dedicated – Texas Racing Commission Account No. 597 for each additional day added beyond the base of 36 days during each fiscal year to the greyhound race date calendar in the <u>2020-21</u> 2018-19 biennium. Any appropriations from revenue collected by the agency for the Texas Bred Incentive Program during the <u>2020-21</u> 2018-19 biennium may be used only for that purpose and are not transferable to any other strategy.</p>
9	VIII-59	<p>Lump Sum Annual Leave Payout.</p> <p>Included in amounts appropriated above is \$36,000 in GR Dedicated – Texas Racing Commission Account No. 597 that may only be used during the 2018-19 fiscal biennium to pay for retirement payouts due at the time of agency employees’ retirement. The unexpended funds of no more than \$18,000 in GR Dedicated – Texas Racing Commission Account No. 597 remaining on August 31, 2018, may be expended during the fiscal year beginning September 1, 2018, only to pay for retirement payouts due at the time of agency employees’ retirement. Any part of the appropriation made for retirement payouts due at the time of agency employees’ retirement that are not necessary for that purpose shall be lapsed by the agency at the end of the biennium.</p>

4.A. Exceptional Item Request Schedule
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 7/27/2018
 TIME: 12:27:43PM

Agency code: 476

Agency name:
Racing Commission

CODE	DESCRIPTION	Excp 2020	Excp 2021
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Item Name: Information Security Officer/Network Specialist
Item Priority: 1
IT Component: No
Anticipated Out-year Costs: Yes
Involve Contracts > \$50,000: No
Includes Funding for the Following Strategy or Strategies: 04-01-02 Information Resources

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	80,000	80,000
1002	OTHER PERSONNEL COSTS	2,400	2,400
2009	OTHER OPERATING EXPENSE	800	800
TOTAL, OBJECT OF EXPENSE		83,200	83,200

METHOD OF FINANCING:

597	Texas Racing Comm Acct	83,200	83,200
TOTAL, METHOD OF FINANCING		83,200	83,200

FULL-TIME EQUIVALENT POSITIONS (FTE):

	1.00	1.00
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DESCRIPTION / JUSTIFICATION:

In accordance with Texas Administrative Code, Title 1, Part 10, Rule Section 202 B & C, the head of each state agency shall designate an Information Security Officer who has the explicit authority and the duty to administer the information security requirements of this chapter agency wide. The ISO should report to executive level management; have authority for information security for the entire agency; possess training and experience required to administer the functions described under this chapter; and whenever possible, have information security duties as that official's primary duty

The Director of Information Technology is currently fulfilling several roles in addition to the day-to-day managerial duties for the computer operations, including maintaining and supervising work related to the Oracle database; serving as the Oracle Data Base Administrator; programing, maintaining, and supporting UNIX and Linux servers; and functioning as the UNIX system administrator; serving as the Information Resource Manager and liason with the Department of Information Resources; and maintaining, troubleshooting and/or supervising agency hardware, software, internet, mail and web services and telecommunications and network services and all related systems.

Having a person dedicated to fulfilling the duties of the Information Security Officer will enhance the agency's security of information and information resources by ensuring the agency is maintaining an agency-wide information security plan as required by §2054.133, Texas Government Code, developing and maintaining security policies and procedures that address the requirements of this chapter and the agency's information security risks; ensuring annual information security risks are performed; coordinating the review and implementation of new data security requirements and specifications of any new computer applications or services that receive, maintain and/or share confidential data, etc.

Agency code: 476

Agency name:
Racing Commission

CODE	DESCRIPTION	Excp 2020	Excp 2021
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EXTERNAL/INTERNAL FACTORS:

Cyber risks continue to escalate and have grown in volume and complexity. The agency must take every precaution to protect its systems and its licensees' records.

PCLS TRACKING KEY:

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

The agency anticipates there would continue to be a need for an ISO/Network Specialist.

ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:

2022	2023	2024
\$83,200	\$83,200	\$83,200

4.B. Exceptional Items Strategy Allocation Schedule
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 7/27/2018
 TIME: 12:27:43PM

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

Code	Description	Excp 2020	Excp 2021
Item Name: Information Security Officer/Network Specialist			
Allocation to Strategy: 4-1-2 Information Resources			
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	80,000	80,000
1002	OTHER PERSONNEL COSTS	2,400	2,400
2009	OTHER OPERATING EXPENSE	800	800
TOTAL, OBJECT OF EXPENSE		\$83,200	\$83,200
METHOD OF FINANCING:			
597	Texas Racing Comm Acct	83,200	83,200
TOTAL, METHOD OF FINANCING		\$83,200	\$83,200
FULL-TIME EQUIVALENT POSITIONS (FTE):		1.0	1.0

4.C. Exceptional Items Strategy Request
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 7/27/2018
TIME: 12:27:44PM

Agency Code: **476** Agency name: **Racing Commission**

GOAL: 1 Enforce Racing Regulations in Texas

OBJECTIVE: 1 Regulate Pari-mutuel Racetracks Effectively

Service Categories:

STRATEGY: 1 Provide Regulatory and Enforcement Services to Racetrack Owners

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

CODE	DESCRIPTION	Exp 2020	Exp 2021
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EXPLANATORY/INPUT MEASURES:

<u>1</u>	Number of Horse Tracks Regulated	7.00	7.00
<u>2</u>	Number of Greyhound Tracks Regulated	3.00	3.00

4.C. Exceptional Items Strategy Request
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 7/27/2018
TIME: 12:27:44PM

Agency Code: **476** Agency name: **Racing Commission**

GOAL: 1 Enforce Racing Regulations in Texas
 OBJECTIVE: 3 Reduce the Rate of Rulings Per Occupational Licensee
 STRATEGY: 2 Monitor Occupational Licensee Activities

Service Categories:
 Service: 16 Income: A.2 Age: B.3

CODE DESCRIPTION	Exp 2020	Exp 2021
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OUTPUT MEASURES:

<u>2</u> Number of Complaints Received Against Licensees	2.00	2.00
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4.C. Exceptional Items Strategy Request
 86th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 7/27/2018
TIME: 12:27:44PM

Agency Code: **476** Agency name: **Racing Commission**

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

Service Categories:
 Service: 09 Income: A.2 Age: B.3

CODE DESCRIPTION	Excp 2020	Excp 2021
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	80,000	80,000
1002 OTHER PERSONNEL COSTS	2,400	2,400
2009 OTHER OPERATING EXPENSE	800	800
Total, Objects of Expense	\$83,200	\$83,200

METHOD OF FINANCING:

597 Texas Racing Comm Acct	83,200	83,200
Total, Method of Finance	\$83,200	\$83,200

FULL-TIME EQUIVALENT POSITIONS (FTE):

1.0	1.0
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EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Information Security Officer/Network Specialist

Agency Code: 476 Agency: Racing Commission

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year 2016 - 2017 HUB Expenditure Information

Statewide HUB Goals	Procurement Category	% Goal	HUB Expenditures FY 2016			Total Expenditures FY 2016		HUB Expenditures FY 2017			Total Expenditures FY 2017	
			% Actual	Diff	Actual \$	% Goal	% Actual	Diff	Actual \$	FY 2017		
23.7%	Professional Services	23.7 %	100.0%	76.3%	\$12,446	\$12,446	23.7 %	100.0%	76.3%	\$14,837	\$14,837	
26.0%	Other Services	26.0 %	24.8%	-1.2%	\$80,631	\$325,164	26.0 %	26.9%	0.9%	\$95,884	\$356,569	
21.1%	Commodities	21.1 %	41.2%	20.1%	\$73,968	\$179,482	21.1 %	82.0%	60.9%	\$34,417	\$41,966	
	Total Expenditures		32.3%		\$167,045	\$517,092		35.1%		\$145,138	\$413,372	

B. Assessment of Fiscal Year 2016 - 2017 Efforts to Meet HUB Procurement Goals

Attainment:

The agency met two of three applicable statewide HUB goals in Fiscal Year 2016 and all three applicable statewide HUB goals in Fiscal Year 2017.

Applicability:

The "Heavy Construction", "Building Construction", and "Special Trade" categories were not applicable to agency operations in either Fiscal Year 2016 or Fiscal Year 2017.

Factors Affecting Attainment:

The purchases in the "Other Services" category are affected by the scarcity of qualified HUB vendors that are able to provide veterinary services and IT services. The agency missed the statewide HUB goal in Fiscal Year 2016 by 1.2% or \$3,902.

"Good-Faith" Efforts:

The agency makes a good faith effort to utilize HUBs in the procurement process of all goods and services whenever applicable for any dollar amount. TxRC strives to achieve and exceed the HUB statewide goals whenever possible. The agency made the following good faith efforts to comply with statewide HUB procurement goals per Texas Administrative Code, Title 34, Section 20.13(d):

Ensured that contract specifications, terms and conditions reflected the agency's actual requirements, were clearly stated and did not impose unreasonable or unnecessary contract requirements.

Provided potential bidders with a list of certified HUBs for subcontracting.

Prepared and distributed information on procurement procedures in a manner that encouraged participation in agency contracts by all businesses.

Exceeded all but one of the agency HUB goals for Fiscal Year 2016 and Fiscal Year 2017.

Participated in the Statewide HUB Program Access Expo held in Irving, Texas in Fiscal Year 2016, Fiscal Year 2017 and in Fiscal Year 2018.

**6.B. Current Biennium Onetime Expenditure Schedule
Strategy Allocation from 2018-19 Biennium to 2020-21 Biennium**

Agency Code: 476	Agency Name: Texas Racing Commission	Prepared By:	Date: 07/24/2018
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2018-19 PROJECT: Economy, Effectiveness and Efficiency Internal Audit ALLOCATION TO STRATEGY: Various Strategies	2020-21 PROJECT: Various Projects ALLOCATION TO STRATEGY: Various Strategies
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Strategy Code	OOE/MOF Code	Strategy Allocation	Estimated 2018	Budgeted 2019	Requested 2020	Requested 2021
Object of Expense:						
A.1.1.	2001	Professional Fees and Services	\$0	\$30,000	\$0	\$0
A.3.1	2001	Professional Fees and Services		\$40,000		
A.4.1	2001	Professional Fees and Services		\$20,000		
A.4.2	2001	Professional Fees and Services		\$20,000		
C.1.1.	2001	Professional Fees and Services		\$30,000		
D.1.1.	2001	Professional Fees and Services		\$60,000		
Total, Object of Expense			\$0	\$200,000	\$0	\$0
A.3.2.	1001	Increased staff hours for Investigator			\$25,760	\$25,760
A.3.2.	2005	Increased travel for Investigators			\$5,000	\$5,000
A.4.2.	2001	Veterinarian's presence at racetracks during training			\$18,240	\$18,240
D.1.1.	1001	Records Management Officer			\$51,000	\$51,000
Total, Object of Expense					\$100,000	\$100,000
Method of Financing:						
	0597	Texas Racing Commission GR-Dedicated Fund	\$0	\$200,000	\$100,000	\$100,000

Project Description for the 2018-19 Biennium:

The agency is budgeting \$200,000 for an Economy, Effectiveness and Efficiency Audit in FY 2019.

Project Description and Allocation Purpose for the 2020-21 Biennium:

The agency is allocating \$61,520 for additional staff hours for an investigator at Lone Star Park. This will allow the agency to minimize the use of several part-time employees by hiring a full-time investigator to provide a more consistent presence. The agency is allocating \$36,480 for veterinarians to be present at training hours during live race meets to monitor horses' health and racing soundness. \$102,000 is allocated for a Records Management Officer to manage the records management program to ensure the agency complies with state requirements.

6.E. Estimated Revenue Collections Supporting Schedule
86th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **476** Agency name: **Racing Commission**

FUND/ACCOUNT	Act 2017	Exp 2018	Exp 2019	Bud 2020	Est 2021
597 Texas Racing Comm Acct					
Beginning Balance (Unencumbered):	\$385,157	\$53,871	\$85,203	\$53,006	\$0
Estimated Revenue:					
3188 Race Track Licenses - Horse	2,589,973	3,229,013	3,035,592	2,616,265	2,616,265
3189 Racing and Wagering Licenses	717,040	670,562	670,500	670,500	670,500
3190 Race Track Licenses - Greyhound	1,080,000	612,525	846,262	1,080,000	1,080,000
3193 Breakage - Horse Racing	2,642,147	2,745,245	2,745,245	2,745,245	2,745,245
3197 Breakage - Greyhound Racing	386,469	384,755	384,755	384,755	384,755
3719 Fees/Copies or Filing of Records	37	172	350	350	350
3802 Reimbursements-Third Party	14,469	12,915	15,000	15,000	15,000
Subtotal: Actual/Estimated Revenue	7,430,135	7,655,187	7,697,704	7,512,115	7,512,115
Total Available	\$7,815,292	\$7,709,058	\$7,782,907	\$7,565,121	\$7,512,115
DEDUCTIONS:					
Expended, Budgeted, Requested	(6,652,261)	(6,533,141)	(6,639,887)	(6,618,862)	(6,614,628)
Transfer - Employee Benefits	(1,063,938)	(1,024,223)	(1,035,160)	(1,054,767)	(1,054,767)
Transfer Equine Research	(54,563)	(54,546)	(54,854)	(54,854)	(54,854)
Transfer - State Wide Cost allocation	0	0	0	0	0
Transfer - 50% Unemployment	0	(11,945)	0	0	0
Total, Deductions	\$(7,770,762)	\$(7,623,855)	\$(7,729,901)	\$(7,728,483)	\$(7,724,249)
Ending Fund/Account Balance	\$44,530	\$85,203	\$53,006	\$(163,362)	\$(212,134)

REVENUE ASSUMPTIONS:

CONTACT PERSON:

Adrienne Courtney

6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

86th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 7/27/2018
Time: 12:27:44PM

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

Item Priority and Name/ <u>Method of Financing</u>	REVENUE LOSS			REDUCTION AMOUNT			PROGRAM AMOUNT		TARGET
	2020	2021	Biennial Total	2020	2021	Biennial Total	2020	2021	Biennial Total

1 Various Reductions Including the Texas Bred Incentive Program

Category: Across the Board Reductions

Item Comment: The first reduction of 2.5 percent includes the following. \$156,500 consists of grants to the Texas Bred Incentive Program for encouraging the breeding and racing of animals in Texas. Of these funds, 2.0% is allocated for Equine Research at Texas A&M University, 9.8% is set aside for administration of the Texas Bred Incentive Program to the Breed Registries recognized by the Texas Racing Act, and 88.2% is allocated for awards to owners of Accredited Texas Bred greyhounds and horses. Any reduction to this program would prevent the payout of awards to the owners and breeders of Texas Bred race animals. The agency would not have enough appropriations to pass through the funds collected to owners and breeders. A 10 percent reduction to the Texas Bred Incentive Program is allocated equally among the four reduction items. The reduction of \$37,000 in Regulate Racetrack would eliminate an increase in salaries to recruit and/or retain qualified personnel. Commission salaries are below the midpoint in most of the salary groups across the agency. This makes it difficult to attract/retain experienced state employees. A reduction of \$30,000 in Central Administration for professional fees and services related to providing internal auditing services and the Internal Audit Plan. An additional reduction of \$102,000 in Central Administration would eliminate the position of a Records Management Officer. The RMO manages the agency's record management program to ensure the agency complies with state records management and record retention requirements.

Strategy: 1-1-1 Provide Regulatory and Enforcement Services to Racetrack Owners

Gr Dedicated

597 Texas Racing Comm Acct	\$0	\$0	\$0	\$18,500	\$18,500	\$37,000	\$18,500	\$18,500	\$37,000
Gr Dedicated Total	\$0	\$0	\$0	\$18,500	\$18,500	\$37,000	\$18,500	\$18,500	\$37,000

Strategy: 1-2-1 Allocate Texas Bred Funds. Estimated and Nontransferable.

Gr Dedicated

6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

86th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 7/27/2018
Time: 12:27:44PM

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

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			PROGRAM AMOUNT		TARGET
	2020	2021	Biennial Total	2020	2021	Biennial Total	2020	2021	Biennial Total
597 Texas Racing Comm Acct	\$0	\$0	\$0	\$78,250	\$78,250	\$156,500	\$78,250	\$78,250	\$156,500
Gr Dedicated Total	\$0	\$0	\$0	\$78,250	\$78,250	\$156,500	\$78,250	\$78,250	\$156,500

Strategy: 4-1-1 Central Administration and Other Support Services

Gr Dedicated

597 Texas Racing Comm Acct	\$0	\$0	\$0	\$66,000	\$66,000	\$132,000	\$66,000	\$66,000	\$132,000
Gr Dedicated Total	\$0	\$0	\$0	\$66,000	\$66,000	\$132,000	\$66,000	\$66,000	\$132,000
Item Total	\$0	\$0	\$0	\$162,750	\$162,750	\$325,500	\$162,750	\$162,750	\$325,500

FTE Reductions (From FY 2020 and FY 2021 Base Request)

1.0 1.0

2 Various Reductions Including the Texas Bred Incentive Program

Category: Across the Board Reductions

Item Comment: The second reduction of 2.5 percent includes: \$156,500 for grants to the Texas Bred Incentive Program for encouraging the breeding and racing of animals in Texas. A reduction of \$62,000 would eliminate administrative support to the Licensing Program. Additional duties and responsibilities would be assigned to remaining personnel and there could be reduced regulatory oversight and compliance with Commission and state requirements. The reduction of \$56,000 in Central Administration would eliminate staff hours in accounting. This reduction would increase the duties and responsibilities assigned to remaining employees and could result in less oversight, reduced effectiveness of internal office procedures and reduced compliance with state and Commission requirements. The reduction of \$55,000 in Information Resources would delay an upgrade of the network and phone system.

Strategy: 1-2-1 Allocate Texas Bred Funds. Estimated and Nontransferable.

6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

86th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 7/27/2018
Time: 12:27:44PM

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

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			PROGRAM AMOUNT		TARGET
	2020	2021	Biennial Total	2020	2021	Biennial Total	2020	2021	Biennial Total
<u>Gr Dedicated</u>									
597 Texas Racing Comm Acct	\$0	\$0	\$0	\$78,250	\$78,250	\$156,500	\$78,250	\$78,250	\$156,500
Gr Dedicated Total	\$0	\$0	\$0	\$78,250	\$78,250	\$156,500	\$78,250	\$78,250	\$156,500
Strategy: 2-1-1 Administer the Occupational Licensing Program through Enforcement									
<u>Gr Dedicated</u>									
597 Texas Racing Comm Acct	\$0	\$0	\$0	\$31,000	\$31,000	\$62,000	\$31,000	\$31,000	\$62,000
Gr Dedicated Total	\$0	\$0	\$0	\$31,000	\$31,000	\$62,000	\$31,000	\$31,000	\$62,000
Strategy: 4-1-1 Central Administration and Other Support Services									
<u>Gr Dedicated</u>									
597 Texas Racing Comm Acct	\$0	\$0	\$0	\$28,000	\$28,000	\$56,000	\$28,000	\$28,000	\$56,000
Gr Dedicated Total	\$0	\$0	\$0	\$28,000	\$28,000	\$56,000	\$28,000	\$28,000	\$56,000
Strategy: 4-1-2 Information Resources									

6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

86th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 7/27/2018
Time: 12:27:44PM

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

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			PROGRAM AMOUNT		TARGET
	2020	2021	Biennial Total	2020	2021	Biennial Total	2020	2021	Biennial Total
<u>Gr Dedicated</u>									
597 Texas Racing Comm Acct	\$0	\$0	\$0	\$30,000	\$25,000	\$55,000	\$30,000	\$25,000	\$55,000
Gr Dedicated Total	\$0	\$0	\$0	\$30,000	\$25,000	\$55,000	\$30,000	\$25,000	\$55,000
Item Total	\$0	\$0	\$0	\$167,250	\$162,250	\$329,500	\$167,250	\$162,250	\$329,500
FTE Reductions (From FY 2020 and FY 2021 Base Request)					1.5	1.5			

3 Various Reductions Including the Texas Bred Incentive Program

Category: Across the Board Reductions

Item Comment: The third reduction of 2.5 percent includes the following. \$156,500 consists of grants to the Texas Bred Incentive Program for encouraging the breeding and racing of animals in Texas.

A reduction of \$91,000 in Monitor Licensee Activities would eliminate .5 FTE and reduce travel in this program. This .5 FTE allows the agency to minimize the use of several part-time personnel that are rotated to work at Lone Star Park Racetrack by hiring a full-time investigator. This provides for a more consistent presence and increased enforcement efficiency at the racetrack during live racing. A reduction of \$65,790 in Administer Drug Tests would eliminate the presence of Commission and contract veterinarians at the track during routine training hours. This presence allows the veterinarians an expanded opportunity to examine horses beyond the brief pre-race examination, and when necessary, take appropriate action to place a horse on the Veterinarian's List until it is demonstrated that the horse is sound to race. A reduction of \$37,900 in Central Administration is for membership dues to the Association of Racing Commissioners International (ARCI). The agency would no longer be able to participate in the ARCI national database that is used to monitor licensees' standing in other jurisdictions.

Strategy: 1-2-1 Allocate Texas Bred Funds. Estimated and Nontransferable.

Gr Dedicated

6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

86th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 7/27/2018
Time: 12:27:44PM

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

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			PROGRAM AMOUNT		TARGET
	2020	2021	Biennial Total	2020	2021	Biennial Total	2020	2021	Biennial Total
597 Texas Racing Comm Acct	\$0	\$0	\$0	\$78,250	\$78,250	\$156,500	\$78,250	\$78,250	\$156,500
Gr Dedicated Total	\$0	\$0	\$0	\$78,250	\$78,250	\$156,500	\$78,250	\$78,250	\$156,500

Strategy: 1-3-2 Monitor Occupational Licensee Activities

Gr Dedicated

597 Texas Racing Comm Acct	\$0	\$0	\$0	\$45,500	\$45,500	\$91,000	\$45,500	\$45,500	\$91,000
Gr Dedicated Total	\$0	\$0	\$0	\$45,500	\$45,500	\$91,000	\$45,500	\$45,500	\$91,000

Strategy: 1-4-2 Administer Drug Tests

Gr Dedicated

597 Texas Racing Comm Acct	\$0	\$0	\$0	\$32,895	\$32,895	\$65,790	\$32,895	\$32,895	\$65,790
Gr Dedicated Total	\$0	\$0	\$0	\$32,895	\$32,895	\$65,790	\$32,895	\$32,895	\$65,790

Strategy: 4-1-1 Central Administration and Other Support Services

Gr Dedicated

597 Texas Racing Comm Acct	\$0	\$0	\$0	\$18,950	\$18,950	\$37,900	\$18,950	\$18,950	\$37,900
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6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

86th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 7/27/2018
Time: 12:27:44PM

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

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			PROGRAM AMOUNT		TARGET
	2020	2021	Biennial Total	2020	2021	Biennial Total	2020	2021	Biennial Total
Gr Dedicated Total	\$0	\$0	\$0	\$18,950	\$18,950	\$37,900	\$18,950	\$18,950	\$37,900
Item Total	\$0	\$0	\$0	\$175,595	\$175,595	\$351,190	\$175,595	\$175,595	\$351,190

FTE Reductions (From FY 2020 and FY 2021 Base Request) 0.5 0.5

4 Various Reductions Including the Texas Bred Incentive Program

Category: Across the Board Reductions

Item Comment: The fourth reduction of 2.5 percent consists of: \$156,500 in grants to the Texas Bred Incentive Program for encouraging the breeding and racing of animals in Texas. A reduction of \$150,000 in the Regulate Racetracks program would reduce the FTE count by 1. Additional duties and responsibilities would need to be reassigned to the remaining employees. This would have a significant impact on the agency's ability to prepare for cases brought before the State Office of Administrative Hearings and would reduce the agency's regulatory oversight.

A reduction of \$22,221 in Information Resources would delay modifications and upgrades to the agency's database.

Strategy: 1-1-1 Provide Regulatory and Enforcement Services to Racetrack Owners

Gr Dedicated

597 Texas Racing Comm Acct	\$0	\$0	\$0	\$75,000	\$75,000	\$150,000	\$75,000	\$75,000	\$150,000
Gr Dedicated Total	\$0	\$0	\$0	\$75,000	\$75,000	\$150,000	\$75,000	\$75,000	\$150,000

Strategy: 1-2-1 Allocate Texas Bred Funds. Estimated and Nontransferable.

Gr Dedicated

597 Texas Racing Comm Acct	\$0	\$0	\$0	\$78,250	\$78,250	\$156,500	\$78,250	\$78,250	\$156,500
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6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

86th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 7/27/2018
Time: 12:27:44PM

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

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			PROGRAM AMOUNT		TARGET
	2020	2021	Biennial Total	2020	2021	Biennial Total	2020	2021	Biennial Total
Gr Dedicated Total	\$0	\$0	\$0	\$78,250	\$78,250	\$156,500	\$78,250	\$78,250	\$156,500
Strategy: 4-1-2 Information Resources									
<u>Gr Dedicated</u>									
597 Texas Racing Comm Acct	\$0	\$0	\$0	\$11,110	\$11,111	\$22,221	\$11,110	\$11,111	\$22,221
Gr Dedicated Total	\$0	\$0	\$0	\$11,110	\$11,111	\$22,221	\$11,110	\$11,111	\$22,221
Item Total	\$0	\$0	\$0	\$164,360	\$164,361	\$328,721	\$164,360	\$164,361	\$328,721
FTE Reductions (From FY 2020 and FY 2021 Base Request)					1.0	1.0			
AGENCY TOTALS									
GR Dedicated Total				\$669,955	\$664,956	\$1,334,911			\$1,334,911
Agency Grand Total	\$0	\$0	\$0	\$669,955	\$664,956	\$1,334,911	\$669,955	\$664,956	\$1,334,911
Difference, Options Total Less Target									
Agency FTE Reductions (From FY 2020 and FY 2021 Base Request)					4.0	4.0			
Article Total				\$669,955	\$664,956	\$1,334,911	\$669,955	\$664,956	\$1,334,911
Statewide Total				\$669,955	\$664,956	\$1,334,911	\$669,955	\$664,956	\$1,334,911

7.A. Indirect Administrative and Support Costs

7/27/2018 12:27:45PM

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Automated Budget and Evaluation System of Texas (ABEST)

476 Racing Commission

Strategy		Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1-1-1	Provide Regulatory and Enforcement Services to Racetrack Owners					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	\$82,557	\$ 70,903	\$ 91,629	\$ 97,039	\$ 97,039
1002	OTHER PERSONNEL COSTS	4,934	6,976	6,722	6,849	6,774
2001	PROFESSIONAL FEES AND SERVICES	12,721	20,356	33,716	25,661	25,660
2003	CONSUMABLE SUPPLIES	1,667	656	1,357	1,333	1,333
2004	UTILITIES	6,050	4,857	7,286	7,158	7,158
2005	TRAVEL	1,601	1,241	2,500	2,456	2,456
2006	RENT - BUILDING	12,143	11,709	14,996	14,873	14,873
2007	RENT - MACHINE AND OTHER	155	112	171	168	168
2009	OTHER OPERATING EXPENSE	18,415	16,327	22,476	25,404	24,704
5000	CAPITAL EXPENDITURES	1,674	0	0	0	0
	Total, Objects of Expense	\$141,917	\$133,137	\$180,853	\$180,941	\$180,165
METHOD OF FINANCING:						
597	Texas Racing Comm Acct	141,917	133,137	180,853	180,941	180,165
	Total, Method of Financing	\$141,917	\$133,137	\$180,853	\$180,941	\$180,165
FULL TIME EQUIVALENT POSITIONS		1.3	1.1	1.4	1.5	1.5

Method of Allocation

7.A. Indirect Administrative and Support Costs

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Automated Budget and Evaluation System of Texas (ABEST)

476 Racing Commission

Strategy	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1-1-1 Provide Regulatory and Enforcement Services to Racetrack Owners					

The administrative and support costs have been allocated based on the computation of the FTE Counts of the specific strategy divided by the total FTE Count of all non-administrative strategies. The percentages that apply to this strategy are:

- FY 2017 = 12.6%
- FY 2018 = 11.2%
- FY 2019 = 14.3%
- FY 2020 = 14.0%
- FY 2021 = 14.0%

7.A. Indirect Administrative and Support Costs

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Automated Budget and Evaluation System of Texas (ABEST)

476 Racing Commission

Strategy	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1-3-1 Supervise the Conduct of Racing through Enforcement and Monitoring					
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$121,871	\$ 130,371	\$ 125,990	\$ 133,429	\$ 133,429
1002 OTHER PERSONNEL COSTS	7,283	12,828	9,243	9,418	9,314
2001 PROFESSIONAL FEES AND SERVICES	18,778	37,429	46,359	35,284	35,282
2003 CONSUMABLE SUPPLIES	2,461	1,206	1,866	1,833	1,833
2004 UTILITIES	8,931	8,931	10,018	9,842	9,842
2005 TRAVEL	2,363	2,282	3,438	3,377	3,377
2006 RENT - BUILDING	17,926	21,530	20,619	20,450	20,450
2007 RENT - MACHINE AND OTHER	229	207	236	232	232
2009 OTHER OPERATING EXPENSE	27,184	30,021	30,904	34,930	33,968
5000 CAPITAL EXPENDITURES	2,471	0	0	0	0
Total, Objects of Expense	\$209,497	\$244,805	\$248,673	\$248,795	\$247,727
METHOD OF FINANCING:					
597 Texas Racing Comm Acct	209,497	244,805	248,673	248,795	247,727
Total, Method of Financing	\$209,497	\$244,805	\$248,673	\$248,795	\$247,727
FULL TIME EQUIVALENT POSITIONS	1.9	2.0	1.9	2.1	2.1

Method of Allocation

7.A. Indirect Administrative and Support Costs

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Automated Budget and Evaluation System of Texas (ABEST)

476 Racing Commission

Strategy	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1-3-1 Supervise the Conduct of Racing through Enforcement and Monitoring					

The administrative and support costs have been allocated based on the computation of the FTE Counts of the specific strategy divided by the total FTE Count of all non-administrative strategies. The percentages that apply to this strategy are:

- FY 2017 = 18.6%
- FY 2018 = 20.7%
- FY 2019 = 19.6%
- FY 2020 = 19.3%
- FY 2021 = 19.3%

7.A. Indirect Administrative and Support Costs

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476 Racing Commission

Strategy		Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1-3-2	Monitor Occupational Licensee Activities					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	\$88,454	\$ 84,627	\$ 84,757	\$ 101,891	\$ 101,891
1002	OTHER PERSONNEL COSTS	5,286	8,327	6,218	7,192	7,112
2001	PROFESSIONAL FEES AND SERVICES	13,629	24,296	31,187	26,944	26,943
2003	CONSUMABLE SUPPLIES	1,786	783	1,255	1,400	1,400
2004	UTILITIES	6,482	5,797	6,739	7,516	7,516
2005	TRAVEL	1,715	1,481	2,313	2,579	2,579
2006	RENT - BUILDING	13,011	13,976	13,871	15,617	15,617
2007	RENT - MACHINE AND OTHER	166	134	159	177	177
2009	OTHER OPERATING EXPENSE	19,730	19,487	20,790	26,674	25,939
5000	CAPITAL EXPENDITURES	1,793	0	0	0	0
Total, Objects of Expense		\$152,052	\$158,908	\$167,289	\$189,990	\$189,174
METHOD OF FINANCING:						
597	Texas Racing Comm Acct	152,052	158,908	167,289	189,990	189,174
Total, Method of Financing		\$152,052	\$158,908	\$167,289	\$189,990	\$189,174
FULL TIME EQUIVALENT POSITIONS		1.4	1.3	1.3	1.6	1.6

Method of Allocation

7.A. Indirect Administrative and Support Costs

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476 Racing Commission

Strategy	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1-3-2 Monitor Occupational Licensee Activities					

The administrative and support costs have been allocated based on the computation of the FTE Counts of the specific strategy divided by the total FTE Count of all non-administrative strategies. The percentages that apply to this strategy are:

- FY 2017 = 13.5%
- FY 2018 = 13.4%
- FY 2019 = 13.2%
- FY 2020 = 14.7%
- FY 2021 = 14.7%

7.A. Indirect Administrative and Support Costs

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Automated Budget and Evaluation System of Texas (ABEST)

476 Racing Commission

Strategy		Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1-4-1	Inspect and Provide Emergency Care					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	\$62,901	\$ 73,190	\$ 73,303	\$ 77,631	\$ 77,631
1002	OTHER PERSONNEL COSTS	3,759	7,202	5,377	5,480	5,419
2001	PROFESSIONAL FEES AND SERVICES	9,692	21,013	26,973	20,529	20,528
2003	CONSUMABLE SUPPLIES	1,270	677	1,086	1,067	1,067
2004	UTILITIES	4,609	5,014	5,829	5,726	5,726
2005	TRAVEL	1,220	1,281	2,000	1,965	1,965
2006	RENT - BUILDING	9,252	12,087	11,997	11,898	11,898
2007	RENT - MACHINE AND OTHER	118	116	137	135	135
2009	OTHER OPERATING EXPENSE	14,031	16,854	17,980	20,323	19,763
5000	CAPITAL EXPENDITURES	1,275	0	0	0	0
Total, Objects of Expense		\$108,127	\$137,434	\$144,682	\$144,754	\$144,132
METHOD OF FINANCING:						
597	Texas Racing Comm Acct	108,127	137,434	144,682	144,754	144,132
Total, Method of Financing		\$108,127	\$137,434	\$144,682	\$144,754	\$144,132
FULL TIME EQUIVALENT POSITIONS		1.0	1.1	1.1	1.2	1.2

Method of Allocation

7.A. Indirect Administrative and Support Costs

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476 Racing Commission

Strategy	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1-4-1 Inspect and Provide Emergency Care					

The administrative and support costs have been allocated based on the computation of the FTE Counts of the specific strategy divided by the total FTE Count of all non-administrative strategies. The percentages that apply to this strategy are:

- FY 2017 = 9.6%
- FY 2018 = 11.6%
- FY 2019 = 11.4%
- FY 2020 = 11.2%
- FY 2021 = 11.2%

7.A. Indirect Administrative and Support Costs

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Automated Budget and Evaluation System of Texas (ABEST)

476 Racing Commission

Strategy	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1-4-2 Administer Drug Tests					
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$64,867	\$ 64,042	\$ 59,559	\$ 63,075	\$ 63,075
1002 OTHER PERSONNEL COSTS	3,876	6,301	4,369	4,452	4,403
2001 PROFESSIONAL FEES AND SERVICES	9,995	18,386	21,915	16,680	16,679
2003 CONSUMABLE SUPPLIES	1,310	592	882	867	867
2004 UTILITIES	4,753	4,387	4,736	4,653	4,653
2005 TRAVEL	1,258	1,121	1,625	1,596	1,596
2006 RENT - BUILDING	9,541	10,576	9,747	9,667	9,667
2007 RENT - MACHINE AND OTHER	122	101	111	109	109
2009 OTHER OPERATING EXPENSE	14,469	14,747	14,609	16,512	16,057
5000 CAPITAL EXPENDITURES	1,315	0	0	0	0
Total, Objects of Expense	\$111,506	\$120,253	\$117,553	\$117,611	\$117,106
METHOD OF FINANCING:					
597 Texas Racing Comm Acct	111,506	120,253	117,553	117,611	117,106
Total, Method of Financing	\$111,506	\$120,253	\$117,553	\$117,611	\$117,106
FULL TIME EQUIVALENT POSITIONS	1.0	1.0	0.9	1.0	1.0

Method of Allocation

7.A. Indirect Administrative and Support Costs

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476 Racing Commission

Strategy	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1-4-2 Administer Drug Tests					

The administrative and support costs have been allocated based on the computation of the FTE Counts of the specific strategy divided by the total FTE Count of all non-administrative strategies. The percentages that apply to this strategy are:

- FY 2017 = 9.9%
- FY 2018 = 10.1%
- FY 2019 = 9.3%
- FY 2020 = 9.1%
- FY 2021 = 9.1%

7.A. Indirect Administrative and Support Costs

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476 Racing Commission

Strategy	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
2-1-1 Administer the Occupational Licensing Program through Enforcement					
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$110,077	\$ 109,786	\$ 114,536	\$ 121,299	\$ 121,299
1002 OTHER PERSONNEL COSTS	6,578	10,802	8,402	8,562	8,467
2001 PROFESSIONAL FEES AND SERVICES	16,961	31,519	42,145	32,077	32,075
2003 CONSUMABLE SUPPLIES	2,223	1,015	1,696	1,667	1,667
2004 UTILITIES	8,066	7,521	9,107	8,947	8,947
2005 TRAVEL	2,134	1,922	3,125	3,070	3,070
2006 RENT - BUILDING	16,191	18,130	18,745	18,591	18,591
2007 RENT - MACHINE AND OTHER	207	174	214	211	211
2009 OTHER OPERATING EXPENSE	24,553	25,281	28,094	31,755	30,880
5000 CAPITAL EXPENDITURES	2,231	0	0	0	0
Total, Objects of Expense	\$189,221	\$206,150	\$226,064	\$226,179	\$225,207
METHOD OF FINANCING:					
597 Texas Racing Comm Acct	189,221	206,150	226,064	226,179	225,207
Total, Method of Financing	\$189,221	\$206,150	\$226,064	\$226,179	\$225,207
FULL TIME EQUIVALENT POSITIONS	1.7	1.7	1.8	1.9	1.9

Method of Allocation

7.A. Indirect Administrative and Support Costs

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476 Racing Commission

Strategy	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
2-1-1 Administer the Occupational Licensing Program through Enforcement					

The administrative and support costs have been allocated based on the computation of the FTE Counts of the specific strategy divided by the total FTE Count of all non-administrative strategies. The percentages that apply to this strategy are:

- FY 2017 = 16.8%
- FY 2018 = 17.4%
- FY 2019 = 17.9%
- FY 2020 = 17.5%
- FY 2021 = 17.5%

7.A. Indirect Administrative and Support Costs

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476 Racing Commission

Strategy	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
3-1-1 Regulate Pari-mutuel Wagering & Conduct Wagering Compliance Inspection					
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$123,836	\$ 98,350	\$ 91,629	\$ 97,039	\$ 97,039
1002 OTHER PERSONNEL COSTS	7,401	9,677	6,722	6,849	6,774
2001 PROFESSIONAL FEES AND SERVICES	19,081	28,236	33,716	25,661	25,660
2003 CONSUMABLE SUPPLIES	2,501	910	1,357	1,333	1,333
2004 UTILITIES	9,075	6,737	7,286	7,158	7,158
2005 TRAVEL	2,401	1,722	2,500	2,456	2,456
2006 RENT - BUILDING	18,215	16,242	14,996	14,873	14,873
2007 RENT - MACHINE AND OTHER	233	156	171	168	168
2009 OTHER OPERATING EXPENSE	27,623	22,648	22,476	25,404	24,704
5000 CAPITAL EXPENDITURES	2,510	0	0	0	0
Total, Objects of Expense	\$212,876	\$184,678	\$180,853	\$180,941	\$180,165
METHOD OF FINANCING:					
597 Texas Racing Comm Acct	212,876	184,678	180,853	180,941	180,165
Total, Method of Financing	\$212,876	\$184,678	\$180,853	\$180,941	\$180,165
FULL TIME EQUIVALENT POSITIONS	1.9	1.5	1.4	1.5	1.5

Method of Allocation

7.A. Indirect Administrative and Support Costs

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476 Racing Commission

Exp 2017

Est 2018

Bud 2019

BL 2020

BL 2021

The administrative and support costs have been allocated based on the computation of the FTE Counts of the specific strategy divided by the total FTE Count of all non-administrative strategies. The percentages that apply to this strategy are:

FY 2017 = 18.9%

FY 2018 = 15.6%

FY 2019 = 14.3%

FY 2020 = 14.0%

FY 2021 = 14.0%

7.A. Indirect Administrative and Support Costs

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476 Racing Commission

	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
GRAND TOTALS					
Objects of Expense					
1001 SALARIES AND WAGES	\$654,563	\$631,269	\$641,403	\$691,403	\$691,403
1002 OTHER PERSONNEL COSTS	\$39,117	\$62,113	\$47,053	\$48,802	\$48,263
2001 PROFESSIONAL FEES AND SERVICES	\$100,857	\$181,235	\$236,011	\$182,836	\$182,827
2003 CONSUMABLE SUPPLIES	\$13,218	\$5,839	\$9,499	\$9,500	\$9,500
2004 UTILITIES	\$47,966	\$43,244	\$51,001	\$51,000	\$51,000
2005 TRAVEL	\$12,692	\$11,050	\$17,501	\$17,499	\$17,499
2006 RENT - BUILDING	\$96,279	\$104,250	\$104,971	\$105,969	\$105,969
2007 RENT - MACHINE AND OTHER	\$1,230	\$1,000	\$1,199	\$1,200	\$1,200
2009 OTHER OPERATING EXPENSE	\$146,005	\$145,365	\$157,329	\$181,002	\$176,015
5000 CAPITAL EXPENDITURES	\$13,269	\$0	\$0	\$0	\$0
Total, Objects of Expense	\$1,125,196	\$1,185,365	\$1,265,967	\$1,289,211	\$1,283,676
Method of Financing					
597 Texas Racing Comm Acct	\$1,125,196	\$1,185,365	\$1,265,967	\$1,289,211	\$1,283,676
Total, Method of Financing	\$1,125,196	\$1,185,365	\$1,265,967	\$1,289,211	\$1,283,676
Full-Time-Equivalent Positions (FTE)	10.2	9.7	9.8	10.8	10.8

Agency code: 476

Agency name: **Racing Commission**

Strategy	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1-1-1	Provide Regulatory and Enforcement Services to Racetrack Owners				
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$10,247	\$0	\$0	\$0	\$0
1002 OTHER PERSONNEL COSTS	263	0	0	0	0
2009 OTHER OPERATING EXPENSE	168	0	0	0	0
Total, Objects of Expense	\$10,678	\$0	\$0	\$0	\$0
METHOD OF FINANCING:					
597 Texas Racing Comm Acct	10,678	0	0	0	0
Total, Method of Financing	\$10,678	\$0	\$0	\$0	\$0
FULL-TIME-EQUIVALENT POSITIONS (FTE):	0.2	0.0	0.0	0.0	0.0

DESCRIPTION

The administrative cost in this strategy was allocated based on the FTE count of the administrative assistant who provided a variety of technical/administrative duties including maintaining filing systems, record retention, preparing reports and general support work. This position was eliminated in FY 2018.

Agency code: 476

Agency name: **Racing Commission**

Strategy	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
1-4-1 Inspect and Provide Emergency Care					
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000
1002 OTHER PERSONNEL COSTS	934	680	741	802	859
2003 CONSUMABLE SUPPLIES	8	34	51	51	51
2009 OTHER OPERATING EXPENSE	682	676	884	884	884
Total, Objects of Expense	\$37,624	\$37,390	\$37,676	\$37,737	\$37,794
METHOD OF FINANCING:					
597 Texas Racing Comm Acct	37,624	37,390	37,676	37,737	37,794
Total, Method of Financing	\$37,624	\$37,390	\$37,676	\$37,737	\$37,794
FULL-TIME-EQUIVALENT POSITIONS (FTE):	1.0	1.0	1.0	1.0	1.0

DESCRIPTION

The administrative cost in this strategy was allocated based on the FTE count of the administrative assistant who provides a variety of technical/administrative duties including maintaining filing systems, record retention, preparing reports, releasing purses and general support work.

Agency code: 476

Agency name: **Racing Commission**

Strategy	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
3-1-1	Regulate Pari-mutuel Wagering & Conduct Wagering Compliance Inspection				
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$37,545	\$38,745	\$38,745	\$38,745	\$38,745
1002 OTHER PERSONNEL COSTS	1,235	3,039	1,504	1,551	1,665
2009 OTHER OPERATING EXPENSE	1,446	1,798	2,398	2,398	2,398
Total, Objects of Expense	\$40,226	\$43,582	\$42,647	\$42,694	\$42,808
METHOD OF FINANCING:					
597 Texas Racing Comm Acct	40,226	43,582	42,647	42,694	42,808
Total, Method of Financing	\$40,226	\$43,582	\$42,647	\$42,694	\$42,808
FULL-TIME-EQUIVALENT POSITIONS (FTE):	1.0	1.0	1.0	1.0	1.0

DESCRIPTION

The administrative cost in this strategy was allocated based on the FTE count of the administrative assistant who provides a variety of technical/administrative duties including maintaining filing systems, record retention, preparing reports, releasing purses and general support work.

Agency code: 476

Agency name: Racing Commission

	Exp 2017	Est 2018	Bud 2019	BL 2020	BL 2021
GRAND TOTALS					
Objects of Expense					
1001 SALARIES AND WAGES	\$83,792	\$74,745	\$74,745	\$74,745	\$74,745
1002 OTHER PERSONNEL COSTS	\$2,432	\$3,719	\$2,245	\$2,353	\$2,524
2003 CONSUMABLE SUPPLIES	\$8	\$34	\$51	\$51	\$51
2009 OTHER OPERATING EXPENSE	\$2,296	\$2,474	\$3,282	\$3,282	\$3,282
Total, Objects of Expense	\$88,528	\$80,972	\$80,323	\$80,431	\$80,602
Method of Financing					
597 Texas Racing Comm Acct	\$88,528	\$80,972	\$80,323	\$80,431	\$80,602
Total, Method of Financing	\$88,528	\$80,972	\$80,323	\$80,431	\$80,602
Full-Time-Equivalent Positions (FTE)	2.2	2.0	2.0	2.0	2.0

III. GENERAL BUSINESS

C. Discussion and possible action to approve memorandum of understanding with Texas Veterinary Medical Diagnostic Laboratory for Fiscal Year 2019

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

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

**I.
DEFINITIONS**

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

ELISA – Enzyme-linked immunosorbent assay ("immunoassay")

Equine sample – Blood and/or urine from the same horse collected during the same approximate time-frame (either pre-race or post-race)

Executive Director – the Executive Director for the TxRC or a designee of the Executive Director

GC/MS – Gas Chromatography-Mass Spectrometry

LC/MS – Liquid Chromatography-Mass Spectrometry

**II.
LABORATORY COVENANTS**

TVMDL agrees to:

1. Provide sufficient security to control access to the TVMDL Drug Testing Lab and to ensure only authorized persons handle samples or gain access to TVMDL processes or to areas where records and samples are stored.
2. Provide, with approval of the Executive Director of the TxRC, all supplies for the collection and shipment of samples, including sample jars, blood tubes, seals, labels, vacutainer sleeves, collection needles, and shipping containers. TVMDL will bill the actual cost of supplies to the association the supplies are shipped to. On request by the TxRC, TVMDL shall provide documentation regarding the cost of supplies. TVMDL shall obtain approval from the Executive Director of the TxRC before changing supplies.

3. Inspect each shipment of samples on arrival at TVMDL for evidence of possible tampering. Any evidence of tampering shall be noted and reported to the Executive Director in writing.
4. Use chain-of-custody procedures to maintain control and accountability of samples at all stages, from receipt to final disposition.
5. Provide secured and appropriate storage conditions for samples while under custody at TVMDL.
6. Maintain and follow approved Standard Operating Procedures within the oversight of the TVMDL Quality Management System.
7. Provide testing for the presence of prohibited substances and controlled therapeutic medications on equine urine samples as follows:
 - a. Instrumental analysis, either LC/MS or GC/MS, on each equine urine sample.
 - b. Specific gravity determination on each equine urine sample.
 - c. Analyses for contemporary performance-enhancing (presumed or actual) drugs of notoriety by appropriate methods (LC/MS, GC/MS, or ELISA) as requested by TxRC.
 - d. Each sample with the presence of a controlled therapeutic medication, as published by TxRC, that exceeds the corresponding maximum permissible concentration shall be reported as positive and the quantitative level of the medication shall be reported to the TxRC.
8. Provide testing for the presence of prohibited substances and controlled therapeutic medications on equine blood samples as follows:
 - a. Furosemide LC/MS screening on each equine serum sample to ensure compliance with TxRC's Bleeders and Furosemide Program. Evidence of non-compliance will be reported to the TxRC. Report as positive for each sample in which the concentration of furosemide exceeded 100 ng/mL and a urine specific gravity of less than 1.010. Report as a letter of notification for each sample in which the concentration of furosemide exceeded 100 ng/mL of furosemide and a urine specific gravity of 1.010- 1.012 or no urine sample was submitted for testing. Report as a letter of notification for each sample in which the horse received furosemide treatment but furosemide was not detected in the sample. Report as a letter of notification for each sample in which the horse did not receive furosemide treatment but furosemide was detected in the sample.
 - b. Test for total carbon dioxide on samples of equine blood as requested by the TxRC. Each sample exceeding the maximum permissible level as published by TxRC shall be reported as positive to TxRC (to include reporting its quantitative level). Alternatively, TVMDL may recommend another laboratory to conduct testing for total carbon dioxide.
 - c. Instrumental analysis, either LC/MS or GC/MS, on each equine blood sample. Additionally, each equine blood sample will be extracted and screened independently by instrumental analysis for the presence of dimethyl sulfoxide (DMSO). Pooling of no more than 4 samples is permissible.

- d. Analyses for contemporary performance-enhancing (presumed or actual) drugs of notoriety by appropriate methods (LC/MS, GC/MS, or ELISA) as requested by TxRC.
 - e. Each sample with the presence of a controlled therapeutic medication, as published by TxRC, that exceeds the corresponding maximum permissible concentration shall be reported as positive and the quantitative level of the medication shall be reported to the TxRC.
9. Perform testing for beta-agonist drugs, including Clenbuterol, Albuterol, Ractopamine and Zilpaterol in equine hair samples by instrumental analysis as requested.
 10. Provide testing for the presence of prohibited substance(s) in canine urine samples. Testing shall be by instrumental analysis, LC/MS or GC/MS, on each canine urine sample, with an emphasis on drugs classified as Category I or II by the TxRC Greyhound Medication Classification.
 11. Perform confirmatory analysis on samples, whether equine or canine, blood or urine, when a suspicious finding is identified from screening. At least one definitive analytical technique should be employed for the confirmatory analysis (e.g., mass spectrometry).
 12. Perform tests as required by the Thoroughbred Owners and Breeders Association (TOBA) for substances in samples from horses that participated in graded stakes races and listed stakes races at the \$75,000 purse level or above.
 13. Expedite tests as requested for Quarter Horse trials with a goal of reporting test results to TxRC within five calendar days of receiving samples.
 14. Blood samples labeled as "Vet Work" will be screened by LC/MS for Non-steroidal anti-inflammatory drugs (NSAIDs), corticosteroids, or other drugs as requested. Results for Vet Work samples will be reported by Letter of Notification to the Director of Investigations within 120 hours of receipt.
 15. Biological samples other than blood and urine (e.g. ocular fluid) will be screened by LC/MS or GC/MS. Turn-around times will be dependent upon the extent of confirmatory testing in the event a sample is deemed suspect from initial screening, but will not exceed ten business days. These samples will be reported by Letter of Notification to the Director of Investigations.
 16. With prior approval, perform other testing as requested, utilizing the most effective or appropriate technology or platform.
 17. All tested samples shall be stored in secured and appropriate conditions before either disposal of or releasing to a third party (for various purposes). Minimum retention period for a negative sample is 5 calendar days after reporting. Minimum retention period for a positive sample is 1 year after reporting or until all legal proceedings concerning the sample are concluded (whichever is longer). Minimum retention period for all records is two years or until all legal proceedings concerning the sample are concluded (whichever is longer).
 18. Report negative result(s) to TxRC within 120 hours from sample receipt, if possible, by the method required by the Executive Director. Report positive result(s) to TxRC within three weeks of sample receipt. On request by the Executive Director, TVMDL shall make available

to TxRC a copy of the analytical results of any test conducted pursuant to this Memorandum of Understanding.

19. Provide qualified professional personnel to testify in an administrative hearing or other legal proceeding involving a test performed pursuant to this Memorandum of Understanding and participate in and assist with pretrial matters in those proceedings, such as interrogatories and depositions.
20. Notify the TxRC in writing at least 30 days before implementing any change in analytical procedures which in consequence alters the detection sensitivity for any substance classified as Category III, IV, or V in the TxRC Equine Medication Classification.
21. Participate in industry-recognized quality assurance programs.
22. Refrain from disclosing any information relating to a sample to any person other than one designated by TxRC to receive the information.
23. Maintain qualified staff with no financial interest in racehorses, racing greyhounds, or an association or any other conflict of interest within the racing industry. All laboratory personnel must be employees of the Texas A&M Veterinary Medical Diagnostic Laboratory, a member of the Texas A&M University System, and at all times be subject to the rules and policies of the A&M System, as promulgated by the Board of Regents of the A&M System or the TVMDL Director.
24. Consent to background investigation through the TxRC conducted by the Texas Department of Public Safety, including fingerprinting, of all TVMDL staff involved in drug testing.
25. Allow access by TxRC to all records of TVMDL that pertain to drug testing services performed pursuant to this Memorandum of Understanding.
26. Make reasonable efforts to collect payment from each association and notify the Executive Director of any charges that are unpaid 30 days after invoicing.
27. Notify the Executive Director, within 30 days of receipt, of all findings and recommendations made by the State Auditor, an internal auditor of the Texas A&M University System, or another auditor acting on behalf of or under contract with TVMDL or the Texas A&M University System regarding operations of the Drug Testing Laboratory of TVMDL, as they relate to this Memorandum of Understanding.

III. **COMMISSION COVENANTS**

TxRC agrees to:

1. Supervise the sample collection site at each association to ensure the site has the necessary personnel, supplies, equipment, facilities, and supervision to provide for the identification of animals and humans and to collect, identify, secure, store, and ship each sample to TVMDL.
2. Submit urine and blood samples from approximately 2,600 horses per year. Submit approximately 360 canine urine samples per year. TxRC will make every effort to sample for

testing in the frequency of approximately 2.0 equine samples per horse race and 0.9 canine samples per greyhound race. If the number of racing performances changes during the calendar year, the number of specimens may be adjusted accordingly, and the TxRC Executive Director will notify the TVMDL Director as soon as practicable.

3. Require each association to deliver all samples to TVMDL in a secure manner, at the association's expense, in accordance with a delivery schedule approved by TVMDL.
4. Apprise and update TVMDL in a timely manner of all drugs on the permitted list and all changes in medication rules, practices, or procedures.
5. Participate in and fund an industry-recognized quality assurance program.
6. No later than 90 days before the anticipated opening of a racing facility, TxRC shall notify TVMDL in writing of the anticipated race dates for the facility and anticipated number of samples.
7. Employ enforcement measures necessary to ensure that the costs incurred by TVMDL for drug testing services pursuant to this Memorandum of Understanding are promptly paid by each association.

IV. COST OF SERVICES

Except as otherwise provided by this paragraph, TVMDL agrees to charge, and TxRC approves a per-animal charge of, \$215.00 for equine samples (for tests conducted pursuant to Article II, Sections 7 a, b, & d; 8 a, c, & e; 11 and 13, whether in blood, urine, or both) and \$45.00 for canine samples (pursuant to Article II, Sections 10 and 11). For tests conducted pursuant to Article II, Section 8b (total carbon dioxide), TVMDL agrees to charge and TxRC approves a per-sample charge of \$28.50, unless TVMDL recommends a different laboratory to conduct the testing for total carbon dioxide, in which case the charge shall be separately determined. For tests conducted pursuant to Article II, Sections 7c and 8d (contemporary performance-enhancing drugs of notoriety), TVMDL agrees to charge and TxRC approves a per-sample charge of \$13.50 (where an existing methodology exists) and a mutually agreed upon test development costs and subsequent per-sample charge (where a methodology must be developed). For tests conducted pursuant to Article II, Section 9 (beta-agonist drugs), TVMDL agrees to charge, and TxRC approves a per-sample charge of \$100.00. For tests conducted pursuant to Article II, Section 12 (TOBA tests), TVMDL agrees to charge, and TxRC approves a per-sample charge of \$444.00. For tests conducted pursuant to Article II, Section 14 (vet work), TVMDL agrees to charge, and TxRC approves a per-sample charge of \$65.00. For tests conducted pursuant to Article II, Section 15 (ocular fluid, etc.), TVMDL agrees to charge, and TxRC approves, a per-sample charge of \$55.00. For tests conducted pursuant to Article II, Section 16 (other testing as requested), TVMDL and TxRC will mutually agree on the per-sample charge depending on the methodology and platform employed for testing.

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

V.

EXECUTION

The Parties agree to use due diligence in the exercise of their responsibilities as outlined in this Memorandum of Understanding. The term of this Memorandum of Understanding is from the date of Commission approval through August 31, 2019. To ensure the continuity of the drug testing program in pari-mutuel racing, all terms of this Memorandum of Understanding continue in effect until a new Memorandum of Understanding is executed. If either Party determines that events have changed and significantly affected a material term of the Memorandum of Understanding, including but not limited to, the closing of a race track, or a significant increase in the cost of drug testing or testing supplies, the Parties may renegotiate the terms of this Memorandum of Understanding.

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

TEXAS RACING COMMISSION

Chuck Trout
Executive Director

Date

TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY

Bruce L. Akey, MS DVM
Director

Date

Approved as to form:

Devon Bijansky
TxRC General Counsel

Date

IV. PROCEEDINGS ON MATTERS RELATED TO AGENCY FUNDING

- A. Discussion and possible action to direct staff regarding the issuance of a request for proposals regarding a third-party economy, efficiency, and effectiveness audit, review, or similar process
- B. Discussion and possible action to adopt amendments to 16 TAC § 309.8, Racetrack License Fees
- C. Discussion and possible action to propose amendments to 16 TAC § 309.13, Supplemental Fee

CHAPTER 309 RACETRACK LICENSES AND OPERATIONS

SUBCHAPTER A RACETRACK LICENSES

RULE § 309.8 RACETRACK LICENSE FEES

1 (a) Purpose of Fees. An association shall pay a license fee to the Commission to pay
2 the Commission's costs to administer and enforce the Act, and to regulate, oversee, and
3 license live and simulcast racing at racetracks.

4 (b) Fees for The Period From September 1, 2018, Through February 28, 2019. [~~State~~
5 ~~Fiscal Year Beginning September 1, 2017.~~]

6 (1) Base [~~Annual~~] License Fee. A licensed racing association shall pay a [~~an annual~~]
7 license fee in the following annualized amount: [~~The annual license fee for each license~~
8 ~~type is as follows:~~]

9 (A) for a Class 1 racetrack, \$714,650;

10 (B) for a Class 2 racetrack, \$127,600;

11 (C) for a Class 3 or 4 racetrack, \$35,725; and

12 (D) for a Greyhound racetrack, \$204,175.

13 (2) Adjustment of Fees. Annualized [~~Annual~~] fees are calculated using a [~~projected~~]
14 base of 68 days of live horse racing and 36 performances of live greyhound racing per
15 fiscal year. To cover the additional regulatory cost in the event additional days or
16 performances are requested by the associations the executive secretary may:

17 (A) recalculate a horse racetrack's annualized [~~annual~~] fee by adding \$6,313 for
18 each live day added beyond the base;

19 (B) recalculate a greyhound racetrack's annualized [~~annual~~] fee by adding \$750
20 for each live performance added beyond the base; and

21 (C) review the original or amended race date request submitted by each
22 association to establish race date baselines for specific associations if needed.

23 (3) Payment of Fee. Each association shall pay its license fee by remitting to the
24 Commission 1/12 of its annualized fee on the first business day of each month.

25 [~~Beginning on March 9, 2018, and on the first day of each remaining month of the 2018~~
26 ~~fiscal year, each association shall pay its annual license fee by remitting to the~~
27 ~~Commission 1/6th of the fee remaining due as of March 5, 2018.~~]

28 (c) Unless the Commission Amends These Provisions, Fees for The Period Beginning
29 March 1, 2019 [~~State Fiscal Years Beginning September 1, 2018, and Thereafter~~]:

30 (1) Base [Annual] License Fee. A licensed racing association shall pay a ~~[an annual]~~
31 license fee in the following annualized amount:~~]. The annual license fee for each license~~
32 ~~type is as follows:]~~

33 (A) for a Class 1 racetrack, \$540,000 ~~[500,000]~~;

34 (B) for a Class 2 racetrack, \$230,000;

35 (C) for a Class 3 or 4 racetrack, \$70,000; and

36 (D) for a Greyhound racetrack, \$360,000.

37 (2) Adjustment of Fees. Annualized [Annual] fees are calculated using a ~~[projected]~~
38 base of 83 ~~[143]~~ days of live horse racing and 270 performances of live greyhound
39 racing per fiscal ~~[calendar]~~ year. To cover the additional regulatory cost in the event
40 additional days or performances are requested by the associations the executive
41 secretary may:

42 (A) recalculate a horse racetrack's annualized [annual] fee by adding \$3,750 for
43 each live day added beyond the base;

44 (B) recalculate a greyhound racetrack's annualized [annual] fee by adding \$750
45 for each live performance added beyond the base; and

46 (C) review the original or amended race date request submitted by each
47 association to establish race date baselines for specific associations if needed.

48 (3) Payment of Fee.

49 (A) For the period from March 1 through August 31, 2019:

50 (i) On the first business day of the month, an [A~~n~~] association that is
51 conducting live racing or simulcasting shall pay its [annual] license fee by remitting to
52 the Commission 1/12th of the fee specified in Section 309.8(c)(1), as adjusted pursuant
53 to Section 309.8(c)(2) ~~[on the first business day of each month].~~

54 (ii) ~~[(B)]~~ On the first business day of the fiscal quarter, an [A~~n~~] association that
55 is not conducting live racing or simulcasting shall pay its [annual] license fee by
56 remitting to the Commission 1/4 of the fee specified in Section 309.8(c)(1) ~~[in four equal~~
57 ~~installments on September 1, December 1, March 1, and June 1 of each fiscal year].~~

58 (B) For the period beginning September 1, 2019:

59 (i) An association that is conducting live racing or simulcasting shall pay its
60 license fee by remitting to the Commission 1/12 of the total fee on the first business day
61 of each month.

62 (ii) An association that is not conducting live racing or simulcasting shall pay
63 its license fee in four equal installments on September 1, December 1, March 1, and
64 June 1 of each fiscal year.

65 (d) If the executive secretary determines that the total revenue from the [~~annual~~] fees
66 exceeds the amount needed to pay those costs, the executive secretary may order a
67 moratorium on all or part of the [~~annual~~] license fees remitted monthly by any or all of
68 the associations. Before entering a moratorium order, the executive secretary shall
69 develop a formula for providing the moratorium in an equitable manner among the
70 associations. In developing the formula, the executive secretary shall consider the
71 amount of excess revenue received by the Commission, the source of the revenue, the
72 Commission's costs associated with regulating each association, the Commission's
73 projected receipts for the next fiscal year, and the Commission's projected expenses
74 during the next fiscal year.

REC'D TX RACING COMM
JUL 24 '18 PM3:53

July 23, 2018

Texas Racing Commission
c/o Ms. Jean Cook, Chief of Staff
P. O. Box 12080
Austin, Texas 78711-2080

RE: Comments
Proposed Amendments to Texas Racing Commission Rule 309.8
43 Tex. Reg. 4286, June 29, 2018

Commissioners:

We appreciate the opportunity to submit comments on behalf of Gulf Greyhound, Gulf Coast Racing, Gillespie County Fair, Laredo Downs, and Tesoros Racepark relating to the proposed amendments to Racing Commission Rule 309.8 as proposed at 43 Texas Register 4286, June, 29, 2018. For the reasons discussed below, we support adoption of the amendments to Rule 309.8 with changes as discussed below.

Ultimately, the only solution to the existing problem of unreasonably high fees under the current rule will be for the Racing Commission to analyze its budget and reduce costs such that fees comport with the reasonable cost of regulation of the various classes of tracks and activities at those tracks as mandated by the Texas Racing Act. It is our understanding that the Commission is committed to undertaking that analysis and achieving that result.

In the interim, however, it is necessary to maintain the viability of the Racing Industry in Texas. Reverting back to a slightly modified version of the original fee schedule that resulted in the pending litigation is clearly not the way to accomplish that result. While we believe a further reduction in the currently effective annual fees is warranted, we support the extension of the current fee schedule until the end of February, 2019 as an interim measure in lieu of reverting back to the original fee schedule, effective September 1, 2018, as provided in the currently effective rule. We view this only as an interim measure while the Commission's pursues efforts to expeditiously address the excessive cost of regulating the Racing Industry in Texas.

There is, however, one ambiguity in the rule, as proposed, that we believe needs to be addressed. It is our understanding that the intent of the proposed rule is to continue the existing fee schedule contained within currently effective Rule 309.8 until February 28, 2019. Hopefully, further reductions in annual fees can be attained by that date. Unless Rule 309.8 is amended prior to March 1, 2019, the old fee schedule, with increases for Class I horse tracks, will become effective but only prospectively. As written, however, the proposed rule amendment is open to

an interpretation that those modified old fees would apply retroactively to September 1, 2018. We believe the proposal should be clarified in this respect.

While such clarification can be accomplished in a number of ways, one such mechanism would be to amend proposed Sections 309.8(c)(3)(A)(i) and 309.8(c)(3)(A)(ii), relating to "Payment of Fee" for the period from March 1, 2019 through August 31, 2019 such that the amendment would read as follows:

- (i) On the first business day of the month, an [An] association that is conducting live racing or simulcasting shall pay its [annual] license fee by remitting to the Commission 1/12th of the fee specified in Section 309.8(c)(1), as adjusted pursuant to Section 309.8(c)(2).
- (ii) [B] On the first business day of the fiscal quarter, an [An] association that is not conducting live racing or simulcasting shall pay its [annual] license fee by remitting to the Commission 1/4 of the fee specified in Section 309.8(c)(1) [in four equal installments on September 1, December 1, March 1, and June 1 of each fiscal year].

Under the amendments suggested above, the active tracks would continue paying 1/12th of the fee monthly and the inactive tracks would continue paying 1/4th of the fee quarterly but use a different base annual fee in the calculation beginning March 1, 2019.

While these comments should not be interpreted as support for reverting back to a modified version of the old fee schedule at any time, we support the proposed rule amendment, with a clarification such as that suggested above, as an interim measure in conjunction with the Commission's efforts to expeditiously address the excessive cost of regulating the Racing Industry in Texas. Ultimately, the goal must be to reduce the cost of regulation and, as such reductions are realized, reduce fees in an equitable and appropriate manner prior to March 1, 2019.

Thank you for your consideration.

Sincerely,



Greg LaMantia
On behalf of Laredo Downs, Tesoros Race Park, and
Gulf Coast Racing



Scott Phelps
On behalf of Gulf Greyhound and Gillespie County Fair

CHAPTER 309 RACETRACK LICENSES AND OPERATIONS

SUBCHAPTER A RACETRACK LICENSES

RULE § 309.13 SUPPLEMENTAL FEE

1 (a) Purpose of Fee. The fee in this section is necessary to pay the Commission's costs
2 to procure an independent audit or review of the economy, efficiency and effectiveness
3 of its operations, as requested by the racing industry, and the fees collected under this
4 section shall only be used for this purpose.

5 (b) Amount of Fee. In addition to the license fees prescribed by §309.8, Racetrack
6 License Fees, a licensed racing association shall pay a supplemental license fee to the
7 Commission in an amount that equals the total cost of the audit or review, not to exceed
8 \$200,000, divided by the number of racing associations in good standing in Texas.

9 (c) The supplemental fee shall be due 15 days after the Commission sends an invoice
10 to the association.

11 (d) Refunds. In the event that the total amount the Commission collects under this
12 section exceeds its actual costs, any amount remaining shall be refunded to paying
13 associations in equal shares not later than 60 days after the date the Commission's final
14 payment for the audit or review is due.

V. OTHER PROCEEDINGS ON RULES:

A. Discussion and possible action to adopt amendments to:

1. 16 TAC § 311.5, License Categories and Fees
2. 16 TAC § 311.104, Trainers
3. 16 TAC § 313.168 Scale of Weights for Age
4. 16 TAC § 319.3, Medication Restricted

B. Discussion and possible action on the following rule review matters:

1. Closure of rule reviews of Chapter 309, Racetrack Licenses and Operations, and Chapter 311, Other Licenses
2. Opening rule reviews of Chapter 313, Officials and Rules of Horse Racing, and Chapter 315, Officials and Rules for Greyhound Racing

CHAPTER 311 OTHER LICENSES
SUBCHAPTER A LICENSING PROVISIONS
RULE § 311.5 LICENSE CATEGORIES AND FEES

1 (a) – (c) No change.

2 (d) The fee for an occupational license is as follows:

3 Type of License	1 Year Fee	2 Year Fee	3 Year Fee
4 Adoption Program Personnel	\$ 0 [25]		
5 Announcer	\$ 35		
6 Apprentice Jockey	\$ 75		
7 Assistant Farrier/Plater/Blacksmith.....	\$ 25		
8 Assistant Starter	\$ 25		
9 Assistant Trainer	\$ 100		
10 Assistant Trainer/Owner.....	\$ 100		
11 Association Assistant Management	\$ 50		
12 Association Management Personnel.....	\$ 75		
13 Association Officer/Director	\$ 100		
14 Association Other	\$ 75		
15 Association Staff	\$ 35		
16 Association Veterinarian.....	\$ 75		
17 Authorized Agent.....	\$ 15		
18 Chaplain.....	\$ 0 [25]		
19 Chaplain Assistant.....	\$ 0 [25]		
20 Equine Dental Provider	\$100		
21 Exercise Rider	\$ 25		
22 Farrier/Plater/Blacksmith	\$ 75		
23 Groom/Exercise Rider	\$ 25		
24 Groom/Hot Walker.....	\$ 25		
25 Groom/Pony Person.....	\$ 25		
26 Jockey	\$ 100	\$200	\$300
27 Jockey Agent.....	\$ 100		
28 Kennel	\$ 75		
29 Kennel Helper	\$ 25		

30	Kennel Owner	\$ 100	.....	\$ 200	.....	\$ 300
31	Kennel Owner/Owner	\$ 100	.....	\$ 200	.....	\$ 300
32	Kennel Owner/Owner-Trainer	\$ 100	.....	\$ 200	.....	\$ 300
33	Kennel Owner/Trainer	\$ 100	.....	\$ 200	.....	\$ 300
34	Lead-Out	\$ 25				
35	Maintenance.....	\$ 35				
36	Medical Staff	\$ 35				
37	Miscellaneous	\$ 25				
38	Multiple Owner	\$ 35	.....	\$ 70	.....	\$ 105
39	Mutuel Clerk	\$ 35				
40	Mutuel Other	\$ 35				
41	Owner.....	\$ 100	.....	\$ 200	.....	\$ 300
42	Owner-Trainer	\$ 100	.....	\$ 200	.....	\$ 300
43	Pony Person.....	\$ 25				
44	Racing Industry Representative	\$ 100				
45	Racing Industry Staff	\$ 30				
46	Racing Official	\$ 50				
47	Security Officer.....	\$ 30				
48	Stable Foreman.....	\$ 50				
49	Tattooer.....	\$ 100				
50	Test Technician.....	\$ 0 [25]				
51	Trainer.....	\$ 100	.....	\$ 200	.....	\$ 300
52	Training Facility Employee	\$ 30				
53	Training Facility General Manager	\$ 50				
54	Valet.....	\$ 25				
55	Vendor Concessionaire.....	\$ 100				
56	Vendor/Concessionaire Employee	\$ 30				
57	Vendor/Totalisator	\$ 500				
58	Vendor/Totalisator Employee	\$ 50				
59	Veterinarian.....	\$ 100	.....	\$ 200	.....	\$ 300
60	Veterinarian Assistant	\$ 30				

CHAPTER 311 OTHER LICENSES
SUBCHAPTER B SPECIFIC LICENSEES
RULE § 311.104 TRAINERS

1 (a) – (h) (No change.)

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

3 (1) Upon the suspension, revocation or denial of a trainer’s license, the trainer shall
4 notify each owner for whom he or she trains horses of the suspension, revocation or
5 denial.

6 (2) Except as specifically permitted by the executive director in writing, a [A] person
7 may not assume the responsibilities of a horse trainer who is ineligible to be issued a
8 license or whose license is suspended or revoked if the person:

9 (A) is related to the trainer by ~~[within the first degree of]~~ consanguinity or affinity,
10 as determined under Subchapter B, Chapter 573, Government Code.

11 (B) is related to the spouse of the trainer by blood or by marriage; or

12 (C) has been an employee of the trainer within the previous year.

13 (3) A person who assumes the care, custody, or control of the horses of a
14 suspended, revoked or ineligible horse trainer may not:

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

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

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

21 (D) use the farm or individual name of the suspended, revoked or ineligible
22 trainer when billing customers.

23 (4) A person who assumes the care, custody, or control of the horses of a
24 suspended, revoked or ineligible trainer is directly responsible for all financial matters
25 relating to the care, custody, or control of the horses.

26 (5) On request by the Commission, a suspended, revoked or ineligible trainer or a
27 person who assumes the care, custody, or control of the horses of a suspended,
28 revoked or ineligible trainer shall permit the Commission to examine all financial or
29 business records to ensure compliance with this section.

30 (j) – (l) (No change.)

CHAPTER 313 OFFICIALS AND RULES OF HORSE RACING
SUBCHAPTER B ENTRIES, SCRATCHES, AND ALLOWANCES
RULE § 313.168 SCALE OF WEIGHTS FOR AGE

- 1 (a) (No change.)
- 2 (b) Except for a race in which the conditions expressly provide otherwise, the weight to
- 3 be carried by a quarter horse, paint horse, or Appaloosa horse in a race during all
- 4 months and for all distances shall be as follows:
- 5 (1) for two year olds, 124 [~~120~~] pounds;
- 6 (2) for three year olds, 125 [~~123~~] pounds; and
- 7 (3) for four year olds and older, 128 [~~126~~] pounds.

CHAPTER 319 VETERINARY PRACTICES AND DRUG TESTING

SUBCHAPTER A GENERAL PROVISIONS

RULE § 319.3 MEDICATION RESTRICTED

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

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

7 (c) ~~[Levels of]~~ Therapeutic drugs that are ~~[which are therapeutic and]~~ necessary for
8 treatment of illness or injury in race animals are permissible, provided that:

9 (1) the therapeutic drug is on a written list of permissible levels of therapeutic
10 medications that is approved by the executive secretary, maintained by the commission
11 veterinarian, and posted in the commission veterinarians' office; and

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

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

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

25 (f) Except as provided in paragraph (2) of this subsection, clenbuterol is prohibited and
26 shall not be administered to a horse participating in racing at any time.

27 (1) Any horse that is the subject of a finding by the stewards that a test specimen
28 contains clenbuterol shall immediately be placed on the Veterinarian's List for not less
29 than 60 days.

30 (A) In order to have a horse removed from the Veterinarian's List after being placed
31 on the list under this subsection, the trainer must contact a commission veterinarian to
32 schedule a time and test barn location where the horse must be presented after the
33 sixtieth day in order for a commission veterinarian to obtain test specimens to be
34 submitted to the official laboratory for testing.

35 (B) The cost of each test conducted under this section, including applicable
36 shipping costs, shall be borne by the owner and must be paid in full at the time the
37 specimens are shipped to the laboratory.

38 (C) The collected specimens must not have any detectable level of clenbuterol. If
39 no detectable level of clenbuterol is present, the horse shall be removed from the
40 Veterinarian's List. If a detectable level of clenbuterol is present, then the horse shall
41 remain on the Veterinarian's List until such time that a test specimen reveals no
42 detectable level of clenbuterol.

43 (D) A horse placed on the Veterinarian's List pursuant to this subsection may not
44 be entered in a race until it has been removed from the list.

45 (2) A horse may only be administered clenbuterol if:

46 (A) the clenbuterol is prescribed by a licensed veterinarian;

47 (B) within 24 hours of initiating treatment, the trainer or owner has submitted to the
48 Commission a form prescribed by the Commission and signed by the veterinarian,
49 indicating:

50 (i) the name of the horse;

51 (ii) the name of the trainer;

52 (iii) the name of the veterinarian;

53 (iv) that the veterinarian has personally examined the horse and made an
54 accurate clinical diagnosis justifying the clenbuterol prescription;

55 (v) the proper dosage and route of administration; and

56 (vi) the expected duration of treatment; and

57 (C) only FDA-approved clenbuterol that is labeled for use in the horse is prescribed
58 and dispensed.

59 (3) A horse that has been administered clenbuterol under paragraph (2) of this
60 subsection shall be placed on the Veterinarian's List for a period ending not less than 30

61 days after the last administration of the drug as prescribed, subject to a negative
62 clenbuterol test before being removed from the list.

63 (A) In order to have a horse removed from the Veterinarian's List after being placed
64 on the list pursuant to paragraph (2) of this subsection, the trainer must contact a
65 commission veterinarian to schedule a time and test barn location where the horse must
66 be presented after the thirtieth day in order for a commission veterinarian to obtain test
67 specimens to be submitted to the official laboratory for testing.

68 (B) The cost of each test conducted under this section, including applicable
69 shipping costs, shall be borne by the owner and must be paid in full at the time the
70 specimens are shipped to the laboratory.

71 (C) The collected specimens must not have any detectable level of clenbuterol. If
72 no detectable level of clenbuterol is present, the horse shall be removed from the
73 Veterinarian's List. If a detectable level of clenbuterol is present, then the horse shall
74 remain on the Veterinarian's List until such time that a test specimen reveals no
75 detectable level of clenbuterol.

76 (D) A horse placed on the Veterinarian's List pursuant to paragraph (2) of this
77 subsection may not be entered in a race until it has been removed from the list.

[Note: Staff recommends an effective date of September 10, 2018.]

**CURRENT RULE REVIEWS
CHAPTER 309, RACETRACK LICENSES AND OPERATIONS,
AND CHAPTER 311, OTHER LICENSES**

Texas Government Code § 2001.039 requires state agencies to review all current rules to determine whether the reasons for initially adopting the rules continue to exist. The review must be conducted not later than the fourth anniversary of the date on which the rule takes effect and every four years after that date. The state agency must readopt, readopt with amendments, or repeal a rule as a result of reviewing the rule.

On December 20, 2017, the Commission opened the reviews of Chapter 309, Racetrack Licenses and Operations, and Chapter 311, Other Licenses. Notice of the reviews was published in the January 5, 2018, edition of the *Texas Register* (43 *TexReg* 97). The Commission received no comments on the rule review.

The Table of Contents for Chapters 309 and 311 are attached below.

Staff recommends that the Commission readopt the rules of these chapters.

CHAPTER 309. RACETRACK LICENSES AND OPERATIONS

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- Sec. 309.2. Criteria.
- Sec. 309.3. Racetrack License Application Procedure.
- Sec. 309.4. Information for Background Investigation.
- Sec. 309.5. Restrictions on Licensing.
- Sec. 309.6. Order for Security for Compliance.
- Sec. 309.7. Horse Racetrack Application Fees.
- Sec. 309.8. Racetrack License Fees.
- Sec. 309.9. Denial, Suspension and Revocation of Licenses.
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- Sec. 309.102. Exemption or Deferred Compliance.
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- Sec. 309.104. Compliance Inspections.
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PROPOSED RULE REVIEWS
CHAPTER 313, OFFICIALS AND RULES OF HORSE RACING,
AND CHAPTER 315, OFFICIALS AND RULES FOR GREYHOUND
RACING

Texas Government Code 2001.039 directs each state agency to review, and consider for readoption, each of its rules every four years. During the review, the Commission must assess whether the reasons for adopting the rules continue to exist.

To formally initiate the rule review process, the Commission must vote at a public meeting to publish notice in the *Texas Register* of the Commission's intention to review specific rules. After the time for public comment has passed, the Commission will take one of the following actions in regard to the rules in Chapters 313 and 315: readoption, repeal, or readoption with revisions.

If the Commission readopts a rule (with no changes), notice of the readoption will appear in the *Texas Register* "Rules Review" section, but the text of the readopted rule will not be published.

Any proposed repeal of a rule or any proposed amendment to a rule will be published in the "Proposed Rules" section of the *Texas Register* and will be subject to additional 30-day comment period.

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VI. PROCEEDINGS ON RACETRACKS

- A. Discussion and possible action on request by Gillespie County Fair for approval of amendments to tote services agreement with United Tote Company
- B. Discussion and possible action on request by Gulf Greyhound Park for approval of amendments to tote services agreement with United Tote Company



MEMORANDUM

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

Date: August 6, 2018
To: Chuck Trout, Executive Director
Devon Bijansky, General Counsel
From: Curley L. Trahan, Director of Pari-Mutuels
CC: Joel Speight, Deputy Executive Director
RE: Gillespie County Fair and Festival Association (Live) Tote Contract Review

I have completed a thorough review of the contract changes set to be implemented by the submitted FIRST AMENDMENT TO TOTE SERVICES AGREEMENT between United Tote Company and Gillespie County Fair and Festival Association. This amendment alters the original agreement dated February 1, 2015. The original agreement has a termination date of January 31, 2018. The original agreement was approved by the Commission on June 9, 2015. This agreement covers only the live totalisator operations at Gillespie County Fairgrounds. Below is a summary of specific sections of the contract, which are altered by this amendment. The amendment was reviewed for compliance with the Texas Racing Act and the Texas Rules of Racing. The amendment was found not to contain any items which could be thought to be in violation of the Act or Rules.

1. **Section 9.1 Term.** This section amends the term of the original contract agreement to continue through January 31, 2021, notwithstanding an earlier termination in accordance with the terms of the agreement.
2. **Exhibit A Section 3 Rates/Fees.** This section amends the fee structure table to add additional years with an incremental increase in the daily fee rate. The amended table goes through January 31, 2019. However the amended contract term date is through January 31, 2021. This leaves no fee structure for years 2019 (ending January 31, 2020) and 2020 (ending January 31, 2021). It should be assumed that either the fee listed for the last date on the schedule will remain in effect for the last two years of the contract or that a further amendment will be entered into for those last two years of the contract term.



MEMORANDUM

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

Date: August 6, 2018
To: Chuck Trout, Executive Director
Devon Bijansky, General Counsel
From: Curley L. Trahan, Director of Pari-Mutuel
CC: Joel Speight, Deputy Executive Director
RE: Gulf Greyhound Park Tote Contract Amendment Review

I have completed a thorough review of the contract changes set to be implemented by the submitted FOURTH AMENDMENT TO TOTE SERVICES AGREEMENT between United Tote Company and Gulf Greyhound Park. This amendment alters the original agreement dated March 22, 2012, subsequently amended on May 14, 2012; April 28, 2014; and December 18, 2015. The original agreement, as amended, has a termination date of May 14, 2020. The original agreement was approved by the Commission on April 10, 2012, with subsequent amendments being approved on June 19, 2012, and April 12, 2016. This agreement covers the live and simulcast totalisator operations at Gulf Greyhound Park and the simulcast totalisator operations at The Race Barn @ Gillespie County Fairgrounds. Below is a summary of specific sections of the contract, which are altered by this amendment. The amendment was reviewed for compliance with the Texas Racing Act and the Texas Rules of Racing. The amendment was found not to contain any items which could be thought to be in violation of the Act or Rules.

1. **Section 9.1 Term.** This section amends the term of the original contract agreement and subsequently amended to continue through May 14, 2022, notwithstanding an earlier termination in accordance with the terms of the agreement.
2. **Exhibit A Section 3 Rates/Fees.** This section amends the fee structure table to add additional years with an incremental increase in the annual tote fee. The amended table adds the operating years May 15, 2020, to May 14, 2021; and, May 15, 2021, to May 14, 2022. The section also assumes up to thirty-six (36) live racing days in an operating year. The terminal counts and locations will remain at the same levels as provided for simulcast only periods. This section also adds Add-On Tote Services Fees for live racing with the fees incrementing each year through May 14, 2022.
3. **Exhibit A Section 5 United Tote Personnel.** This section provides for the staffing of United Tote employees for both the live racing period and the non-live racing period. Staffing during live is limited to one operator up to forty (40) hours per week and a quarterly technician visit for the non-live racing period. Additional labor can be requested by Gulf Greyhound Park but will be billed at an hourly rate.

VI. PROCEEDINGS ON RACETRACKS

- C. Discussion and possible action on request by Retama Park for approval of majority change of ownership
- D. Discussion and possible action on request by Retama Park for approval of changes in management committee



Texas Racing Commission

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www.txrc.texas.gov

MEMORANDUM

TO: Texas Racing Commissioners

FROM: Chuck Trout, Executive Director

DATE: August 8, 2018

SUBJECT: Staff Review of Proposed Change of Majority Ownership in Retama Park

On June 21, 2018, the Commission received a request from Penn National Gaming, Inc. ("Penn National"), together with Pinnacle Entertainment, Inc. ("Pinnacle," owner of a 75.5% interest in the Retama Park racing license) and the Retama Development Corporation, in which they propose the following actions (Exhibit A):

- (1) a divisional merger of Pinnacle Retama Partners, LLC ("PRP"), creating a separate entity to hold the license;
- (2) a transfer of a majority interest in the entity holding the Retama Park racing license to the Retama Development Corporation ("RDC," the Texas local development corporation formed by the City of Selma that owns the Retama Park racetrack and facilities); and
- (3) Penn National's acquisition, through its acquisition of Pinnacle and Pinnacle subsidiary PNK(SA), LLC ("PNK(SA)"), of a 1% interest in the entity holding the Retama Park racing license. This request arises out of Penn National's pending acquisition of Pinnacle and Commission Rule 309.9(b)(10), which provides for denial of a transfer of a license if the transfer would result in a person owning more than a five percent interest in four or more racetrack licenses.

Currently, Penn National has ownership interests of greater than five percent in three other Texas racing licenses (Sam Houston Race Park, Valley Race Park, and Manor Downs). To

address this issue, PRP proposes to undertake a divisional merger that will result in the Retama Park racing license being held by newly-formed entity Retama Nominal Holder, LLC (“Nominal Holder”). Pinnacle subsidiary PNK(SA), which currently holds a 75.5% interest in PRP, would then convey 74.5% of Nominal Holder to the RDC, as well as all pecuniary and beneficial interests in the racing and simulcasting aspects of the racing license. PNK(SA)’s only ownership interest in Retama Park would then be a 1% interest in Nominal Holder. The remaining 24.5% of Nominal Holder would remain with RPL Holdings Ltd., which currently owns 24.5% of PRP. Accordingly, Penn National, the RDC, and Pinnacle seek Commission approval to take these steps.

Commission staff has reviewed the application for the proposed change of ownership of Retama Park. Listed below is a summary of staff’s findings.

Standards for Change of Ownership in a Racetrack License

The Texas Racing Act (“TRA,” or “the Act”) governs the issuance of racetrack licenses. Each transaction that involves an acquisition or transfer of pecuniary interest in an association must receive approval from the Commission. A transaction that changes the ownership of an association requires the submission of the following types of information:

- identification of the proposed owners and ownership structure
- the exact location at which a race meeting is to be conducted
- whether the facility is leased or owned
- identification of any other beneficial owner of shares that bear voting rights
- a detailed statement of assets and liabilities of the applicant
- the kind of racing to be conducted and the dates requested
- proof of residency
- copies of the tote, management, and concession contracts
- any other information required by the Commission.

Ownership Requirements

Section 6.06(c) of the TRA provides that “[a] license for operation of a ...racetrack...may not be issued to a corporation unless the corporation is incorporated under the laws of this state and a majority of the stock, if any, of the corporation is owned at all times by individuals who

meet the residency qualifications prescribed by this section for individual applicants.” The residency requirements, set out in TRA Section 6.06(a) (12) provides that the Commission may refuse to issue a racetrack license or may revoke or suspend a license if, after notice and hearing, it has reasonable grounds to believe and finds that the applicant has not been a United States citizen residing in the state for the period of 10 consecutive years immediately preceding the filling of the application. However, this ownership requirement does not apply to Penn National because of TRA Section 6.06(i) which states that the residency requirements do not apply to an applicant for or the holder of a racetrack license if the applicant, the license holder, or the license holder’s parent company is a publicly traded company. Penn National Gaming, Inc., is a publicly traded company, so it is exempt from the residency requirements. The Retama Development Corporation was incorporated under Texas law and has no owners, so it complies with the residency requirements.

Current Ownership and Management

The current ownership and management of Retama Park is described by the diagram shown in Exhibit B-1. 75.5% of the license is held by Pinnacle Retama Partners, LLC (“PRP”), a Texas limited liability company, while the other 24.5% is held by PNK(SA), LLC, also a Texas limited liability company. PRP holds 75.5% of the legal title to the horse racing license through a license and agency contract with Retama Development Corporation (“the RDC”). However, PRP does not hold any of the beneficial interest in the horse racing aspects of the license. This separation of the license’s legal title from the beneficial interests in horse racing arose out of Retama Park’s bankruptcy in 1996. Although Pinnacle Retama Partners holds no interests in the horse racing, it owns 100% of the interest in any additional rights, including enhanced gaming rights, that may be granted in connection with the license.

The beneficial interests in horse racing associated with the license are owned by the RDC, a Texas local government corporation formed by the City of Selma to finance, acquire, and operate the Retama Park racetrack. The RDC also owns the racetrack’s land and facilities.

While the RDC owns these rights and properties connected with the license, it also owes for the bonds and debts issued on behalf of Retama Park, including debts to Pinnacle Retama Partners (PRP). As of December 31, 2017, these bonds and debts were as follows:

Series 1997A Bonds	\$5.8 million ¹
Series 1997B Bonds	\$86.9 million ²
Various promissory notes held by PRP	\$26.4 million ³

Retama Park is currently managed by Pinnacle subsidiary PNK(SAM), LLC, through a management agreement with the RDC. Similarly, Pinnacle subsidiary PNK(SAZ), LLC, provides alcoholic beverages at Retama Park through a concessions contract with the RDC. AmTote International, Inc., provides totalizator services through a tote contract with the RDC. The parties do not anticipate disrupting these relationships as a result of the merger.

Proposed Transaction

Upon approval by the Commission, Pinnacle and Penn National propose to take the following actions:

- (1) Pinnacle Retama Partners, LLC (“Pinnacle Retama Partners,” or “PRP”), a wholly-owned subsidiary of Pinnacle, will undergo a divisional merger, creating a second entity, Retama Nominal Holder, LLC (“Nominal Holder”) to hold the racing license (see Exhibit B-2)⁴;
- (2) Simultaneously with (1), Pinnacle Retama Partners will transfer a majority interest in Nominal Holder to the RDC (see Exhibit B-3); and
- (3) Simultaneously with (1) and (2), Penn National will acquire, through its acquisition of Pinnacle and, therefore, Pinnacle subsidiary PNK(SA), LLC (“PNK(SA)”), a 1% interest in the entity holding the Retama Park racing license (see Exhibit B-4).

As a result of these transactions, Nominal Holder, which will hold nominal, record title to the Retama Park racing license, will be owned 74.5% by the RDC, 24.5% by RPL Holdings, Ltd., and 1% by PNK(SA) LLC. Accordingly, Penn National’s interest in the license, held through PNK(SA) LLC, is less than 5%, and therefore Penn National’s acquisition of Pinnacle does

¹ Plus accrued interest of \$2.5 million; principal and accrued interest are subject to forbearance agreements executed with the bondholder annually to forbear payments.

² Plus accrued interest of \$342.9 million; all payments are contingent on “excess cash flow,” as defined in the bond indenture. Any amounts remaining unpaid in September 2034 will be discharged and cancelled in accordance with the indenture.

³ Plus accrued interest of \$16.7 million, due at maturity (January 2019).

⁴ Although these actions are proposed to take place simultaneously, for simplicity they are described and diagrammed as though they happen sequentially.

not violate the prohibition in Commission Rule 309.9(b)(10) on any person owning more than a five percent interest in more than three Texas racetrack licenses.

Penn National is a publicly traded Pennsylvania corporation. Penn National owns, operates and develops racetracks, casinos and related hospitality and entertainment facilities in 16 U.S. states, including Texas, as well as Ontario, Canada.

Management and Organization of Retama Nominal Holder, LLC

If approved, Retama Park’s management would be overseen by a three-member management committee comprised of two representatives appointed by the RDC (which would own 74.5% of Nominal Holder) and one representative appointed by RPL Holdings (which would own 24.5% of Nominal Holder). These appointments are subject to Commission approval under agenda item VI.D. at this meeting:

RDC Member Representatives	RPL Holdings Member Representative
Phillip Wayne Swinney, retired	Joe Straus, Jr.
Kenneth Wayne Polasek, Executive VP, AGCM, Inc., Selma City Council	

Because it has not yet been formed, Nominal Holder has not yet elected officers.

As 1% owner of Nominal Holder through its interest in Pinnacle and, in turn, PNK(SA), Penn National would not be represented on Nominal Holder’s management committee; however, it would hold approval rights in the case of significant actions, such as sale of the company, bankruptcy, dissolution, or the admission of additional members to the company.

Applicant’s Assets, Liabilities, and Anticipated Funding

According to the application, “[o]n December 17, 2017, the Company [Penn National Gaming, Inc.] (PNGI) entered into an agreement to acquire Pinnacle Entertainment, Inc. (PNK), a leading regional gaming operator. This transaction, which is expected to close in the second half of 2018 (subject to receipt of all required regulatory approvals and the satisfaction of other conditions to closing), is expected to add eleven more properties to our holdings and to provide greater operational scale and geographic diversity.”

The transaction involves both stock and cash and is valued at approximately \$2.8 billion, inclusive of assumed indebtedness. Under the terms of the agreement, shareholders will receive \$20.00 in cash and 0.42 shares of Penn National common stock for each share of Pinnacle stock.

“We believe that our portfolio of assets provides us the benefit of a geographically diversified cash flow from operations. We expect to continue to expand our gaming operations through the implementation and execution of a disciplined capital expenditure program at our existing properties, the pursuit of strategic acquisitions and the development of new gaming properties, particularly in attractive regional markets.”

Penn National is also a party to a joint venture with MAXXAM that owns and operates Sam Houston Race Park in Houston and Valley Race Park in Harlingen. Additionally, the joint venture holds a license for a racetrack in Manor, Texas.

According to Penn National’s Securities and Exchange Commission (SEC) Form 10-K for fiscal year ending December 31, 2017, the company had total assets of approximately \$5.235 billion and total current and long-term liabilities of approximately \$5.308 billion, resulting in a shareholder deficit of approximately \$73 million. Below is a five-year look at selected financial data extrapolated from Penn National’s SEC filings for the years ending December 31, 2013, through December 31, 2017.

Consolidated Statement of Cash Flow (in thousands)	2017	2016	2015	2014	2013
<i>Net cash provided by operating activities</i>	\$459,079	\$411,719	\$413,808	\$272,583	\$464,538
<i>Net cash used in investing activities</i>	\$(221,608)	\$(79,288)	\$(781,005)	\$(375,536)	\$(180,357)
<i>Net cash used in providing financing activities</i>	\$(189,028)	\$(339,930)	\$395,533	\$18,631	\$(251,653)
<i>Net increase (decrease) in cash</i>	\$48,443	\$(7,499)	\$28,336	\$(121,584)	\$32,528

Balance Sheet (in thousands)	2017	2016	2015	2014	2013
Cash & cash equivalents	\$277,953	\$229,510	\$237,009	\$208,673	\$292,995
Total assets	\$5,234,812	\$4,974,484	\$5,138,752	\$4,624,551	\$4,467,587
Total liabilities	\$5,307,958	\$5,517,804	\$5,816,795	\$5,332,565	\$5,018,439
Shareholders' equity (deficit)	\$(73,146)	\$(543,320)	\$(678,043)	\$(708,014)	\$(550,852)

Anticipated Funding of Transaction

Penn National has received committed financing for part of the acquisition of PNK, subject to the customary conditions, from BoA Merrill Lynch and Goldman Sachs Bank USA. The company expects to fund the total transaction with a combination of the new debt financing; proceeds from a coincident divestment of certain Pinnacle subsidiaries, not including Retama Park, to Boyd Gaming Corp.; the sale-leaseback of certain Pinnacle real estate assets, not including that of Retama Park, to a subsidiary of Penn National, known as Gaming and Leisure Properties, Inc. (GLPI), through a Master Lease Agreement; and existing cash on its balance sheet. Penn National also anticipates that additional cash flow from the acquisition will allow it to accelerate its pay-down of the debt after closing.

Proposed Allocation of Profits, Loss and Distribution of Income (Retama Park)

Penn National expects that the ongoing business of Retama Park will be a significant source of funds for the continued operations of the racetrack. However, the racetrack has been operating at a net loss and Penn National does not expect that to change in the near future. Penn National intends to assume PNK's obligations to provide necessary funding from cash on hand and/or from access to Penn National's existing credit facility. The charts below depict the forecasted racing related revenues, expenses, and net income (loss) for the five-year period beginning with calendar year 2019. This information is taken from the Statements of Forecasted Income submitted as part of Penn National's application.

Racing related revenues (in thousands)	2019	2020	2021	2022	2023
Total pari-mutuel commissions (takeout)	\$8,216	\$8,052	\$7,890	\$7,733	\$7,578
Proceeds from simulcasting	\$364	\$356	\$349	\$343	\$335
Breakage	\$130	\$127	\$125	\$122	\$120

Racing related revenues <i>(in thousands)</i>	2019	2020	2021	2022	2023
<i>Outstanding tickets</i>	\$241	\$237	\$232	\$227	\$223
<i>Other revenues (admission, concession, parking, programs, miscellaneous)</i>	\$1,756	\$1,721	\$1,687	\$1,653	\$1,621
Total racing related revenue	\$10,707	\$10,493	\$10,283	\$10,078	\$9,877

Expenses <i>(in thousands)</i>	2019	2020	2021	2022	2023
<i>State pari-mutuel tax</i>	\$382	\$374	\$366	\$359	\$352
<i>Admissions tax</i>	\$16	\$16	\$16	\$15	\$15
<i>Texas Racing Commission license fees</i>	\$564	\$564	\$564	\$564	\$564
<i>Purses & awards</i>	\$3,138	\$3,075	\$3,014	\$2,954	\$2,895
<i>Drug testing</i>	\$110	\$114	\$117	\$121	\$124
<i>Compensation expenses (salaries, wages, taxes, benefits)</i>	\$3,984	\$4,057	\$4,130	\$4,205	\$4,282
<i>Management fees</i>	\$240	\$240	\$240	\$240	\$240
<i>Totalisator expenses</i>	\$252	\$247	\$242	\$237	\$232
<i>Other operating expenses</i>	\$4,937	\$4,836	\$4,742	\$4,613	\$4,547
<i>Other expenses (includes interest)</i>	\$45,427	\$49,882	\$54,832	\$60,370	\$66,586
Total expenses	\$59,050	\$63,405	\$68,263	\$73,678	\$79,837

<i>(in thousands)</i>	2019	2020	2021	2022	2023
NET INCOME (LOSS)	\$(48,343)	\$(52,912)	\$(57,980)	\$(63,600)	\$(69,960)

Race Dates

The application forecasts the continuance of similar race date calendars over the next five years based on the approved race date calendar for 2018. This consists of a single 25-day mixed meet each calendar year running from the beginning of July through early September.

This mixed meet has 12 race days assigned as Thoroughbred and 12 race days assigned as Quarter Horse with 1 day assigned as mixed breed.⁵

The Commission will consider and approve all future race dates in accordance with Rule 303.41, Allocation of Race Dates.

Simulcasting

It is assumed that PNG will continue full card simulcasting of horse and greyhound racing at Retama Park every day of the calendar year with the exception of Christmas Day. This assumption is based on historical information in regards to racetrack operations at Retama Park. The applicant projects an annual simulcast handle of approximately \$37.4 million for calendar year 2019 with decreasing handle each subsequent year to approximately \$34.5 million in 2023, the last year of the five-year forecast. The applicant projects a decrease of approximately two percent in simulcast handle each year of the five-year projection. Based on the forecasted simulcast handle, approximately \$2.9 million in purse money will be generated in 2019 with a two-percent decrease each year to approximately \$2.7 million being generated in year 2023.

Financial and Pari-mutuel Analysis

Staff's review of the applicant's five-year financial and pari-mutuel projections found the following:

Admissions

The applicant did not submit projected attendance counts for the five-year forecasted financial statements. Additionally, since TxRC no longer tracks attendance at the Texas racetracks, there would be no feasible method by which to verify any attendance counts that would have been submitted. Staff did analyze the ratio of average attendance to the population of the metropolitan geographical area for calendar year 2017, the last complete year of attendance records. The analysis showed that the ratios resulting from the applicant's statements regarding attendance

⁵ After this application for change of ownership was filed, Retama Park filed an application for 28 live race dates in 2019; however, the analysis in this report is based on the application for change of ownership, which anticipated the same number of race dates as in 2018.

were consistent with those experienced by other horse racetracks in the state and fell mid-range between Sam Houston Race Park and Lone Star Park. Please refer to the chart in the next section dealing with Per Capita Wagering.

Per Capita Wagering

The pari-mutuel per capita wagering forecast estimates the average daily amount wagered by an onsite patron. According to the applicant's forecasted statement of income, over 83.5% of the association's gross revenue will be dependent upon wagers placed through the mutuel windows. Because revenues and expenses vary among the several wagering options, the applicant provided per capita wagering forecasts for live on-track and simulcast on-track pari-mutuel wagers. However, the applicant did not make any per capita wagering forecasts for live export wagers because it would be impossible to estimate the total number of patrons wagering via simulcast sites across the world, nor did the applicant make any per capita projections beyond calendar year 2018.

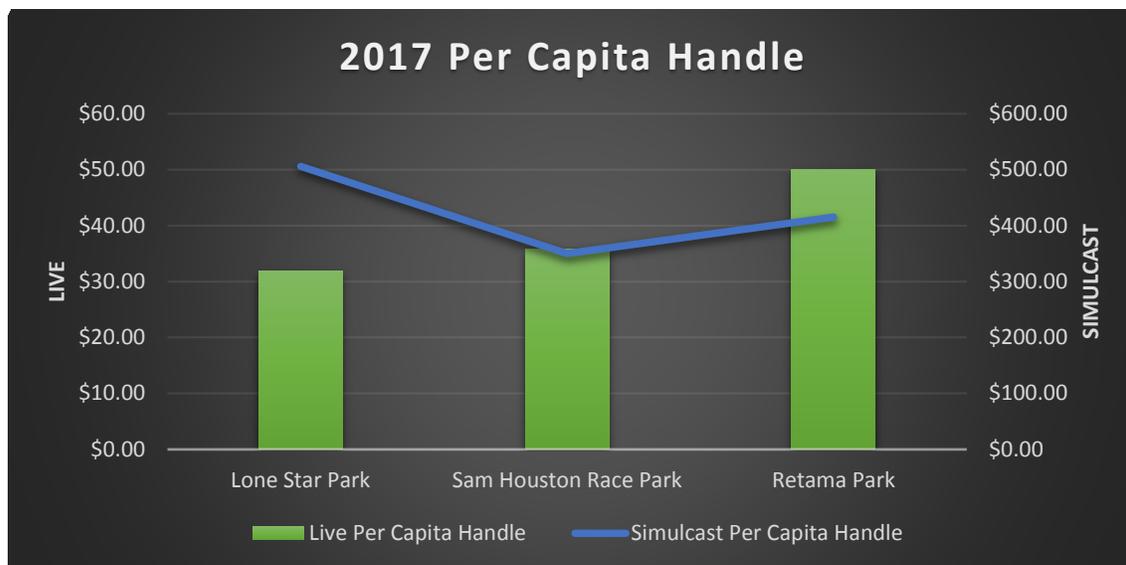
Live Per Capita Wagering – The applicant forecasts \$50 in live per capita wagers for the 25 live race days during 2018. This represents an increase over 2017's per capita figure of \$44 as computed by the applicant. However, according to TxRC figures, the 2017 on-track per capita for live racing was \$35.55, a bit lower than that provided. The applicant stated the projected increase “seems both reasonable and prudent, as racing on Tuesdays and Wednesdays will likely draw less live attendance than historical Fridays and Saturdays, increasing per capita as those in attendance will be the more avid horseplayers.” This statement is logical in that a lower attendance typically means a higher per capita.

Simulcast Per Capita Wagering – The applicant stated a simulcast per capita handle amount of \$415 for calendar year 2018 through June 3, 2018. According to the applicant, this represents a decrease of approximately two percent from 2017. However, according to TxRC available figures, the simulcast per capita handle for calendar year 2017 was approximately \$509. This is a much larger decrease than what was stated by the applicant but does appear to fall within a rational margin.

Although the applicant's per capita figures varied somewhat from the figures computed by staff, they do not seem to be unreasonable. Staff also compared the applicant's per capita figures to that of the other two class one horse tracks in the state for calendar year 2017.

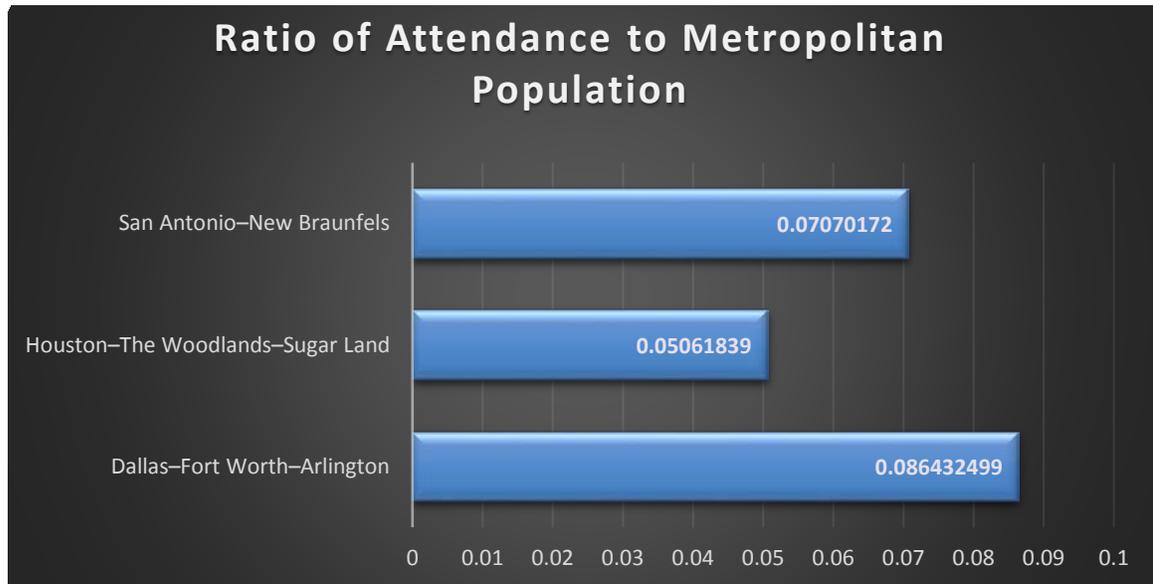
For live on-track handle, Sam Houston Race Park topped out at \$35.75 while Lone Star Park came in at \$31.88, much less than the \$50 projected by the applicant for Retama Park. Nevertheless, Retama Park is set to run a shorter meet than was historically run at the track and as was noted previously, a shorter meet would typically be indicative of a higher per capita handle.

Simulcast on-track per capita handle for Sam Houston Race Park for calendar year 2017 was \$350.09 and for Lone Star Park it was \$505.92. This is a fairly wide gap and the projected per capita handle for Retama Park would fall almost squarely in the middle of those two figures.



Staff was unable to compute 2018 year-to-date per capita figures as the TxRC no longer tracks attendance at the racetracks. It should also be noted that problems often arise when comparing data from vastly different population areas. To help explain the effect of the problem, staff also reviewed the ratio of average attendance to the population of the metropolitan geographical area. The resulting attendance ratio, as

exemplified in the chart below, shows that Retama Park (San Antonio-New Braunfels) falls between that of Sam Houston Race Park and Lone Star Park.



*Table: Ratio of Attendance to Metropolitan Population (Class 1 Racetracks)
Actual population data from 2010 US Census combined with actual 2017 TxRC attendance records.
Sources: United States Census Bureau (<http://www.census.gov>) and Texas Racing Commission*

In addition to geographic population, other factors can significantly affect per capita handle. Some of these factors include median household income of the surrounding geographic area, population age, housing costs, overall healthcare, local industries and labor markets, and transportation issues among others. The chart below illustrates median household income (by county) for the three Class 1 racetracks in Texas, with Bexar County where Retama Park is located being in the middle of the other two tracks at \$52,353.

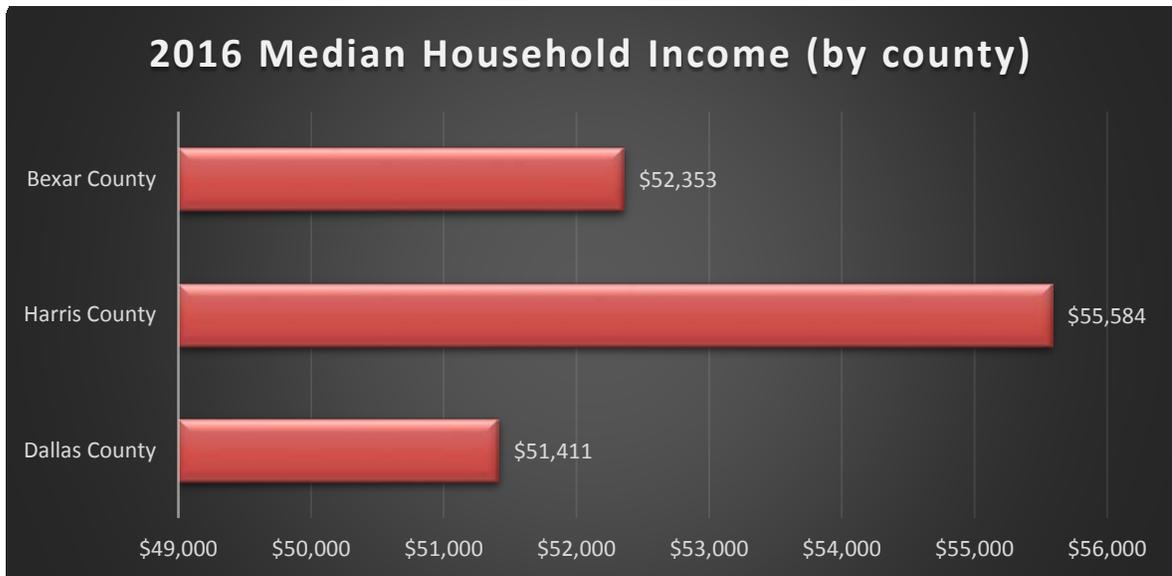


Table: 2016 Median Household Income by County (Class 1 Racetracks)
 Source: United States Census Bureau (<http://www.census.gov>)

The applicant’s on-track per capita wager figures, although varying somewhat from those computed by staff, are within the range of the other active Class 1 horse racetracks for the period. As such, the total on-track per capita wager to per capita household income ratio analysis supports staff’s conclusions that the applicant’s per capita wagering projections are reasonable.

Pari-Mutuel Handle

The applicant provided a five-year pari-mutuel handle forecast based on the 2018 approved race date calendar and its historical simulcast schedule. Handle determines a majority of a racetrack’s income and expenses. In the case of applicant, revenue from its forecasted handle is projected to comprise 83.6% of annual income.

Live On-Track Handle – The applicant estimates that its total annual handle for 2019, the first year of the five-year forecast, will be \$360,150 for thoroughbred and \$1,124,550 for quarter horse. With a total of 25 days of live racing with each breed assigned 12 full days and one day as mixed, this averages to an on-track daily live handle of \$28,812 for thoroughbred and \$89,964 for quarter horse. Each of the subsequent years of the forecast reflect an estimated two-percent decrease in live handle for all breeds. Although the estimates for total handle do indicate a decline,

the 2019 estimates reflect a large decrease of 37.33 percent from actual 2017 thoroughbred daily average handle with 22 race days but an increase of 8.75 percent for quarter horse handle with 20 race days. It should be noted that there is a significant change in the 2018 race date calendar for Retama Park that makes estimating handle more difficult, as this meet is not scheduled to end until September. While there are large swings in the handle from 2017 to 2019, staff believes that a two percent decrease in live handle each year is rather modest. The last three full years' data reflect a decrease in average daily handle at Retama Park of 6.42 percent, 5.30 percent, and 21.45 percent for thoroughbred races. Quarter horse races show a decline of 13.69 percent and 12.81 percent for the last two full years' data for handle and an increase of 1.22 percent for the one year prior.

Live Export Handle – The applicant estimates that its average daily live export handle for thoroughbreds will increase significantly in 2019 in comparison to actual figures from 2017. According to the estimates, Retama Park expects to see an 87.17 percent increase in the average daily export thoroughbred handle. At the same time, the applicant expects a more modest 2.8 percent increase in the average daily quarter horse export handle for the same 2019 period compared to actual 2017 figures. Subsequent to these initial increases in the average daily export handle, the applicant has projected a two percent decrease in handle for each subsequent year through calendar year 2023.

Simulcast Handle – The applicant estimates that its average daily simulcast handle will also decrease during each year of its five-year forecast, from \$102,641 for each of its simulcast race days in 2019 to \$94,672 for the same number of days in 2023. This decrease represents a total decline over the five-year period of 7.76 percent. Current figures for calendar year 2018 (through July 30) show a decline in handle from 2017 figures of 5.58 percent with declines of 8.30 percent and 5.01 percent for the two prior years, 2017 and 2016 respectively.

Staff compared each of the applicant's pari-mutuel handle projections to actual data taking into account the current trend for Retama Park of a decline in overall handle

and found that the projections, although differing somewhat from staff's projections, appear reasonable. The applicant is projecting lower handle than staff projections but as mentioned previously, because of the significant shift in 2018 race dates, reasonable estimations are quite difficult as the data for 2018 live racing is not yet available. Some of the large variables in estimates for 2019 versus 2017 actual handle could be explained as a result of the shift in 2018 race days for Retama Park. Because the track has shifted to race days on Tuesday and Wednesday, it is logical that on-track handle will decrease significantly while at the same time export handle should show an increase due to less competition for simulcasting signals across the United States. A similar tactic has been employed at Sam Houston Race Park with some success. The chart below summarizes the five-year estimates submitted by the applicant showing a two percent decrease across all handle categories.

Five-Year Projected Handle					
	2019	2020	2021	2022	2023
Live TB	\$ 360,150	\$ 352,947	\$ 345,888	\$ 338,970	\$ 332,191
Live QH	\$ 1,124,550	\$ 1,102,059	\$ 1,080,018	\$ 1,058,417	\$ 1,037,249
Export TB	\$ 8,232,000	\$ 8,067,360	\$ 7,906,013	\$ 7,747,893	\$ 7,592,935
Export QH	\$ 2,486,750	\$ 2,437,015	\$ 2,388,275	\$ 2,340,509	\$ 2,293,699
Simulcast	\$ 37,361,190	\$ 36,613,966	\$ 35,881,687	\$ 35,164,053	\$ 34,460,772
Totals	\$ 49,564,640	\$ 48,573,347	\$ 47,601,881	\$ 46,649,842	\$ 45,716,846

Income

The five-year Statements of Forecasted Income provided by the applicant breaks total racing related revenues down as follows:

- Pari-Mutuel = 83.6%
- Concessions = 7.4%
- Admissions, Parking & Programs = 5.1%
- Miscellaneous = 3.9%

The applicant provided reasonable projections of income during each of the five years of the forecast based off of a two percent decline in total handle each year. For example, the applicant estimates that its annual income from live wagering would decrease from \$500,000 in 2019 to \$461,000 in 2023. These estimates follow the

current trend of decreasing handle for Retama Park and take into account the reduction in live race days. These estimates are derived from the projected pari-mutuel handles previously described. Similarly, the applicant's projections of income from simulcast wagering total \$8,080,000 for 2019, decreasing each year to a total of \$7,452,000 in 2023. Based on the applicant's total handle projections, the pari-mutuel commissions listed on the Statement of Forecasted Income appear to be reasonable.

Also showing a decline are the applicant's revenue projections for breakage. The applicant included breakage as part of its revenue but it should be noted that these funds are pass-through and are subsequently paid out (expensed) as Texas-Bred award funds either to the breed registries via the TxRC ATB Program or directly as purse supplements at the track.

Although the applicant's revenue forecasted includes outstanding ticket income, those winning pari-mutuel tickets and vouchers not presented for payment within one year from date of purchase, staff has no means of quantifying those figures as the agency no longer tracks these funds. This income stream represents a small subset of total income, roughly 2.9 percent, according to the applicant's figures. Staff finds the remaining 97.1 percent income streams of the forecasted revenue to be reasonably forecasted.

The applicant's other race related income projections are based primarily on Admissions, Parking, Programs, Concessions, and other miscellaneous income. Combined, these projections total \$1,756,000 in 2019 and decrease to \$1,621,000 in 2023. These combined incomes account for 16.4 percent of all racing related revenues as projected by the applicant. Extrapolating from the provided data and analyzing the projections reveals that the applicant projects that the average person attending a live or simulcast race will spend approximately \$14.66 on food and beverage, parking, admission, and programs. These appear to be reasonable projections.

Operating Expenses

The projected operating expenses provided by the applicant fell into three major categories: Statutory Expense, Operating Expense, and Other Operating Expense.

Statutory Expense – This includes the costs associated with a required set-aside of a portion of the pari-mutuel revenue retained from a wager placed at a racetrack. Typically, the costs are due to statutory requirements and, in some cases, contractual commitments. The applicant projected expenses for the State pari-mutuel tax, Admission tax, Commission license fees, Purses and awards, and Drug testing. Combined, these projections of statutory expenses total \$4,210,000 for calendar year 2019 and gradually decrease at a rate of 1.56 percent each year to end at \$3,950,000 in the year 2023.

For the state pari-mutuel tax projection, it appears that the applicant has slightly overstated the tax for 2019 based on staff's projection. Since pari-mutuel tax is based solely on simulcast handle, staff used actual 2017 simulcast handle figures taking into account the current decreasing trend. Currently at Retama Park, simulcast handle is decreasing at a rate of approximately 7.08 percent.

The applicant has estimated the Retama Park license fee at \$564,000. Given the current uncertainty with regard to license fees, this estimate does not seem unreasonable.

The projections for purses and awards appear to be understated according to staff's projections. Staff's figures take into account the projected horse purses and awards earned from live handle, export handle, simulcast handle, TxBred, and breakage. Using these five categories, the applicant's projections are understated by nearly \$400,000. However, staff projected based on purses and awards earned while the applicant projected based on purses and awards paid. These two figures will naturally vary as funds paid are based on accumulated amounts from the previous years' worth of handle and are spread out over the entire course of actual race days.

The applicant's projections for drug testing costs appear to be slightly above that of staff's projection. Staff used a methodology to arrive at an average cost per race day based on 2017 actual drug testing costs and actual number of race days in 2017. Using this average cost per day, staff then multiplied the average cost by the number of projected race days by the applicant. Although staff used 2017 actual costs, the applicant appears to have built into its projections an increase in costs for each year of the five-year projection.

The applicant's total statutory expenses projections are below staff's estimates by just over seven percent. Many of these statutorily required expenses are difficult to project because they are based on various and ever-changing factors. With this in mind, staff considers the applicant has provided reasonable forecasts of statutory expenses for the five-year period.

Operating Expense – This includes the costs associated with the daily operation of the racetrack. The applicant projected expenses for 15 cost centers including Compensation; Management fees; Simulcast expense; Advertising, publicity and public relations; Concession expense; Repairs and maintenance; Totalisator expenses; Rent; Insurance, Utilities; Other taxes; General and administrative; Legal and audit; Depreciation; and Operating supplies and services. In testing the applicant's projections, staff focused on the Simulcast expense and the Concession expense. These two components make up over 22 percent of the total forecasted operating expenses.

The applicant projected Simulcast expense of \$1,959,000 in 2019 decreasing to \$1,807,000 in 2023. This represents a two-percent decrease each year of the five-year forecast and follows its projected two-percent decrease in handle each year. Based off of total forecasted simulcast handle, the applicant is expecting to expense just over five percent in simulcasting costs.

The applicant projected Concession expense of \$180,000 in 2019 decreasing to \$166,000 in 2023. This represents a decreasing range of 1.7 to 2.3 percent each year of the applicant's five-year forecast. The applicant's Concession expense is

approximately 22.7 percent of its projected Concession revenue, which is under the industry “normal” of 27 percent, according to Recreation Management, a recreation, sports, and fitness facilities consortium.

Staff found that both the projected Simulcast and Concessions Expenses to be reasonable.

Financial Statements

The forecasted financial statements provided by the applicant include:

- Statements of Income
- Statement of Cash Flow
- Balance Sheet
- Breakeven Analysis

Statements of Income – The Income Statement provides a summary of the revenues and expenses of a company during an accounting period. It is also referred to as the statement of operations, the statement of profit and loss, or the income and expense statement.

Retama Development Corporation					
Statements of Forecasted Income					
For the Years Ending December 31, 2019, 2020, 2021, 2022 and 2023					
Amounts in (000's)					
	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUE					
Pari-Mutuel Revenue	\$8,951	\$8,772	\$8,596	\$8,425	\$8,256
Other Revenue	<u>\$1,756</u>	<u>\$1,721</u>	<u>\$1,687</u>	<u>\$1,653</u>	<u>\$1,621</u>
Total Revenue	<u>\$10,707</u>	<u>\$10,493</u>	<u>\$10,283</u>	<u>\$10,078</u>	<u>\$9,877</u>
EXPENSES					
Statutory Expense	\$4,210	\$4,143	\$4,077	\$4,013	\$3,950
Operating Expense	<u>\$9,413</u>	<u>\$9,380</u>	<u>\$9,354</u>	<u>\$9,295</u>	<u>\$9,301</u>
Total Expenses	<u>\$13,623</u>	<u>\$13,523</u>	<u>\$13,431</u>	<u>\$13,308</u>	<u>\$13,251</u>
INCOME FROM OPERATIONS	(\$2,916)	(\$3,030)	(\$3,148)	(\$3,230)	(\$3,374)
Interest Expense and Other Income	<u>(\$45,427)</u>	<u>(\$49,882)</u>	<u>(\$54,832)</u>	<u>(\$60,370)</u>	<u>(\$66,586)</u>
NET INCOME (LOSS)	<u>(\$48,343)</u>	<u>(\$52,912)</u>	<u>(\$57,980)</u>	<u>(\$63,600)</u>	<u>(\$69,960)</u>

Based on staff’s review and analysis performed on the applicant’s forecast in the previous sections of this report, staff finds the Statements of Forecasted Income fairly reflect the revenue, expenses, and the net income (loss) for the five-year period. Additionally, the net loss from operations is accurately reflected in the balance sheet under the equity section as retained earnings, as well as, accurately reflected in the statements of cash flow under the operating activities section as a net loss.

Over the five-year forecast by the applicant, the result is a \$292.8 million loss from operations. Of this amount, just under 95% or \$277.4 million, is associated with interest expense accrued on bonds issued to construct the facility when it initially opened. The interest accrued on these bonds is not required to be paid in any given year if there is no operational gain. However, the unpaid interest is carried forward to the next year and adds to the bond debt that accrues interest. The applicant anticipates that any funding needs of Retama Nominal Holder, LLC will be minimal and any support necessary will be provided in the form of loans that may be provided by Pinnacle Entertainment, Inc.

Statements of Cash Flow – The Statement of Cash Flow measures the cash inflows and outflows caused by core business operations. Generally, changes made in cash, accounts receivable, depreciation, inventory, and accounts payable are reflected in cash from operations.

Retama Development Corporation Statements of Forecasted Cash Flows For the Years Ending December 31, 2019, 2020, 2021, 2022 and 2023 Amounts in (000's)					
	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Activities					
Net Loss from Operations	(\$48,343)	(\$52,912)	(\$57,980)	(\$63,600)	(\$69,960)
Depreciation and Amortization	\$426	\$395	\$367	\$302	\$299
Accrued Interest Bonds	\$45,366	\$50,037	\$54,992	\$60,603	\$66,900
Other	<u>\$23</u>	<u>\$7</u>	<u>\$11</u>	<u>\$5</u>	<u>(\$4)</u>
Net Cash Used In Operating Activities	<u>(\$2,528)</u>	<u>(\$2,473)</u>	<u>(\$2,610)</u>	<u>(\$2,690)</u>	<u>(\$2,765)</u>

Cash flows from investing activities	(\$86)	(\$75)	(\$75)	(\$75)	(\$75)
Cash flows from financing activities	<u>\$2,585</u>	<u>\$2,543</u>	<u>\$2,673</u>	<u>\$2,749</u>	<u>\$2,811</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(\$29)	(\$5)	(\$12)	(\$16)	(\$29)
Cash at Beginning of Year	<u>\$688</u>	<u>\$659</u>	<u>\$654</u>	<u>\$642</u>	<u>\$626</u>
Cash at End of Year	<u>\$659</u>	<u>\$654</u>	<u>\$642</u>	<u>\$626</u>	<u>\$597</u>

Balance Sheets – The Balance Sheet is a financial statement that summarizes a company's assets, liabilities and shareholders' equity at a specific point in time.

Retama Development Corporation Forecasted Balance Sheets December 31, 2019, 2020, 2021, 2022 and 2023 Amounts in (000's)					
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Assets					
Total Current Assets	\$877	\$872	\$861	\$844	\$815
Total Property	\$3,132	\$2,813	\$2,519	\$2,293	\$2,069
Other Assets	<u>\$1</u>	<u>\$1</u>	<u>\$1</u>	<u>\$1</u>	<u>\$1</u>
Total Net Assets	<u>\$4,010</u>	<u>\$3,686</u>	<u>\$3,381</u>	<u>\$3,138</u>	<u>\$2,885</u>
Liabilities					
Current Liabilities	\$6,290	\$7,157	\$8,072	\$9,024	\$10,010
Long-Term Liabilities	<u>\$568,907</u>	<u>\$620,628</u>	<u>\$677,388</u>	<u>\$739,793</u>	<u>\$808,514</u>
Total Liabilities	<u>\$575,197</u>	<u>\$627,785</u>	<u>\$685,460</u>	<u>\$748,817</u>	<u>\$818,524</u>
Capital					
Paid-in Capital	\$402	\$402	\$402	\$402	\$402
Retained Earnings	<u>(\$571,589)</u>	<u>(\$624,501)</u>	<u>(\$682,481)</u>	<u>(\$746,081)</u>	<u>(\$816,041)</u>
Total Capital	<u>(\$571,187)</u>	<u>(\$624,099)</u>	<u>(\$682,079)</u>	<u>(\$745,679)</u>	<u>(\$815,639)</u>
Total Liabilities and Capital	<u>\$4,010</u>	<u>\$3,686</u>	<u>\$3,381</u>	<u>\$3,138</u>	<u>\$2,885</u>

These Statements of Forecasted Income were prepared by an Independent Certified Public Accounting firm in accordance with attestation standards established by the American Institute of Certified Public Accountants. As noted in the Summary of Significant Forecast Assumptions, there will usually be differences between

forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Break-even Analysis – The applicant’s break-even analysis assumed that the number of live and simulcast racing dates would be static at 25 live race days and 364 simulcast race days. Additionally, the applicant’s analysis assumed the variable components of the break-even analysis to be the number of patrons attending a live or simulcast wagering day and the per capita wager placed by an attendee on a live or simulcast race. The applicant has forecasted in the initial year of operation an average break-even live attendance of 1,272 per day and an average simulcast attendance of 261 attendees per day. These break-even forecasts are approximately 7 percent and 8 percent, respectively, higher than the actual projections used to prepare the forecasted five-year handle figures. Additionally, the applicant has forecasted a break-even per capita wager for live racing that is more than double, 116 percent, the actual projections forecasted. For simulcast, the break-even per capita is approximately 68 percent higher than that actually forecasted. Although the break-even analysis was required of the applicant, it is highly unlikely that these projections will ever be attained. The applicant did note in its application that “the racetrack has been operating at a loss and that is not expected to change immediately. PNGI intends to assume Pinnacle’s obligations to provide necessary funding from cash on hand and/or from access to PNGI’s existing credit facility.”

Impact on Horse Breeding

According to the applicant, “Retama Park will continue to promote a broad-based program to assist state and local breeders in conjunction with the Texas Quarter Horse Association (TQHA) and the Texas Thoroughbred Association (TTA).” Further, the applicant states:

- Retama Park offers a significant number of races for Texas bred horses. In 2017, Retama ran 1.9 Texas-bred Quarter Horse races per day and 1.55 Texas-bred Thoroughbred races per day. In addition, many of Retama’s open races are filled with Texas-breds. The number of Thoroughbred Texas-bred races in 2017 was a decrease of about 40% over 2011. The number of Quarter Horse Texas-bred races in 2017 was a decrease of 10% over the last meet held in 2016.

GOAL: To increase the number of Texas-bred Quarter Horse races per day to two (2) and the number of Texas-bred Thoroughbred races per day to two (2) while providing all Texas-bred horses with ample opportunities to race.

- Retama will work with breed organizations to increase owner/breeder awards.

GOAL: To increase the size of the breeding industry by increasing the number of Texas-bred races and Texas-breds racing. This could lead to increased owner/breeder awards. To create a signature stakes day which could increase attention to the breeding industry.

- Retama will work with the TQHA to hold a sales futurity each year in conjunction with the TQHA sale held in San Antonio.

GOAL: To increase the number of futurity trial starters each year by 5%.

- Retama will continue to work with the TTA with regard to the Stallion Stakes series and conduct two-year old races for colts and fillies.

GOAL: To increase the number of Stallion Stakes entrants each year by 5%.

- At this time Retama plans to continue to operate the training center, which helps horsemen and positively impacts the state's breeding operation by giving horsemen an economical way to keep horses in training. The training center helps horsemen develop young horses and keeps older horses fit. As part of the training center, Retama offers schooling races.

GOAL: To increase the number of horses in the training center by 5% each year.

Impact on the Local Economy

According to the applicant, the estimated economic impact of Retama Park is based on annual operational expenditures projected at \$11,709,967 of which \$3,913,154 is to be spent on direct employee payroll. Live racing purses is projected at \$2,300,000. This money also inputs into jobs for grooms, veterinarians, feed suppliers, farmers and other racetrack related jobs. Lodging, food and beverage, car rental and retail are all positively impacted by purses paid.

Estimated annual economic impact \$103,978,000

Number of annual jobs created	1,372
Estimated annual tax revenue	
State revenue from 1% tax on simulcast handle	\$370,000
Real estate taxes	0
State sales tax from goods and services sold	63,000
Admission tax	<u>17,000</u>
TOTAL ANNUAL TAX REVENUE ESTIMATE	<u>\$450,000</u>

The applicant states in its application, “Investment resulting from the economic stimulus of Retama Park is difficult to quantify. However, it is reasonable to assume certain growth in related and supporting industries such as hotel and motel, restaurant, bars, and hospitality. Rental car companies, office equipment, advertising, and media, to name a few, will see increased investment and added local spending.”



Exhibit A

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Austin, TX 78701

June 21, 2018

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HAND DELIVERY

Devon Bijansky, General Counsel
Texas Racing Commission
8505 Cross Park Dr., #110
Austin, Texas 78754

RE: Transfer of Pecuniary Interest in Pinnacle Retama Partners, LLC

Dear Ms. Bijansky:

Penn National Gaming, Inc. and Retama Development Corporation are pleased to submit an original, one hard copy, and one electronic copy of their Request for Approval of Acquisition of a Pecuniary Interest in a Horse Association and Ancillary Transactions related to the Retama Park racing license. The application should be complete save for the background information for one individual (a Retama Development Corporation Board member) as noted in the application itself.

When you relay to DPS investigators the information submitted on behalf of Retama Development Corporation board members, please note their positions are unique from those typically held in associations that hold a racing license. Because the Retama Development Corporation is a governmental body, the members of its board are appointed civic volunteers. They are unpaid for their services and hold no ownership interest in the entity they serve. For that reason, the information provided in their background forms may be in some respects different from what investigators are accustomed to seeing.

I am enclosing with this letter the \$50,000 processing and \$25,000 investigation fees. Also submitted with this letter are pre- and post-transfer ownership structure charts as well as the information and transactional documents required by Rule 309.151(b). Some of the documents submitted with this letter contain confidential and proprietary information. Those documents are marked "Confidential." Penn National Gaming, Inc. requests that the marked documents be afforded confidential treatment under the Texas Public Information Act. If these documents become the subject of a public information request, please contact me and I will provide further information in support of this request for confidential treatment.



Devon Bijansky, General Counsel
June 21, 2018
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We look forward to working with the Texas Racing Commission on the licensing investigation. Please call or write with any questions, and thank you for your assistance.

Sincerely,

A handwritten signature in black ink that reads 'Marnie A. McCormick'. The signature is fluid and cursive, with a long, sweeping tail on the 'k'.

Marnie A. McCormick
Counsel for Penn National Gaming, Inc.

Enclosures



Devon Bijansky, General Counsel
June 21, 2018
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Cc: Carl Sottosanti, General Counsel
Penn National Gaming, Inc.

Marc J. Schnall
Counsel for Retama Development Corporation

Elliot Hoops, Vice President and Legal Counsel
Pinnacle Entertainment, Inc.

**Retama Development Corporation
Board of Directors
Minutes of the June 19, 2018 Meeting**

I. Call to Order

The Board of Directors of the Retama Development Corporation (the "RDC") convened at 11:00 am on June 19, 2018 at Retama Park Executive Conference Room, One Retama Parkway, Selma, Texas.

II. Roll Call

Directors present were Gary Baber, Phillip Swinney, Jim Parma, Charles Eads and Ken Polasek.

III. Discussion and Possible Action on Minutes of March 6, 2018 Board Meeting

Mr. Eads made a motion to approve the minutes from the Board Meeting on March 6, 2018. Mr. Swinney seconded the motion. The motion was approved unanimously by the vote of Gary Baber, Phillip Swinney, Jim Parma, Charles Eads, and Ken Polasek.

IV. Receive and Discuss Operational Update and Financial Information

Bill Belcher presented Operational Update as well as the Financial Report. Year to Date attendance is down 3.8%, Derby was down 6.5% for the day, Preakness was down 30%, Belmont was up 23%, Handle was up 9.1% for betting. Retama Park had a winner on Derby day of \$1.2 Million. Total Handle year to date is down 5.1% to prior year. May and June are the first two months that Handle was up. May finished up at .3% and currently in June we are up 12%. The industry overall is down in attendance and betting. Our handle year to date is down \$1.3 million. Admission revenue is up \$36,000. Payroll year to date is down year over year \$143,000.

The Texas Racing Commission fees year over year are up \$134,000 through May 2018. Our operational expenses year over year are down \$200,000 as we are managing the labor and controlling expenses and with paying the commissions we are only behind year over year \$63,000. We are moving in the right direction.

V. Discussion and Possible Action on Resolution Concerning Consent of the Corporation to the Allocation of the Racing License for Retama Park to Retama Nominal Holder, LLC and the Acquisition by the Corporation of an Ownership Interest in Retama Nominal Holder, LLC.

Mr. Schnall opened discussion of Resolution 06-19-18-A. Guests in attendance were Chris Rogers of Penn National Gaming, Inc. and Marnie McCormick and Brenda Barrett of Duggins Wren Mann & Romero, LLP.

Mr. Schnall summarized the transaction being proposed to have the Racing License for Retama Park transferred to Retama Nominal Holder, LLC, of which the Retama Development Corporation would hold a 74.5% interest, RPL Holdings, Ltd. would hold a 24.5% interest, and PNK(SA), LLC, a subsidiary of Pinnacle Entertainment, Inc. (which would become a subsidiary of Penn National Gaming, Inc. upon completion of the pending transaction with Pinnacle Entertainment, Inc.) would hold a 1.0% interest. Ms. McCormick and Mr. Rogers provided additional information about the proposed transaction. Mr. Schnall noted that the Board members would need to complete detailed background information for the Texas Racing Commission and that the Board needed to designate two Board members to serve on the Management Committee of Retama Nominal Holder, LLC.

Mr. Schnall explained that the recitals in proposed Resolution 06-19-18-A set out some of the background for the Resolution and, if adopted, Resolution 06-19-18-A would, contingent upon and subject to the closing of the transaction between Pinnacle Entertainment, Inc. and Penn National Gaming, Inc. (1) evidence the Retama Development Corporation's consent to the allocation of Pinnacle Retama Partners, LLC's interest in the racing and simulcasting aspects of the Racing License to Retama Nominal Holder, LLC; (2) evidence the Retama Development Corporation's consent to the allocation of Pinnacle Retama Partners, LLC's rights and obligations under the 1993 License and Agency Contract between Retama Development Corporation and Retama Partners, Ltd. as well as the Management Agreement between Pinnacle Retama Partners, LLC and Retama Development Corporation to Retama Nominal Holder, LLC; (3) consent to the Retama Development Corporation acquiring and owning 74.5% of the membership interests in Retama Nominal Holder, LLC; (4) designate two representatives of the Retama Development Corporation to be elected to the Management Committee of Retama Nominal Holder, LLC; and (5) authorize Mr. Baber, as President of the Retama Development Corporation, to execute documents and take such other actions as may be necessary to complete the transactions.

Phill Swinney and Ken Polasek volunteered to serve on the Management Committee of Retama Nominal Holder, LLC.

After further questions and discussion, Mr. Eads made a motion to adopt Resolution 06-19-18A and Mr. Parma seconded the motion.

Resolution 06-19-18-A reads as follows:

RESOLUTION 06-19-18-A

Whereas, the Retama Development Corporation currently owns all pecuniary and beneficial interests in the racing and simulcasting aspects of the Class 1 license issued by the Texas Racing Commission for Retama Park ("the License"); and

Whereas, Pinnacle Retama Partners, LLC currently owns nominal, record title to the License and all contingent enhanced gaming rights that may become attached to the License under future changes in law; and

Whereas, Penn National Gaming, Inc. has entered into an agreement, publicly announced in December 2017 ("the Penn-Pinnacle Transaction"), to acquire Pinnacle Entertainment, Inc., which owns 100% of PNK(SA), LLC, which owns 75.5% of Pinnacle Retama Partners, LLC; and

Whereas, Pinnacle Retama Partners, LLC proposes to undertake a divisional merger through which the nominal, record title to the License will be allocated to a new surviving entity called Retama Nominal Holder, LLC owned 24.5% by RPL Holdings Ltd., 1.0% by PNK(SA), LLC, and 74.5% by Retama Development Corporation ("the Divisional Merger"); and

Whereas, Retama Development Corporation's interest in Retama Nominal Holder, LLC will be subject to certain purchase options and rights of first refusal, which will be more specifically set forth in the Company Agreement of that entity to which Retama Development Corporation will be a party; and

Whereas, Pinnacle Retama Partners, LLC proposes that its rights and obligations under the 1993 License and Agency Contract between Retama Development Corporation and Retama Partners Ltd. be allocated to Retama Nominal Holder, LLC in the Divisional Merger; and

Whereas, Pinnacle Retama Partners, LLC proposes that its rights and obligations under the 2013 Management Contract among Retama Development Corporation, Pinnacle Retama Partners, LLC, and PNK(SAM), LLC be allocated to Retama Nominal Holder, LLC in the Divisional Merger; and

Whereas, Pinnacle Retama Partners, LLC proposes the Divisional Merger be conditioned on and subject to the closing of the Penn-Pinnacle Transaction; and

Whereas, the Divisional Merger would not affect Pinnacle Retama Partners, LLC's continued ownership of all contingent enhanced gaming rights that may become attached to the License under future changes in law; and

Whereas, the Retama Development Corporation supports the Penn-Pinnacle Transaction and supports the Divisional Merger conditioned on and subject to the closing of the Penn-Pinnacle Transaction.

Now, therefore, be it resolved the Board of Directors of the Retama Development Corporation that:

1. Conditioned on and subject to the closing of the aforementioned Penn-Pinnacle Transaction, the Retama Development Corporation consents to the allocation of Pinnacle Retama Partners, LLC's interest in the racing and simulcasting aspects of the License to Retama Nominal Holder, LLC.
2. Conditioned on and subject to the closing of the aforementioned Penn-Pinnacle Transaction, the Retama Development Corporation consents to the allocation of Pinnacle Retama Partners, LLC's rights and obligations under the aforementioned License and Agency Contract and Management Agreement to Retama Nominal Holder, LLC.
3. Conditioned on and subject to the closing of the aforementioned Penn-Pinnacle Transaction, the Retama Development Corporation consents to its acquisition and ownership of 74.5% of Retama Nominal Holder, LLC.
4. Phill Swinney and Ken Polasek are hereby designated as the representatives of the Retama Development Corporation to be elected to the Management Committee of Retama Nominal Holder, LLC.
5. The President of the Retama Development Corporation is authorized to execute documents effecting the Divisional Merger and the creation of Retama Nominal Holder, LLC in a form he deems substantially similar to the draft documents presented as of the date of this resolution with such changes thereto as the President shall approve, such approval to be conclusively evidenced by the execution and delivery thereof, without need for further resolution by the Board.
6. The President of the Retama Development Corporation is authorized to take any other actions necessary to consummate the transactions referred to in the preceding resolutions, including without limitation execution and submission of an application to the Texas Racing Commission and a Request for Approval by the Texas Racing Commission in regard to such transactions, the approval of which will be conclusively evidenced by the execution and delivery thereof, without need for further resolution by the Board.

The motion was approved by the five Board Members in attendance.

VI. Discussion and Possible Action on Resolution Approving an Amendment to the Lease with Wild West Entertainment, LLC

Mr. Schnall explained that Adam West contacted Bill Belcher and requested a modification to the Wild West Entertainment, Inc.'s lease with the Retama Development Corporation because its spring event was not profitable. Mr. Belcher negotiated the terms of an amendment to the Retama Development Corporation's lease with Wild West Entertainment, Inc. that allows the Retama Development Corporation

to enter into an agreement with another party to have events during the periods when Wild West Entertainment, Inc. will not hold an event.

Resolution 06-19-18-B was presented to the Board for possible action. Resolution 06-19-18-B reads as follows:

RESOLUTION 06-19-18-B

WHEREAS, the Retama Development Corporation (the "Corporation") entered lease dated August 7, 2017, (the "Lease") with Wild West Entertainment, LLC (the "Tenant") whereby the Tenant would operate and conduct carnivals and other programs and events on the Property of the Corporation (the "Real Property"); and

Whereas, the Tenant has requested that the Lease be amended to revise the dates of the term of the Lease for use of the Real Property; and

WHEREAS, the Corporation is willing to revise the dates of the term of the Lease for use of the Real Property provided that the Tenant agrees to the deletion of Section 14.27 of the Lease which contains language granting limited exclusive rights to the Tenant; and

WHEREAS, the Tenant has agreed to the deletion of Section 14.27 of the Lease; and

WHEREAS, the Board of Directors believes that entry by the Corporation into Amendment No. 1 to Lease Agreement with the Tenant with the revisions described in the Preceding paragraphs is in the best interest of the Corporation.

IT IS RESOLVED, that the Retama Development Corporation (the "Corporation") is authorized to enter into Amendment No. 1 to Lease Agreement with Wild West Entertainment, LLC on terms acceptable to Gary Baber, President of the Corporation and that Gary Baber, President of the Corporation is authorized to execute Amendment No. 1 to Lease Agreement with Wild West Entertainment, LLC.

Mr. Baber asked for a motion to adopt Resolution 06-19-18-B. Mr. Swinney made a motion to adopt Resolution 06-19-18-B and Mr. Eads seconded the motion. The motion was approved unanimously by the five Board Members in attendance.

VII. Discussion and Possible Action on Resolution Approving an Event Agreement with MJ Marketing Group to Use Certain Events Space at Retama Park for the San Antonio Feria De Mexico Event.

Mr. Belcher advised the Board that MJ Marketing Group had contacted him about having a 10 day event in each of October 2018, October 2019, and October 2020 using Lot 4 by the open field.

Resolution 06-19-18-C was presented to the Board, reading as follows:

RESOLUTION 06-19-18-C

WHEREAS, the Retama Development Corporation (the "Corporation") has been approached by MJ Marketing Group in regard to use of certain event space of the Corporation to host the San Antonio Feria De Mexico event in 2018, 2019, and 2020; and

WHEREAS, the Board of Directors of the Corporation believes that the proposed Event Agreement with MJ Marketing Group will not adversely impact use of the remainder of the property of the Corporation for horse racing or other activities; and

WHEREAS, the Board of Directors of the Corporation believes that it will be in the best interest of the Corporation to enter into an Event Agreement with MJ Marketing Group for use of certain event space of the Corporation to host the San Antonio Feria De Mexico from October 6, 2018 to October 20, 2018, from October 3, 2019 to October 25, 2019 and from October 1, 2020 to October 23, 2020 in accordance with the terms of the Event Agreement attached as Exhibit "A" to this Resolution 06-19-18-C.

IT IS RESOLVED, that the Corporation is authorized to enter into a lease with MJ Marketing Group for use of certain event space of the Corporation to host the San Antonio Feria De Mexico from October 6, 2018 to October 23, 2018, from October 3, 2019 to October 25, 2019, and from October 1, 2020 to October 23, 2020 in accordance with the terms of the Event Agreement attached as Exhibit "A" to this Resolution 06-19-18-C.

IT IS FURTHER RESOLVED, that Gary Baber, President of the Corporation, is authorized to execute the Event Agreement with MJ Marketing Group attached as Exhibit "A" to this Resolution 06-19-18-C.

Mr. Baber asked for a motion to adopt Resolution 06-19-18-C. Mr. Polasek made a motion to adopt Resolution 06-18-19-C and Mr. Parma seconded the motion. The motion was approved unanimously by the five Board Members in attendance.

VIII. Discussion and Possible Action on Resolution Approving and Ratifying a Term Rental Agreement with S&P Communications for Radios and Related Equipment.

Bill Belcher discussed the Term Rental Agreement in detail. Currently we pay \$1740 per month to lease radios for communication through the property. Mr. Belcher has negotiated with S&P Communications to reduce the number of radios we need and to upgrade the radios to digital which will provide better communications, all at a savings of about \$1000 per month in lease payments.

Resolution 06-19-18-D was presented to the Board, reading as follows:

RESOLUTION 06-19-18-D

WHEREAS, the Retama Development Corporation (the "Corporation") previously entered into rental agreements for portable two-way radios with S&P Communications; and

WHEREAS, the last upgrade of portable two-way radios rented from S&P Communications was in about 2010; and

WHEREAS, the Corporation has been advised by S&P Communications that changes in radio technology have created an opportunity for the Corporation to upgrade its portable radios and related equipment and to use a digital system at a cost lower than the cost for the radios, equipment, and system upgraded in about 2010; and

WHEREAS, the Board of Directors of the Corporation believes that it will be in the best interest of the Corporation to enter into Term Rental Agreement with S&P Communications for 23 digital portable radios and accessories for 36 months, 33 digital portable radios and accessories for a three month season, one control station radio, digital repeater system (to replace a used analog repeater system), and for services to maintain all infrastructure and subscriber equipment for a minimum of 36 months and to ratify all actions by William Belcher, General Manager of PNK (SAM) LLC, the management company for the Corporation, in relation to such Term Rental Agreement.

NOW, THEREFORE, IT IS RESOLVED, that the Corporation enter into a Term Rental Agreement with S&P Communications for 23 digital portable radios and accessories for 36 months, 33 digital portable radios and accessories for a three month season, one control station radio, a digital repeater system (to replace a used analog repeater system), and for services to maintain all infrastructure and subscriber equipment for a minimum of 36 months and to ratify all actions by William Belcher, General Manager of PNK (SAM) LLC, the management company for the Corporation, in relation to such Term Rental Agreement.

Mr. Baber asked for a motion to adopt Resolution 06-19-18-D. Mr. Eads made a motion to adopt Resolution 06-18-19-D and Mr. Swinney seconded the motion. The motion was approved unanimously by the five Board Members in attendance.

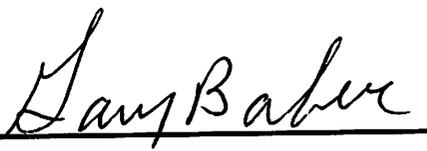
IX. Scheduling of the Next Retama Development Corporation Board Meeting.

The board discussed having a meeting in July to discuss banking, Operational Reports, and financials through June 30, 2018, among other matters. When a proposed date for such meeting is determined, Board members will be notified.

X. Citizens to be Heard (This time is provided for citizens to address the Board on issues and concerns. Comments shall be informative only. No Board discussion or action will be taken at this time).

No Citizen addressed the Board.

There being no further items for discussion, the chairman adjourned the meeting at 12:14 p.m.

X 

Gary Baber

PINNACLE ENTERTAINMENT, INC.
3980 HOWARD HUGHES PARKWAY
LAS VEGAS, NEVADA 89169

June 15, 2018

HAND DELIVERY

Devon Bijansky, General Counsel
Texas Racing Commission
8505 Cross Park Dr., #110
Austin, Texas 78754

RE: Transfer of Pecuniary Interest in Pinnacle Retama Partners, LLC

Dear Ms. Bijansky:

As you know, Pinnacle Entertainment, Inc. ("Pinnacle"), through its subsidiary PNK (SA), LLC, owns 75.5% of Pinnacle Retama Partners, LLC, which holds title to the Retama Park racing license. Pinnacle has entered into a contract with Penn National Gaming, Inc. ("Penn"), under which Penn will acquire Pinnacle. Conditioned on and subject to the closing of the merger with Penn and Pinnacle, Pinnacle Retama Partners, LLC plans to undertake a divisional merger that will result in the Retama Park racing license being held by a newly formed entity, Retama Nominal Holder, LLC, the majority of which will be held by Retama Development Corporation, which shall become effective only upon the closing of the merger between Penn and Pinnacle. These transactions will constitute transfers of pecuniary interests in Pinnacle Retama Partners, LLC, and will effect a change in the control over record title to the Retama Park racing license. Retama Development Corporation and Penn, as the acquiring parties, will submit the relevant application, background disclosure forms, and transactional documents. Pinnacle supports their request for approval of the transaction.

Please let me know if you need any additional information for approval of this transfer by the Texas Racing Commission. Thank you for your assistance.

Sincerely,



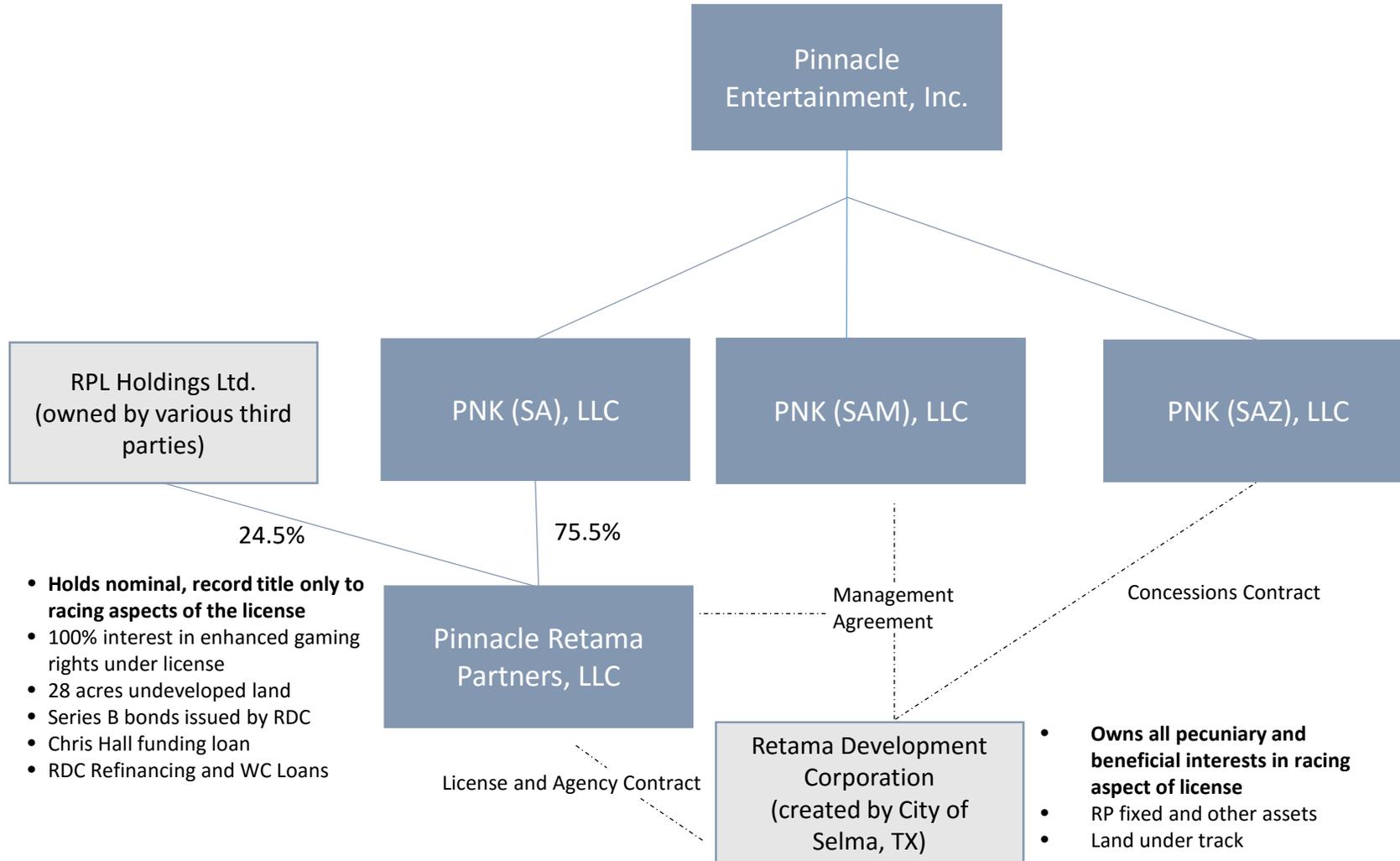
Elliot Hoops
Vice President and Legal Counsel
Pinnacle Entertainment, Inc.

cc: Carl Sottosanti, General Counsel
Penn National Gaming, Inc.

Marc J. Schnall
Counsel for Retama Development Corporation

Current Structure of Retama-Related Entities

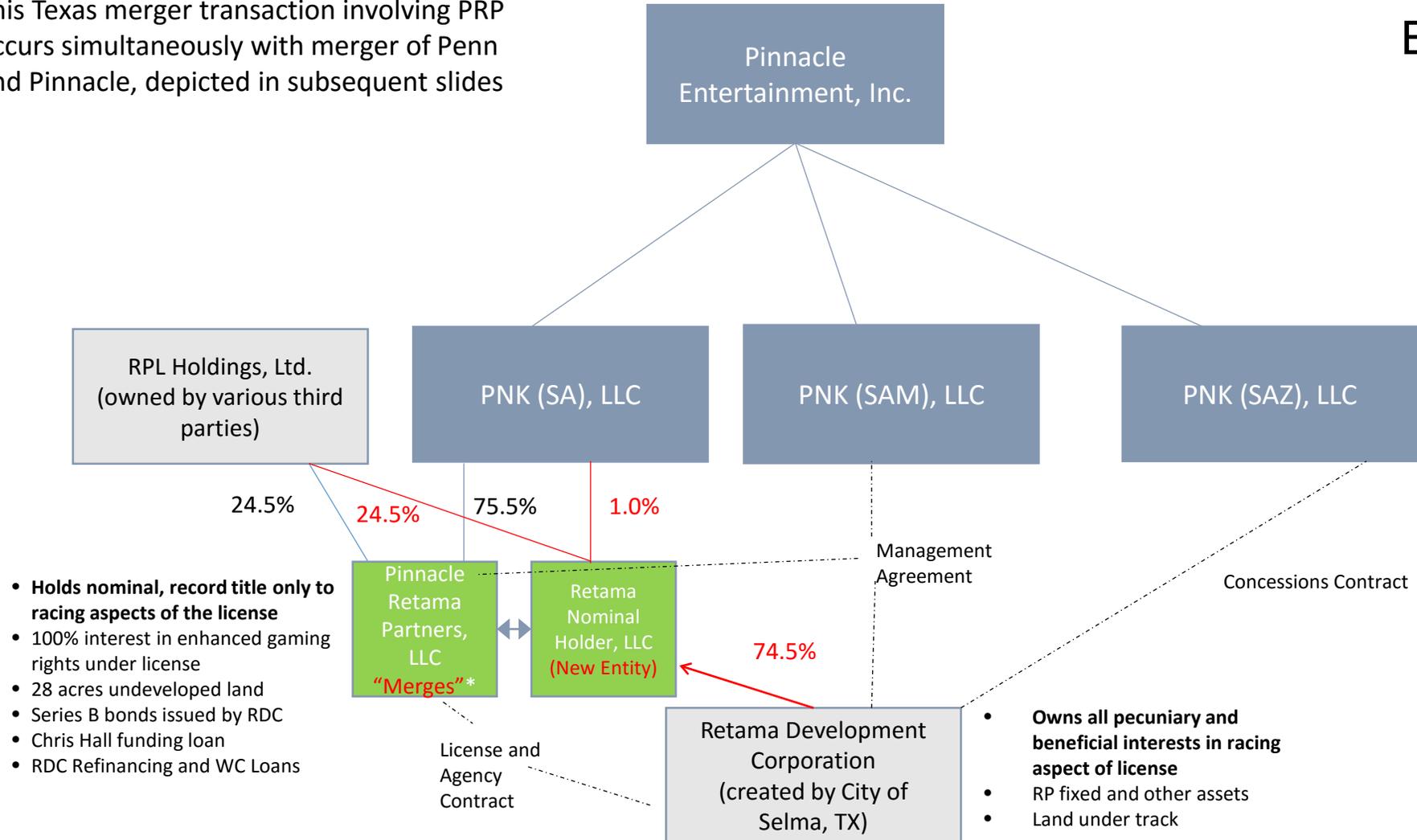
Exhibit B-1



“Divisional Merger” of Pinnacle Retama Partners, LLC Resulting in Creation of New Entity Called Retama Nominal Holder, LLC*

Exhibit B-2

- This Texas merger transaction involving PRP occurs simultaneously with merger of Penn and Pinnacle, depicted in subsequent slides



- Holds nominal, record title only to racing aspects of the license
- 100% interest in enhanced gaming rights under license
- 28 acres undeveloped land
- Series B bonds issued by RDC
- Chris Hall funding loan
- RDC Refinancing and WC Loans

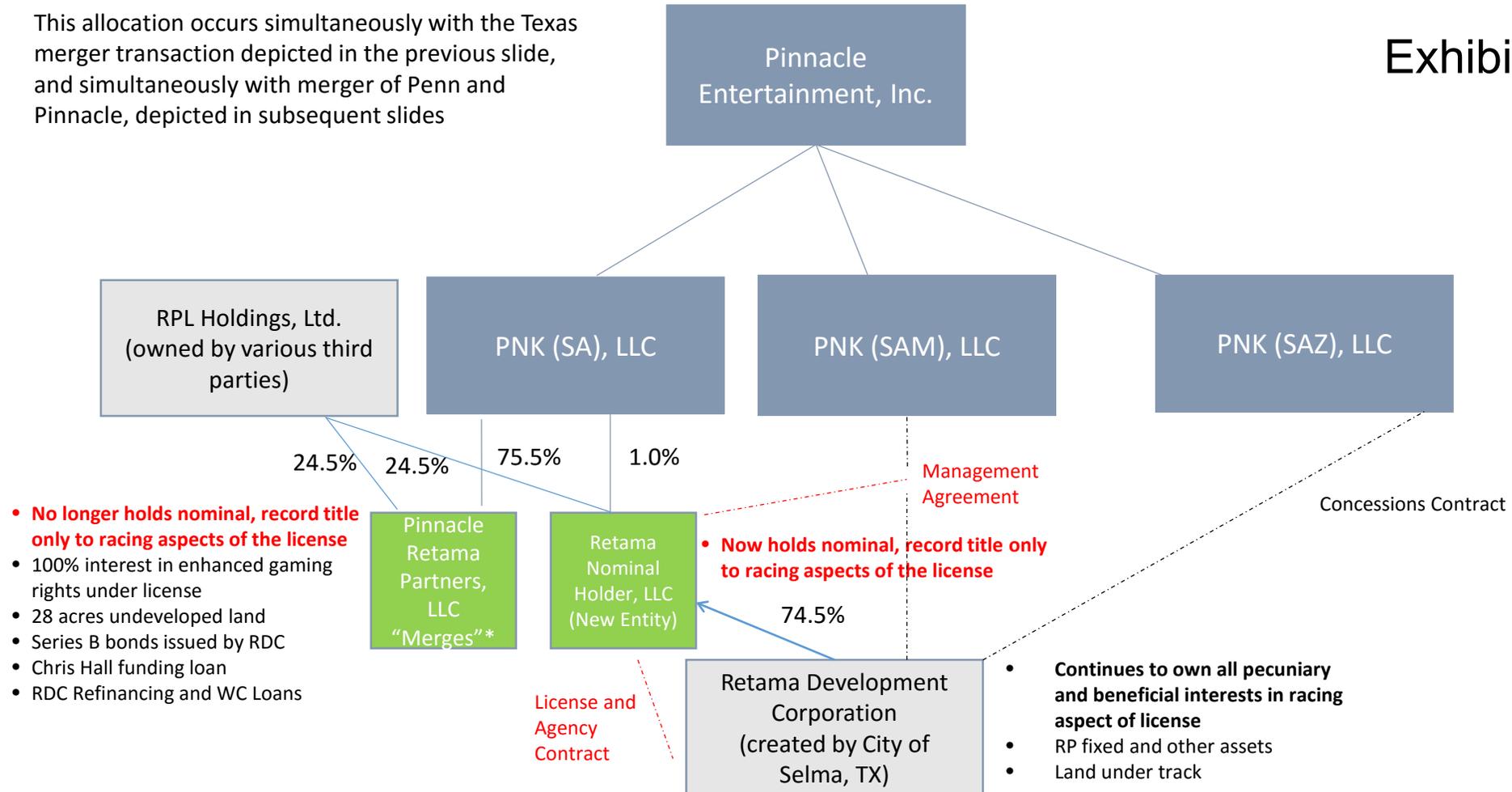
- Owns all pecuniary and beneficial interests in racing aspect of license
- RP fixed and other assets
- Land under track

Nominal, Record Title to Racing Aspects of Retama License Allocated to Retama Nominal Holder, LLC*

(PNK(SA), LLC's interest in entity that holds title to Retama license is reduced to 1%)

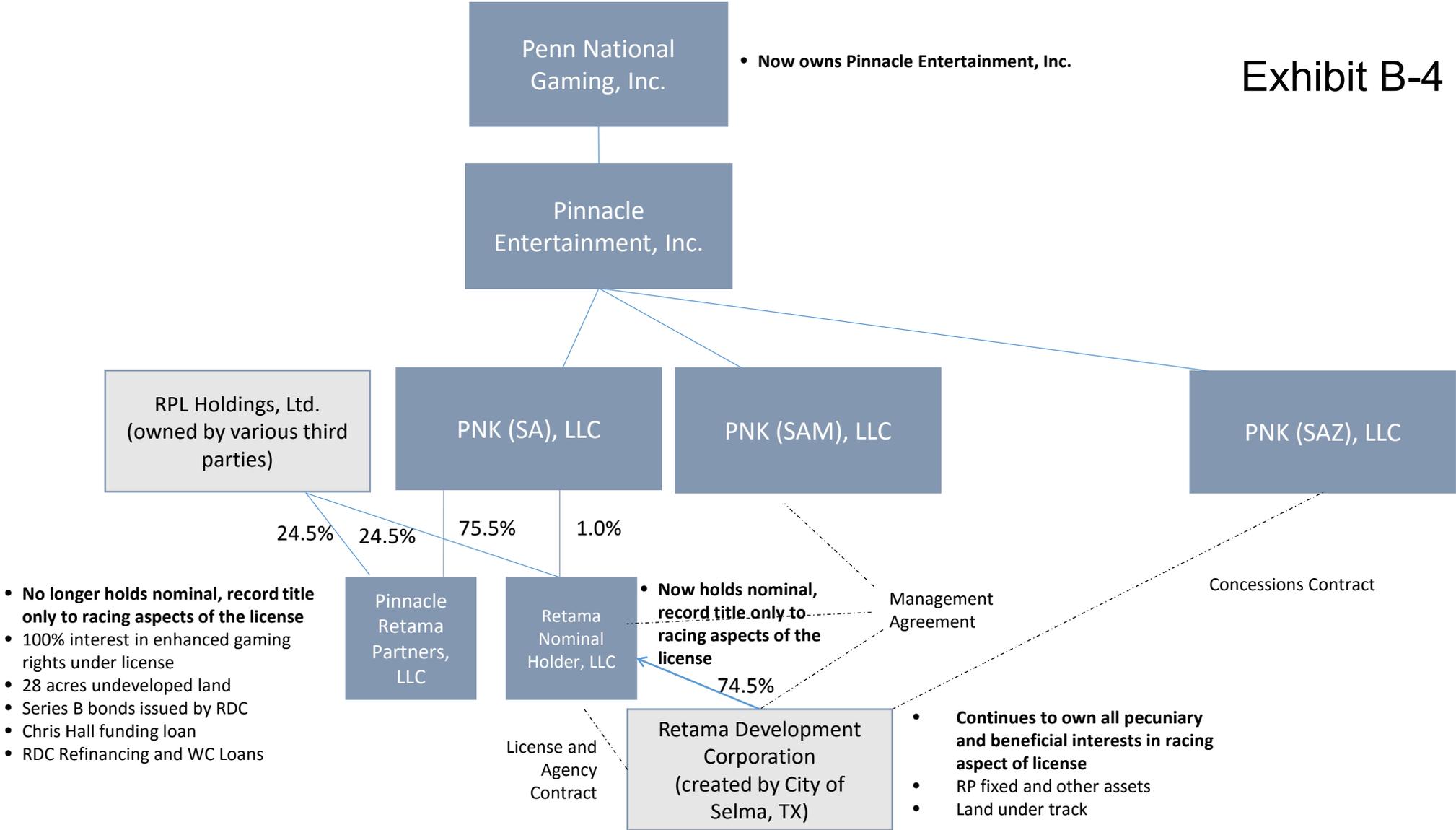
- This allocation occurs simultaneously with the Texas merger transaction depicted in the previous slide, and simultaneously with merger of Penn and Pinnacle, depicted in subsequent slides

Exhibit B-3



Post-Transaction Structure of Penn-Pinnacle-Retama Entities

Exhibit B-4



March 26, 2018

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

RE: Retama Park Racetrack Management Changes

Dear Mr. Trout:

This letter is to notify you of changes on the Management Committees for Pinnacle Retama Partners, LLC and PNK (SAM), LLC dba Retama Park Racetrack.

- Pinnacle Retama Partners, LLC:
Mr. Joseph R. Straus, Jr. will be replacing Mr. H. Drake Leddy on the Management Committee. Enclosed is the Request for Changes form, as well as the Management Committee Update form.
- PNK (SAM), LLC:
Mr. William H. Belcher is the current VP & GM of Retama Park. He replaced Kevin Whalen in June of 2017. We notified you via correspondence on June 9, 2017, however, we are providing the enclosed Request for Changes form, as well as the Management Committee Update form for your records.

Please let us know if you need anything further.

Best Regards,



Donna Stewart
Director of Licensing

/ds

cc: Devon Bijansky, General Counsel, Texas Racing Commission
Connie Estes, Director of Licensing, Texas Racing Commission
Elliot Hoops, Vice President and Legal Counsel, Pinnacle Entertainment, Inc.
Justin Liu, Associate General Counsel, Pinnacle Entertainment, Inc.
William Belcher, VP & General Manager, Retama Park Racetrack



VI. PROCEEDINGS ON RACETRACKS

E. Discussion and possible action on the following race date items:

1. Allocation of live race dates for horse racetracks under 16 TAC §303.41 for the period beginning January 1, 2019, and ending August 31, 2020
2. Allocation of live race dates for greyhound racetracks under 16 TAC §303.41 for the period beginning January 1, 2019, and ending August 31, 2020
3. Designation of an application period for live race dates under Commission Rule 303.41



LONE STAR PARK
at Grand Prairie®

*Our Mission:
Create Winning Experiences.*

July 15, 2018

Mr. Joel Speight
Deputy Executive Director
Texas Racing Commission
8505 Cross Park Drive, Suite 110
Austin, TX 78754

Via Email and Regular Mail

Dear Joel:

Enclosed you will find Lone Star Park's completed race date application for the Commission's review and consideration.

In summary, we respectfully request the following dates for 2019:

Thoroughbred Meet – April 18 through July 21 (44 days)

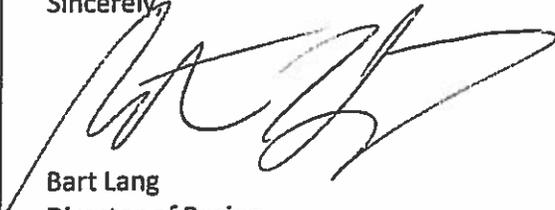
- 2:35 pm post time on Saturdays, Sundays & Memorial Day
- 6:35 pm post time on Thursdays & Fridays
- 5:00 pm post time on July 3, 4 & 5
- 1:35 pm post time on Triple Crown Saturdays (5/4, 5/18 & 6/8)

Quarter Horse Meet – September 20 through November 9 (16 days)

- 6:05 pm post times on Fridays & Saturdays

Please feel free to contact me if you have any questions or need any additional information.

Sincerely,



Bart Lang
Director of Racing

Enclosures

Cc: Sam Houston Race Park, Retama Park, Gillespie County Fair, Texas Horsemen's Partnership, Texas Thoroughbred Association, Texas Quarter Horse Association, Texas Paint Horse Association & Texas Arabian Breeders Association

**TEXAS RACING COMMISSION
REQUEST FOR PERFORMANCES
HORSE RACETRACKS**

January 1, 2019 – December 31, 2019

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on July 17, 2018.

I. Schedule Requested

Name of Racetrack: Lone Star Park

<u>First Meet</u>	Opening Day: <u>4/18/2019</u>	Closing Day: <u>7/21/2019</u>
Meet Type: X TB <input type="checkbox"/> QH <input type="checkbox"/> MX		Total Number of Race Days <u>44</u>
X Thoroughbred	# of Races Per Day <u>9</u>	Projected Purse Per Day \$ <u>160,000</u>
<input type="checkbox"/> Quarter Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input type="checkbox"/> Arabian	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input type="checkbox"/> Paint Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
Totals	# of Races Per Day _____	Projected Purse Per Day \$ _____

<u>Second Meet</u>	Opening Day: <u>9/20/2019</u>	Closing Day: <u>11/9/2019</u>
Meet Type: <input type="checkbox"/> TB X QH <input type="checkbox"/> MX		Total Number of Race Days <u>16</u>
<input type="checkbox"/> Thoroughbred	# of Races Per Day _____	Projected Purse Per Day \$ _____
X Quarter Horse	# of Races Per Day <u>12</u>	Projected Purse Per Day \$ <u>200,000</u>
X Arabian	# of Races Per Day <u><1</u>	Projected Purse Per Day \$ _____
X Paint Horse	# of Races Per Day <u><1</u>	Projected Purse Per Day \$ _____
Totals	# of Races Per Day _____	Projected Purse Per Day \$ _____

Third Meet

Opening Day: ___/___/___

Closing Day: ___/___/___

Meet Type: TB QH MX

Total Number of Race Days _____

Thoroughbred # of Races Per Day _____

Projected Purse Per Day \$ _____

Quarter Horse # of Races Per Day _____

Projected Purse Per Day \$ _____

Arabian # of Races Per Day _____

Projected Purse Per Day \$ _____

Paint Horse # of Races Per Day _____

Projected Purse Per Day \$ _____

Totals # of Races Per Day _____

Projected Purse Per Day \$ _____

II. Negotiation with Breed Registries

Specify how the total races scheduled for 2019 will be allocated among the various breeds:

Appaloosa	<u> .6%</u>	Arabian	<u> 1.5%</u>	Paint	<u> .6%</u>
Quarter Horse	<u> 30%</u>	Thoroughbred	<u> 67%</u>		

Check all that apply:

Attached are letters from the affected breed registries that have agreed to this allocation.

The _____ breed registry(ies) has not agreed to this allocation, but negotiations with the breed registry(ies) occurred as described below:

Participants in Negotiations

_____/_____/_____ _____

_____/_____/_____ _____

_____/_____/_____ _____

_____/_____/_____ _____

_____/_____/_____ _____

III. Dates Requested

Indicate on the attached calendar each live race date requested with a "T" (Thoroughbred), "QH" (Quarter Horse), or "M" (Mixed). Include standard post time in space provided on calendar. Any exceptions, such as holidays, should be noted.

IV. Charity Days

A Class 1 or Class 2 racetrack shall conduct at least two and not more than five charity race days each year. The association shall pay to the charity at least 2% of the total pari-mutuel handle generated at the racetrack on the charity race day. At least one of the charity days must be conducted for a charity that directly benefits the persons who work in the stable or kennel area of the racetrack. At least one of the charity days must be conducted for a charity that primarily benefits research into the health or safety of race animals.

Indicate which days are designated as charity days:

Day 1: 10/4/2019

Day 2: 10/11/2019

Day 3 (Optional): 10/25/2019

Day 4 (Optional): _____

Day 5 (Optional): _____

Identify the charities:

REQUIRED BY RULE

(1) A charity that directly benefits the persons who work on the backside:

Day 1 Charity: Race Track Chaplaincy of Texas
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:

Day 2 Charity: Texas A&M Equine
(Name of Charity)

OPTIONAL CHARITY DAYS

Day 3 Charity: Grand Prairie ISD Education Foundation
 (Name of Charity)

Day 4 Charity: _____
 (Name of Charity)

Day 5 Charity: _____
 (Name of Charity)

For each charity listed, attach the following information:

1. The name of the charity;
2. the name and address of each individual who serves as an officer or director of the charity or who owns an interest in the charity of 5.0% or more;
3. a brief description of the activities or purposes of the charity; and
4. a copy of an Internal Revenue Service letter of determination that qualifies the charity as an exempt organization for purposes of federal income tax.

V. Coordination of Request

To facilitate the Commission's consideration of each association's request, please indicate below the association's coordination efforts and the letters of support as appropriate.

	Affected?		Letter of Support Attached?		
	Yes	No	Yes	No	N/A
<u>Racetrack</u>					
Gillespie County Fair & Festivals Association	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Laredo Downs	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lone Star Park	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Manor Downs	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Retama Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sam Houston Race Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Valle de los Tesoros	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Letter of Support Attached?		
	Yes	No	N/A
<u>Horsemen's Organization</u>			
Texas Horsemen's Partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

DETAILED INFORMATION PROVIDED BY THE TWO CHARITABLE ORGANIZATIONS WILL BE PROVIDED UPON REQUEST.

Lone Star Park
(Name of Racetrack)

Requested Performances for 2019

January						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 New Years Day	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21 Martin Luther King Jr. Day	22	23	24	25	26
27	28	29	30	31		

February						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7	8	9
10	11	12	13	14 Valentine's Day	15	16
17	18 President's Day	19	20	21	22	23
24	25	26	27	28		

March						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

April						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18 T-6:35 PM	19 T-6:35 PM	20 T-2:35 PM
21 T-2:35 PM	22	23	24	25	26 T-6:35 PM	27 T-2:35 PM
28 T-2:35 PM	29	30				

May						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2 T-6:35 PM	3 T-6:35 PM	4 T-1:35 PM
5	6	7	8	9	10 T-6:35 PM	11 T-2:35 PM
12 T-2:35 PM	13	14	15	16	17 T-6:35 PM	18 T-1:35 PM
Mother's Day 19 T-2:35 PM	20	21	22	23	24	25 T-2:35 PM
26 T-2:35 PM	27 T-2:35 PM Memorial Day	28	29	30	31 T-6:35 PM	

June						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1 T-2:35 PM
2 T-2:35 PM	3	4	5	6	7 T-6:35 PM	8 T-1:35 PM
9 T-2:35 PM	10	11	12	13 T-6:35 PM	14	15 T-2:35 PM
16 T-2:35 PM	17	18	19	20 T-6:35 PM	21	22 T-2:35 PM
Father's Day 23 T-2:35 PM	24	25	26	27 T-6:35 PM	28	29 T-2:35 PM
30 T-2:35 PM						

July						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3 T-5:00 PM	4 T-5:00 PM Independence Day	5 T-5:00 PM	6
7	8	9	10	11 T-6:35 PM	12	13 T-2:35 PM
14 T-2:35 PM	15	16	17	18 T-6:35 PM	19 T-6:35 PM	20 T-2:35 PM
21 T-2:35 PM	22	23	24	25	26	27
28	29	30	31			

August						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 Labor Day	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20 Q-6:05 PM	21 Q-6:05 PM
22	23	24	25	26	27 Q-6:05 PM	28 Q-6:05 PM
29	30					

October						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4 Q-6:05 PM	5 Q-6:05 PM
6	7	8	9	10	11 Q-6:05 PM	12 Q-6:05 PM
13	14 Columbus Day	15	16	17	18 Q-6:05 PM	19 Q-6:05 PM
20	21	22	23	24	25 Q-6:05 PM	26 Q-6:05 PM
27	28	29	30	31 Halloween		

November						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 Q-6:05 PM	2 Q-6:05 PM
3	4	5	6	7	8 Q-6:05 PM	9 Q-6:05 PM
10	11 Veterans Day	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28 Thanksgiving	29	30

December						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	18	20	21
22	23	24 Christmas Eve	25 Christmas Day	26	27	28
29	30	31 New Year's Eve				



July 17, 2018

Bart Lang, Director of Racing
Lone Star Park at Grand Prairie
1000 Lone Star Parkway
Grand Prairie, TX 75050

Dear Bart,

Written on behalf of the board of directors of the Texas Thoroughbred Association, this letter is to convey support for Lone Star Park's requested race dates for 2019, with a Thoroughbred meet comprising 44 days from April 18 – July 22, 2019.

We look forward to working with you to ensure successful Thoroughbred meets for all participants.

Sincerely,

Mary Ruyle
Executive Director

cc: Joel Speight
Deputy Executive Director
Texas Racing Commission
8505 Cross Park Dr, Ste 110
Austin, TX 78754

From: Lex Smurthwaite
Sent: Tuesday, July 24, 2018 12:32 PM
To: Joel Speight <joel.speight@txrc.texas.gov>
Cc: bart.lang
Subject: Lone Star Park

Texas Paint Horse Association, PO Box 163794, Fort Worth, TX 76161

July 23, 2018

Mr. Joel Speight
Deputy Executive Director
Texas Racing Commission
8505 Cross Park Drive, Suite 110
Austin, TX 78754

Dear Mr. Speight,

This letter is in response to an email from Bart Lang regarding Lone Star Park's application for race dates for 2019. Texas Paint Horse Breeders' Association (TPHBA) appreciates the support we receive from Lone Star Park towards our Paint Horse racing program in North Texas.

TPHBA approves the race date calendar proposed by Lone Star Park and it appears the number of races offered for Paint Horse racing will remain the same.

Sincerely,

Lex Smurthwaite
Executive Director
Texas Paint Horse Breeders Association
PO Box 163794
Fort Worth, TX 76161
(817) 781-5980 mobile

Cc: Bart Lang
Pancho Villarreal



T E X A S
H O R S E M E N ' S
P A R T N E R S H I P

July 26, 2018

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

Dear Chuck:

The THP has received the Request for Performances submitted by Lone Star Park at Grand Prairie for 2019.

The board of directors representing thoroughbreds reluctantly supports the request by Lone Star Park to run another 44 day meet in 2019.

The 2018 thoroughbred meet at LSP was a success, with improvements all around, and we are hopeful that Lone Star Park will reconsider and amend its request, to add additional days for 2019.

Sincerely,

Marsha Rountree
Executive Director

Cc: Scott Wells, Bart Lang

P.O. Box 142533

Austin, Texas 78714

512.467.9799

Fax 512.467.9790



T E X A S
H O R S E M E N ' S
P A R T N E R S H I P

July 26, 2018

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

Dear Chuck:

The THP has received the Request for Performances submitted by Lone Star Park at Grand Prairie for 2019.

The board of directors representing quarter horses can't support the request for another sixteen day meet at the Grand Prairie track.

Since the 2018 meet has yet to be run, we can't agree to another sixteen day meet when the viability of this type of meet has yet to be tested. The loss of so many race days and opportunities for quarter horse racing in 2018 at LSP is devastating and we are hopeful that Lone Star Park will reconsider it's request.

Sincerely,

Marsha Rountree
Executive Director

Cc: Scott Wells, Bart Lang

P.O. Box 142533

Austin, Texas 78714

512.467.9799

Fax 512.467.9790



RETAMA PARK

July 16, 2018

Mr. Joel Speight
Deputy Executive Director
Texas Racing Commission
8505 Cross Park Drive, Suite 110
Austin, TX 78754

Dear Mr. Speight:

Pinnacle Retama Partners LLC, license holder on behalf of Retama Park Race Track, respectfully requests a 28-date Mixed Meet for 2019, beginning on Friday, July 4, 2019 and ending on Wednesday, September 11, 2019.

Quarter Horse racing will be conducted on Fridays and Saturdays, with a post time of 6:45 p.m., with three Fridays and four Saturdays dark to avoid an overlap with Gillespie. Thoroughbred racing will be on Tuesdays and Wednesdays, also at 6:45 p.m., beginning on July 30, 2019, nine days after Lone Star closes assuming they race a similar schedule to 2018 and end on July 21, 2019.

Please let me know if you have any questions.

Yours truly,

Steven M. Ross

Steve Ross
Director of Racing Operations

**T E X A S R A C I N G C O M M I S S I O N
R E Q U E S T F O R P E R F O R M A N C E S
H O R S E R A C E T R A C K S**

January 1, 2019 – December 31, 2019

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on July 17, 2018.

I. Schedule Requested

Name of Racetrack: **Retama Park**

<u>First Meet</u>	Opening Day: <u>: 7/4/2019</u>	Closing Day: <u>9/11/2019</u>
Meet Type: <input type="checkbox"/> TB <input type="checkbox"/> QH <input checked="" type="checkbox"/> MX		Total Number of Race Days <u>28</u>
<input checked="" type="checkbox"/> Thoroughbred	# of Races Per Day <u>8.5</u>	Projected Purse Per Day \$100,000
<input checked="" type="checkbox"/> Quarter Horse	# of Races Per Day <u>9.9</u>	Projected Purse Per Day \$55,000
<input checked="" type="checkbox"/> Arabian	# of Races Per Day <u>0.5</u>	Projected Purse Per Day \$5,000
<input checked="" type="checkbox"/> Paint Horse	# of Races Per Day <u>0.1</u>	Projected Purse Per Day \$12,500 *
Totals	# of Races Per Day _____	Projected Purse Per Day \$ _____

Retama Park will conduct one Mixed Meet, with quarter horses racing on Fridays and Saturdays beginning on July 4, 2019 and thoroughbred racing on Tuesdays and Wednesdays beginning on July 30, 2019. A total of 14 QH days and 14 TB days. There are a few weekends that Retama Park will be dark to avoid an overlap with Gillespie. See attached calendar.

***Minor – Two Paint Stakes races during the meet depending on available purse money. Arabian races subject to availability of horses and purse money. Retama Park will work in good faith with Ed Wilson to provide racing opportunities for Arabians.**

Second Meet

Opening Day: ___/___/___

Closing Day: ___/___/___

Meet Type: TB QH MX

Total Number of Race Days _____

Thoroughbred # of Races Per Day _____

Projected Purse Per Day \$_____

Quarter Horse # of Races Per Day _____

Projected Purse Per Day \$_____

Arabian # of Races Per Day _____

Projected Purse Per Day \$_____

Paint Horse # of Races Per Day _____

Projected Purse Per Day \$_____

Totals # of Races Per Day _____

Projected Purse Per Day \$_____

II. Negotiation with Breed Registries

Specify how the total races scheduled for 2019 will be allocated among the various breeds:

Appaloosa	____%	Arabian	<u>2.3 %</u>	Paint	<u>0.8 %</u>
Quarter Horse	<u>51.9 %</u>	Thoroughbred	<u>45.1 %</u>		

Check all that apply:

Attached are letters from the affected breed registries that have agreed to this allocation.

The _____ breed registry(ies) has not agreed to this allocation, but negotiations with the breed registry(ies) occurred as described below:

Participants in Negotiations

The proposed 2019 calendar is similar to Retama Park's 2018 calendar, with the addition of three racing days. It was emailed to industry representatives on July 12, 2018. Marsha Rountree (THP) responded and said she would distribute it to the THP board members. Ed Wilson (TABA) also acknowledged receipt.

III. Dates Requested

Indicate on the attached calendar each live race date requested with a "T" (Thoroughbred), "QH" (Quarter Horse), or "M" (Mixed). Include standard post time in space provided on calendar. Any exceptions, such as holidays, should be noted.

IV. Charity Days

A Class 1 or Class 2 racetrack shall conduct at least two and not more than five charity race days each year. The association shall pay to the charity at least 2% of the total pari-mutuel handle generated at the racetrack on the charity race day. At least one of the charity days must be conducted for a charity that directly benefits the persons who work in the stable or kennel area of the racetrack. At least one of the charity days must be conducted for a charity that primarily benefits research into the health or safety of race animals.

Indicate which days are designated as charity days:

Day 1: Tuesday, August 20, 2019

Day 2: Tuesday, August 27, 2019

Identify the charities:

REQUIRED BY RULE

(1) A charity that directly benefits the persons who work on the backside:

Day 1 Charity: **RTCA – South Texas Chapter**
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:

Day 2 Charity: **Texas A&M University Equine Research**
(Name of Charity)

OPTIONAL CHARITY DAYS

Day 3 Charity: _____
(Name of Charity)

Day 4 Charity: _____
(Name of Charity)

For each charity listed, attach the following information:

1. The name of the charity;
2. the name and address of each individual who serves as an officer or director of the charity or who owns an interest in the charity of 5.0% or more;
3. a brief description of the activities or purposes of the charity; and
4. a copy of an Internal Revenue Service letter of determination that qualifies the charity as an exempt organization for purposes of federal income tax.

V. Coordination of Request

To facilitate the Commission's consideration of each association's request, please indicate below the association's coordination efforts and the letters of support as appropriate.

<u>Racetrack</u>	Affected?		Letter of Support Attached?		
	Yes	No	Yes	No	N/A
Gillespie County Fair & Festivals Association	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Laredo Downs	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lone Star Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Manor Downs	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Retama Park	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sam Houston Race Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Valle de los Tesoros	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<u>Horsemen's Organization</u>	Letter of Support Attached?		
	Yes	No	N/A
Texas Horsemen's Partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Texas Thoroughbred HBPA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Texas HBPA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Texas Quarter Horse Association	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Retama Park

Requested Performances for 2019

July 2019						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4 QH 5:00	5 QH 6:45	6
7	8	9	10	11	12 QH 6:45	13 QH 6:45
14	15	16	17	18	19	20
21	22	23	24	25	26 QH 6:45	27 QH 6:45
28	29	30 TB 6:45	31 TB 6:45			

August 2019						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2 QH 6:45	3 QH 6:45
4	5	6 TB 6:45	7 TB 6:45	8	9	10
11	12	13 TB 6:45	14 TB 6:45	15	16 QH 6:45	17 QH 6:45
18	19	20 TB 6:45	21 TB 6:45	22	23	25
25	26	27 TB 6:45	28 TB 6:45	29	30 QH 6:45	31 QH 6:45

September 2019						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 Labor Day	3 TB 6:45	4 TB 6:45	5	6 QH 6:45	7 QH 6:45
8	9	10 TB 6:45	11 TB 6:45	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

DETAILED INFORMATION PROVIDED BY THE TWO CHARITABLE ORGANIZATIONS WILL BE PROVIDED UPON REQUEST.



July 17, 2018

Joel Speight
Deputy Executive Director
Texas Racing Commission
8505 Cross Park Drive, Ste 110
Austin, TX 78754

Dear Mr. Speight,

We are in receipt of a copy of Retama Park's 2019 Thoroughbred race dates request comprising 14 days on Tuesdays and Wednesdays during the period from July 30 through September 11, 2019.

Since we have not yet had the opportunity this year to evaluate the success of Thoroughbred racing on a Tuesday – Wednesday Schedule, we are not prepared to issue a statement of support for these days.

Respectfully,

A handwritten signature in cursive script that reads "Mary Ruyle".

Mary Ruyle
Executive Director



T E X A S
H O R S E M E N ' S
P A R T N E R S H I P

July 26, 2018

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

Dear Chuck:

On behalf of both boards of directors of the Texas Horsemen's Partnership, representing all breed of horses racing in Texas, we would like to offer our support for the race date requests submitted by Retama Park for 2019.

We appreciate the additional four days that Retama has proposed for the 2019 race calendar and the cooperation with Gillespie County Fair to avoid overlapping race days.

Sincerely,

Marsha Rountree
Executive Director

Cc: William Belcher, Steve Ross

P. O. Box 142533

Austin, Texas 78714

512.467.9799

Fax 512.467.9790



July 17, 2018

Sent Via Electronic Mail

Mr. Chuck Trout
Executive Director
Texas Racing Commission
8505 Cross Park Drive, Suite 110
Austin, Texas 78754

Dear Mr. Trout,

Sam Houston Race Park respectfully requests to amend our already approved 2019 Thoroughbred and Quarter Horse dates according to the enclosed application. We believe these revised dates will generate stronger mutuel handle than those dates previously requested and approved.

Thank you for your consideration of this request.

Sincerely,

Dwight Berube,
Vice President and General Manager
Sam Houston Race Park

Attachments

Cc: Joel Speight – TXRC
Ricky Walker - TXRC
Frank Hopf - SHRP
Marsha Rountree - THP
Mary Ruyle - TTA
Rob Werstler – TQHA
Scott Wells – Lone Star Park
William Belcher – Retama Park

SAM HOUSTON RACE PARK LTD.

T E X A S R A C I N G C O M M I S S I O N
R E Q U E S T F O R P E R F O R M A N C E S
H O R S E R A C E T R A C K S

January 1, 2019 – December 31, 2019

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on July 17, 2018.

I. Schedule Requested

Name of Racetrack: Sam Houston Race Park

<u>First Meet</u>	Opening Day: 1/25/2019	Closing Day: 3/30/2019
Meet Type: <input checked="" type="checkbox"/> TB <input type="checkbox"/> QH <input type="checkbox"/> MX		Total Number of Race Days 32
X Thoroughbred	# of Races Per Day 8.75	Projected Purse Per Day \$136,000
<input type="checkbox"/> Quarter Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
X Arabian	# of Races Per Day 0.25	Projected Purse Per Day \$4,000
<input type="checkbox"/> Paint Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
Totals	# of Races Per Day 9	Projected Purse Per Day \$140,000

<u>Second Meet</u>	Opening Day: 4/12/2019	Closing Day: 5/25/2019
Meet Type: <input type="checkbox"/> TB <input checked="" type="checkbox"/> QH <input type="checkbox"/> MX		Total Number of Race Days 20
<input type="checkbox"/> Thoroughbred	# of Races Per Day _____	Projected Purse Per Day \$ _____
X Quarter Horse	# of Races Per Day 8.7	Projected Purse Per Day \$102,000
Arabian	# of Races Per Day _____	Projected Purse Per Day \$ _____
X Paint Horse	# of Races Per Day 0.30	Projected Purse Per Day \$3,000
Totals	# of Races Per Day 9	Projected Purse Per Day \$105,000

Third Meet Opening Day: ___/___/___ Closing Day: ___/___/___

Meet Type: TB QH MX Total Number of Race Days _____

Thoroughbred # of Races Per Day _____ Projected Purse Per Day \$ _____

Quarter Horse # of Races Per Day _____ Projected Purse Per Day \$ _____

Arabian # of Races Per Day _____ Projected Purse Per Day \$ _____

Paint Horse # of Races Per Day _____ Projected Purse Per Day \$ _____

 Totals # of Races Per Day _____ Projected Purse Per Day \$ _____

II. Negotiation with Breed Registries

Specify how the total races scheduled for 2019 will be allocated among the various breeds:

Appaloosa	.2%	Arabian	2%	Paint	1%
Quarter Horse	37.8%	Thoroughbred	59%		

Check all that apply:

- Attached are letters from the affected breed registries that have agreed to this allocation.
- The Thoroughbred, Quarter Horse, Paint/ Appalossa and Arabian breed registry(ies) has not agreed to this allocation, but negotiations with the breed registry(ies) occurred as described below:

Participants in Negotiations

7/10/2018 Marsha Rountree, THP/ HBPA

7/10/2018 Mary Ruyle, TTA

7/10/2018 Rob Werstler, TQHA

7/10/2018 Val Clark, TQHA

7/13/2018 Ed Wilson, TABA

7/13/2018 Lex Smurthwaite, APHA

III. Dates Requested

Indicate on the attached calendar each live race date requested with a "T" (Thoroughbred), "QH" (Quarter Horse), or "M" (Mixed). Include standard post time in space provided on calendar. Any exceptions, such as holidays, should be noted.

IV. Charity Days

A Class 1 or Class 2 racetrack shall conduct at least two and not more than five charity race days each year. The association shall pay to the charity at least 2% of the total pari-mutuel handle generated at the racetrack on the charity race day. At least one of the charity days must be conducted for a charity that directly benefits the persons who work in the stable or kennel area of the racetrack. At least one of the charity days must be conducted for a charity that primarily benefits research into the health or safety of race animals.

Indicate which days are designated as charity days:

Day 1: 3/12/2019

Day 2: 4/15/2019

Day 3 (Optional): _____

Day 4 (Optional): _____

Day 5 (Optional): _____

Identify the charities:

REQUIRED BY RULE

(1) A charity that directly benefits the persons who work on the backside:

Day 1 Charity: Race Track Chaplaincy of SHRP

(2) A charity that primarily benefits research into the health or safety of race animals:

Day 2 Charity: LOPE of Texas

OPTIONAL CHARITY DAYS

Day 3 Charity: _____
(Name of Charity)

Day 4 Charity: _____
(Name of Charity)

Day 5 Charity: _____
(Name of Charity)

For each charity listed, attach the following information:

1. The name of the charity;
2. the name and address of each individual who serves as an officer or director of the charity or who owns an interest in the charity of 5.0% or more;
3. a brief description of the activities or purposes of the charity; and
4. a copy of an Internal Revenue Service letter of determination that qualifies the charity as an exempt organization for purposes of federal income tax.

V. Coordination of Request

To facilitate the Commission's consideration of each association's request, please indicate below the association's coordination efforts and the letters of support as appropriate.

	Affected?		Letter of Support Attached?		
	Yes	No	Yes	No	N/A
<u>Racetrack</u>					
Gillespie County Fair & Festivals Association	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lone Star Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Retama Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sam Houston Race Park	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Letter of Support Attached?		
	Yes	No	N/A
<u>Horsemen's Organization</u>			
Texas Horsemen's Partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Texas Thoroughbred Association	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Texas Quarter Horse Association	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Sam Houston Race Park

Requested Performances for 2019

January						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 New Years Day	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21 Martin Luther King Jr. Day	22	23	24	25- TB	26- TB
27- TB	28	29	30	31		

February						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1- TB	2- TB
3	4	5	6- TB	7	8- TB	9- TB
10	11	12	13- TB	14 Valentine's Day	15- TB	16- TB
17	18 President's Day	19	20- TB	21	22- TB	23- TB
24	25	26	27- TB	28		

March						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1- TB	2- TB
3	4	5	6- TB	7	8- TB	9- TB
10	11	12- TB	13- TB	14	15- TB	16- TB
17	18	19- TB	20- TB	21	22- TB	23- TB
24	25	26- TB	27- TB	28	29- TB	30- TB
31						

April						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7	8	9	10	11	12- QH	13- QH
14	15- QH	16	17	18	19- QH	20-- QH
21	22- QH	23	24	25	26- QH	27- QH
28	29- QH	30				

May						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3- QH	4- QH
5	6- QH	7	8	9	10- QH	11- QH
12	13- QH	14	15	16	17- QH	18- QH
Mother's Day						
19	20- QH	21	22	23	24- QH	25- QH
26	27 Memorial Day	28	29	30	31	

June						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
Father's Day						
23	24	25	26	27	28	29
30						



July 17, 2018

Joel Speight
Deputy Executive Director
Texas Racing Commission
8505 Cross Park Drive, Ste 110
Austin, TX 78754

Dear Mr. Speight,

We are in support of the request by Sam Houston Race Park to amend their already approved 2019 Thoroughbred race dates, as presented in their application dated July 17, 2018.

We also support Sam Houston Race Park's request for a 32-day Thoroughbred meet to be conducted January 24 – March 28, 2020.

Respectfully,

Mary Ruyle
Executive Director



T E X A S
H O R S E M E N ' S
P A R T N E R S H I P

July 26, 2018

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

Dear Chuck:

On behalf of both boards of directors of the Texas Horsemen's Partnership, representing all breed of horses racing in Texas, we would like to offer our support for the race date requests submitted by Sam Houston Race Park for 2019 and 2020.

The horsemen appreciate the efforts of Sam Houston Race Park in developing new strategies and ideas to best increase handle from live racing and our export signal.

Sincerely,

Marsha Rountree
Executive Director

Cc: Dwight Berube, Frank Hopf,

P.O. Box 142533

Austin, Texas 78714

512.467.9799

Fax 512.467.9790



July 17, 2018

Sent Via Electronic Mail

Mr. Chuck Trout
Executive Director
Texas Racing Commission
8505 Cross Park Drive, Suite 110
Austin, Texas 78754

Dear Mr. Trout,

Enclosed for your review and consideration are Sam Houston Race Park's Requests for Performances for both Thoroughbred and Quarter Horse racing in 2020, all of which dates being within the application period currently pending before the Commission.

Please let me know if you have any questions.

Sincerely,

Dwight Berube,
Vice President and General Manager
Sam Houston Race Park

Attachments

Cc: Joel Speight – TXRC
Ricky Walker - TXRC
Frank Hopf - SHRP
Marsha Rountree - THP
Mary Ruyle - TTA
Rob Werstler – TQHA
Scott Wells – Lone Star Park
William Belcher – Retama Park

T E X A S R A C I N G C O M M I S S I O N
R E Q U E S T F O R P E R F O R M A N C E S
H O R S E R A C E T R A C K S

January 1, 2020 – August 31, 2020

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on July 17, 2018.

I. Schedule Requested

Name of Racetrack: Sam Houston Race Park

<u>First Meet</u>	Opening Day: 1/24/2020	Closing Day: 3/28/2020
Meet Type: <input checked="" type="checkbox"/> TB <input type="checkbox"/> QH <input type="checkbox"/> MX		Total Number of Race Days 32
X Thoroughbred	# of Races Per Day 8.75	Projected Purse Per Day \$136,000
<input type="checkbox"/> Quarter Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
X Arabian	# of Races Per Day 0.25	Projected Purse Per Day \$4,000
<input type="checkbox"/> Paint Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
Totals	# of Races Per Day 9	Projected Purse Per Day \$140,000

<u>Second Meet</u>	Opening Day: 4/10/2020	Closing Day: 5/23/2020
Meet Type: <input type="checkbox"/> TB <input checked="" type="checkbox"/> QH <input type="checkbox"/> MX		Total Number of Race Days 20
<input type="checkbox"/> Thoroughbred	# of Races Per Day _____	Projected Purse Per Day \$ _____
X Quarter Horse	# of Races Per Day 8.7	Projected Purse Per Day \$102,000
Arabian	# of Races Per Day _____	Projected Purse Per Day \$ _____
X Paint Horse	# of Races Per Day 0.30	Projected Purse Per Day \$3,000
Totals	# of Races Per Day 9	Projected Purse Per Day \$105,000

Third Meet Opening Day: ___/___/___ Closing Day: ___/___/___

Meet Type: TB QH MX Total Number of Race Days _____

Thoroughbred # of Races Per Day _____ Projected Purse Per Day \$ _____

Quarter Horse # of Races Per Day _____ Projected Purse Per Day \$ _____

Arabian # of Races Per Day _____ Projected Purse Per Day \$ _____

Paint Horse # of Races Per Day _____ Projected Purse Per Day \$ _____

 Totals # of Races Per Day _____ Projected Purse Per Day \$ _____

II. Negotiation with Breed Registries

Specify how the total races scheduled for 2019 will be allocated among the various breeds:

Appaloosa	.2%	Arabian	2%	Paint	1%
Quarter Horse	37.8%	Thoroughbred	59%		

Check all that apply:

- Attached are letters from the affected breed registries that have agreed to this allocation.
- The Thoroughbred, Quarter Horse, Paint/ Appalossa and Arabian breed registry(ies) has not agreed to this allocation, but negotiations with the breed registry(ies) occurred as described below:

Participants in Negotiations

- 7/10/2018 Marsha Rountree, THP/ HBPA
- 7/10/2018 Mary Ruyle, TTA
- 7/10/2018 Rob Werstler, TQHA
- 7/10/2018 Val Clark, TQHA
- 7/13/2018 Ed Wilson, TABA
- 7/13/2018 Lex Smurthwaite, APHA

III. Dates Requested

Indicate on the attached calendar each live race date requested with a "T" (Thoroughbred), "QH" (Quarter Horse), or "M" (Mixed). Include standard post time in space provided on calendar. Any exceptions, such as holidays, should be noted.

IV. Charity Days

A Class 1 or Class 2 racetrack shall conduct at least two and not more than five charity race days each year. The association shall pay to the charity at least 2% of the total pari-mutuel handle generated at the racetrack on the charity race day. At least one of the charity days must be conducted for a charity that directly benefits the persons who work in the stable or kennel area of the racetrack. At least one of the charity days must be conducted for a charity that primarily benefits research into the health or safety of race animals.

Indicate which days are designated as charity days:

Day 1: 3/10/2020

Day 2: 4/13/2020

Day 3 (Optional): _____

Day 4 (Optional): _____

Day 5 (Optional): _____

Identify the charities:

REQUIRED BY RULE

(1) A charity that directly benefits the persons who work on the backside:

Day 1 Charity: Race Track Chaplaincy of SHRP

(2) A charity that primarily benefits research into the health or safety of race animals:

Day 2 Charity: LOPE of Texas

OPTIONAL CHARITY DAYS

Day 3 Charity: _____
(Name of Charity)

Day 4 Charity: _____
(Name of Charity)

Day 5 Charity: _____

(Name of Charity)

For each charity listed, attach the following information:

1. The name of the charity;
2. the name and address of each individual who serves as an officer or director of the charity or who owns an interest in the charity of 5.0% or more;
3. a brief description of the activities or purposes of the charity; and
4. a copy of an Internal Revenue Service letter of determination that qualifies the charity as an exempt organization for purposes of federal income tax.

V. Coordination of Request

To facilitate the Commission's consideration of each association's request, please indicate below the association's coordination efforts and the letters of support as appropriate.

<u>Racetrack</u>	Affected?		Letter of Support Attached?		
	Yes	No	Yes	No	N/A
Gillespie County Fair & Festivals Association	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lone Star Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Retama Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<u>Horsemen's Organization</u>	Letter of Support Attached?		
	Yes	No	N/A
Texas Horsemen's Partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Texas Thoroughbred Association	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Texas Quarter Horse Association	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Sam Houston Race Park

Requested Performances for 2020

January						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 New Year's Day	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20 Martin Luther King Jr. Day	21	22	23	24- TB	25- TB
26- TB	27	28	29	30	31- TB	

February						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1- TB
2	3	4	5- TB	6	7- TB	8- TB
9	10	11	12- TB	13	14- TB Valentine's Day	15- TB
16	17 President's Day	18	19- TB	20	21- TB	22- TB
23	24	25	26- TB	27	28- TB	29- TB

March						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4- TB	5	6- TB	7- TB
8	9	10- TB	11- TB	12	13- TB	14- TB
15	16	17- TB	18- TB	19	20- TB	21- TB
22	23	24- TB	25- TB	26	27- TB	28- TB
29	30	31				

April						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7	8	9	10- QH	11- QH
12	13- QH	14	15	16	17- QH	18- QH
19	20- QH	21	22	23	24- QH	25- QH
26	27- QH	28	29	30		

May						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1- QH	2- QH
3	4- QH	5	6	7	8- QH	9- QH
10 Mother's Day	11- QH	12	13	14	15- QH	16- QH
17	18- QH	19	20	21	22- QH	23- QH
24	25 Memorial Day	26	27	28	29	30

June						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21 Father's Day	22	23	24	25	26	27
28	29	30				



August 6, 2018

Mr. Joel Speight
Deputy Executive Director
Texas Racing Commission
PO Box 12080
Austin, TX 78711-2080

Dear Mr. Speight,

Enclosed you will find the Requests for Live Race dates for the 2019 and 2020 meets.

Please let us now if you have any questions.

Sincerely,

Brad Roeder
President, Gillespie County Fair & Festivals Association

Enclosures

cc: Andrea Young, President, Manor Downs; President, Sam Houston Race Park
Scott Wells, President, Lone Star Park, Grand Prairie
Bill Belcher, VP & General Manager, Retama Park
Greg LaMantia, President, Valle de los Tesoros Race Park; President, Laredo Downs

All via fax

T E X A S R A C I N G C O M M I S S I O N
R E Q U E S T F O R P E R F O R M A N C E S

H O R S E R A C E T R A C K S

January 1, 2019 - December 31, 2019

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on July 17, 2018.

I. Schedule Requested

Name of Racetrack: Gillespie County Fair & Festivals/Fredericksburg Downs

First Meet

Opening Day: 07-06-19

Closing Day: 07-07-19

Meet Type: TB QH MX

Total Number of Race Days 2

Thoroughbred # of Races Per Day _____

Projected Purse Per Day \$ _____

Quarter Horse # of Races Per Day _____

Projected Purse Per Day \$ _____

Arabian # of Races Per Day _____

Projected Purse Per Day \$ _____

Paint Horse # of Races Per Day _____

Projected Purse Per Day \$ _____

Average # of Races Per Day 10

Projected Purse Per Day \$ _____

Second Meet

Opening Day: 07-20-19

Closing Day: 07-21-19

Meet Type: TB QH MX

Total Number of Race Days 2

Thoroughbred # of Races Per Day _____

Projected Purse Per Day \$ _____

Quarter Horse # of Races Per Day _____

Projected Purse Per Day \$ _____

Arabian # of Races Per Day _____

Projected Purse Per Day \$ _____

Paint Horse # of Races Per Day _____

Projected Purse Per Day \$ _____

Average # of Races Per Day 12

Projected Purse Per Day \$ _____

Third Meet

Opening Day: 08-10-19

Closing Day: 08-11-19

Meet Type: TB QH MX

Total Number of Race Days 2

Thoroughbred # of Races Per Day _____

Projected Purse Per Day \$_____

Quarter Horse # of Races Per Day _____

Projected Purse Per Day \$_____

Arabian # of Races Per Day _____

Projected Purse Per Day \$_____

Paint Horse # of Races Per Day _____

Projected Purse Per Day \$_____

Average # of Races Per Day 12

Projected Purse Per Day \$_____

Fourth Meet

Opening Day: 08-24-19

Closing Day: 08-25-19

Meet Type: TB QH MX

Total Number of Race Days 2

Thoroughbred # of Races Per Day _____

Projected Purse Per Day \$_____

Quarter Horse # of Races Per Day _____

Projected Purse Per Day \$_____

Arabian # of Races Per Day _____

Projected Purse Per Day \$_____

Paint Horse # of Races Per Day _____

Projected Purse Per Day \$_____

Average # of Races Per Day 11

Projected Purse Per Day \$_____

II. Negotiation with Breed Registries

Specify how the total races scheduled for 201 will be allocated among the various breeds:

Appaloosa _____% Arabian 3.5% Paint 3.5%

Quarter Horse 72.075% Thoroughbred 20.925%

Check all that apply:

Attached are letters from the affected breed registries that have agreed to this allocation. (TABA, TTA and TQHA Attached)

The (See below) breed registry(ies) has not agreed to this allocation, but negotiations with the breed registry(ies) occurred as described below:

Participants in Negotiations

Ms. Marsha Rountree, THP

Mr. Lex Smurthwaite, TPHBA

**** All via email ****

III. Dates Requested

Indicate on the attached calendar each live race date requested with a "T" (Thoroughbred), "QH" (Quarter Horse), or "M" (Mixed). Include standard post time in space provided on calendar. Any exceptions, such as holidays, should be noted.

IV. Charity Days

A Class 1 or Class 2 racetrack shall conduct at least two and not more than five charity race days each year. The association shall pay to the charity at least 2% of the total pari-mutuel handle generated at the racetrack on the charity race day. At least one of the charity days must be conducted for a charity that directly benefits the persons who work in the stable or kennel area of the racetrack. At least one of the charity days must be conducted for a charity that primarily benefits research into the health or safety of race animals.

Indicate which days are designated as charity days: N/A-Class III Racetrack

Day 1: _____

Day 2: _____

Identify the charities:

REQUIRED BY RULE

(1) A charity that directly benefits the persons who work on the backside:

Day 1 Charity: _____
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:

Day 2 Charity: _____
(Name of Charity)

For each charity listed, attach the following information:

1. The name of the charity;
2. the name and address of each individual who serves as an officer or director of the charity or who owns an interest in the charity of 5.0% or more;
3. a brief description of the activities or purposes of the charity; and
4. a copy of an Internal Revenue Service letter of determination that qualifies the charity as an exempt organization for purposes of federal income tax.

V. Coordination of Request

To facilitate the Commission’s consideration of each association’s request, please indicate below the association’s coordination efforts and the letters of support as appropriate.

<u>Racetrack</u>	<u>Affected?</u>		<u>Letter of Support Attached?</u>		
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Gillespie County Fair & Festivals Association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(None affected per the 2019 Granted Horse Race Dates as of 12-20-17 on TxRC website)

Laredo Downs	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Lone Star Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Manor Downs	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Retama Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sam Houston Race Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Valle de los Tesoros (If operable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<u>Horsemen’s Organization</u>	<u>Letter of Support Attached?</u>		
	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Texas Horsemen’s Partnership (Emailed-Waiting On Response)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Gillespie County Fair & Festivals/Fredericksburg Downs

(Name of Racetrack)

Requested Live Race Dates for 2019

July						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4 Independence Day	5	6 MX 1p Post Time
7 MX 1p Post Time	8	9	10	11	12	13
14	15	16	17	18	19	20 MX 1p Post Time
21 MX 1p Post Time	22	23	24	25	26	27
28	29	30	31			

August						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5	6	7	8	9	10 MX 1p Post Time
11 MX 1p Post Time	12	13	14	15	16	17
18	19	20	21	22	23	24 MX 1p Post Time
25 MX 1p Post Time	26	27	28	29	30	31



May 30, 2018

Mary Ruyle
Executive Director
Texas Thoroughbred Association
PO Box 14967
Austin, TX 78761

Dear Ms. Ruyle:

The Gillespie County Fair & Festival Association would like to thank you and the breed association for all of the support shown to our association this year and in past years. We are in the process of filing our application for race dates for 2019 and 2020 and would appreciate your approval of our participation in Texas pari-mutuel racing for the upcoming season. We again will prepare a condition book with a mixed meet consisting of approximately 20.925% percent Thoroughbred Horses.

Our application requests the following 2019 Saturday and Sunday dates: July 6 & 7, July 20 & 21, August 10 & 11, and August 24 & 25.

Our application requests the following 2020 Saturday and Sunday dates: July 4 & 5, July 18 & 19, August 8 & 9, and August 22 & 23.

We thank you in advance and would appreciate your favorable participation in our application. If you have any questions, please call the Association at (830) 997-2359.

Sincerely,

Scott Staudt
General Manager, Racing

Approved: Mary Ruyle Mary Ruyle, Executive Director, TTA

Date: 5-30-18

530 Fair Drive
State Highway 16 South
PO Box 526
Fredericksburg, TX 78624

(830) 997-2359
fax (830) 997-4923
info@gillespiefair.com
www.gillespiefair.com



May 30, 2018

Rob Werstler
Director of Racing
Texas Quarter Horse Association
706 W. 11th Street, Suite D
Elgin, TX 78621

Dear Mr. Werstler:

The Gillespie County Fair & Festival Association would like to thank you and the breed association for all of the support shown to our association this year and in past years. We are in the process of filing our application for race dates for 2019 and 2020 and would appreciate your approval of our participation in Texas pari-mutuel racing for the upcoming season. We again will prepare a condition book with a mixed meet consisting of approximately 72.075% percent Quarter Horses.

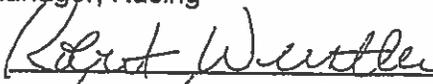
Our application requests the following 2019 Saturday and Sunday dates: July 6 & 7, July 20 & 21, August 10 & 11, and August 24 & 25.

Our application requests the following 2020 Saturday and Sunday dates: July 4 & 5, July 18 & 19, August 8 & 9, and August 22 & 23.

We thank you in advance and would appreciate your favorable participation in our application. If you have any questions, please call the Association at (830) 997-2359.

Sincerely,

Scott Staudt
General Manager, Racing

Approved:  Rob Werstler, Director of Racing, TQHA

Date: 5/30/2018



May 24, 2018

Ed Wilson, President
Texas Arabian Breeders Association
PO Box 215
Forney, TX 75126

Dear Mr. Wilson:

The Gillespie County Fair & Festival Association would like to thank you and the breed association for all of the support shown to our association this year and in past years. We are in the process of filing our application for race dates for 2019 and 2020 and would appreciate your approval of our participation in Texas pari-mutuel racing for the upcoming season. We again will prepare a condition book with a mixed meet consisting of approximately 3.5% percent Arabian Horses.

Our application requests the following 2019 dates: Saturday and Sunday - July 6 & 7, Saturday and Sunday July 20 & 21, August 10 & 11, and August 24 & 25.

Our application requests the following 2020 dates: Saturday and Sunday - July 4 & 5, Saturday and Sunday July 18 & 19, August 8 & 9, and August 22 & 23.

We thank you in advance and would appreciate your favorable participation in our application. If you have any questions, please call the Association at (830) 997-2359.

Sincerely,

Scott Staudt
General Manager, Racing

Approved: Ed Wilson Ed Wilson, President, Texas Arabian Breeders Association

Date: 5/31/18

530 Fair Drive
State Highway 16 South
PO Box 526
Fredericksburg, TX 78624

(830) 997-2359
fax (830) 997-4923
info@gillespiefair.com
www.gillespiefair.com

TEXAS RACING COMMISSION REQUEST FOR PERFORMANCES

HORSE RACETRACKS

January 1, 2020 - December 31, 2020

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on July 17, 2018.

I. Schedule Requested

Name of Racetrack: Gillespie County Fair & Festivals/Fredericksburg Downs

First Meet Opening Day: **07-04-20** Closing Day: **07-05-20**

Meet Type: TB QH MX Total Number of Race Days **2**

Thoroughbred # of Races Per Day _____ Projected Purse Per Day \$ _____

Quarter Horse # of Races Per Day _____ Projected Purse Per Day \$ _____

Arabian # of Races Per Day _____ Projected Purse Per Day \$ _____

Paint Horse # of Races Per Day _____ Projected Purse Per Day \$ _____

 Average # of Races Per Day **10** Projected Purse Per Day \$ _____

Second Meet Opening Day: **07-18-20** Closing Day: **07-19-20**

Meet Type: TB QH MX Total Number of Race Days **2**

Thoroughbred # of Races Per Day _____ Projected Purse Per Day \$ _____

Quarter Horse # of Races Per Day _____ Projected Purse Per Day \$ _____

Arabian # of Races Per Day _____ Projected Purse Per Day \$ _____

Paint Horse # of Races Per Day _____ Projected Purse Per Day \$ _____

 Average # of Races Per Day **12** Projected Purse Per Day \$ _____

Third Meet

Opening Day: 08-08-20

Closing Day: 08-09-20

Meet Type: TB QH MX

Total Number of Race Days 2

Thoroughbred # of Races Per Day _____

Projected Purse Per Day \$ _____

Quarter Horse # of Races Per Day _____

Projected Purse Per Day \$ _____

Arabian # of Races Per Day _____

Projected Purse Per Day \$ _____

Paint Horse # of Races Per Day _____

Projected Purse Per Day \$ _____

Average # of Races Per Day 12

Projected Purse Per Day \$ _____

Fourth Meet

Opening Day: 08-22-20

Closing Day: 08-23-20

Meet Type: TB QH MX

Total Number of Race Days 2

Thoroughbred # of Races Per Day _____

Projected Purse Per Day \$ _____

Quarter Horse # of Races Per Day _____

Projected Purse Per Day \$ _____

Arabian # of Races Per Day _____

Projected Purse Per Day \$ _____

Paint Horse # of Races Per Day _____

Projected Purse Per Day \$ _____

Average # of Races Per Day 11

Projected Purse Per Day \$ _____

II. Negotiation with Breed Registries

Specify how the total races scheduled for 201 will be allocated among the various breeds:

Appaloosa _____% Arabian 3.5% Paint 3.5%

Quarter Horse 72.075% Thoroughbred 20.925%

Check all that apply:

Attached are letters from the affected breed registries that have agreed to this allocation. (TABA, TTA and TQHA Attached)

The (See below) breed registry(ies) has not agreed to this allocation, but negotiations with the breed registry(ies) occurred as described below:

Participants in Negotiations

Ms. Marsha Rountree, THP

Mr. Lex Smurthwaite, TPHBA

** All via email **

III. Dates Requested

Indicate on the attached calendar each live race date requested with a "T" (Thoroughbred), "QH" (Quarter Horse), or "M" (Mixed). Include standard post time in space provided on calendar. Any exceptions, such as holidays, should be noted.

IV. Charity Days

A Class 1 or Class 2 racetrack shall conduct at least two and not more than five charity race days each year. The association shall pay to the charity at least 2% of the total pari-mutuel handle generated at the racetrack on the charity race day. At least one of the charity days must be conducted for a charity that directly benefits the persons who work in the stable or kennel area of the racetrack. At least one of the charity days must be conducted for a charity that primarily benefits research into the health or safety of race animals.

Indicate which days are designated as charity days: N/A-Class III Racetrack

Day 1: _____

Day 2: _____

Identify the charities:

REQUIRED BY RULE

(1) A charity that directly benefits the persons who work on the backside:

Day 1 Charity: _____
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:

Day 2 Charity: _____
(Name of Charity)

For each charity listed, attach the following information:

1. The name of the charity;
2. the name and address of each individual who serves as an officer or director of the charity or who owns an interest in the charity of 5.0% or more;
3. a brief description of the activities or purposes of the charity; and
4. a copy of an Internal Revenue Service letter of determination that qualifies the charity as an exempt organization for purposes of federal income tax.

V. Coordination of Request

To facilitate the Commission's consideration of each association's request, please indicate below the association's coordination efforts and the letters of support as appropriate.

<u>Racetrack</u>	<u>Affected?</u>		<u>Letter of Support Attached?</u>		
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Gillespie County Fair & Festivals Association	<input type="checkbox"/>				
(Unknown on all below as of 6-5-18, but, historically, none are affected)					
Laredo Downs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lone Star Park	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Manor Downs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Retama Park	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sam Houston Race Park	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Valle de los Tesoros (If operable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<u>Horsemen's Organization</u>	<u>Letter of Support Attached?</u>		
	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Texas Horsemen's Partnership (Emailed-Waiting On Response)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

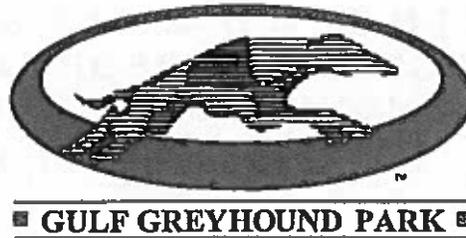
Gillespie County Fair & Festivals/Fredericksburg Downs

(Name of Racetrack)

Requested Live Race Dates for 2020

July						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4 MX 1p Post Time Independence Day
5 MX 1p Post Time	6	7	8	9	10	11
12	13	14	15	16	17	18 MX 1p Post Time
19 MX 1p Post Time	20	21	22	23	24	25
26	27	28	29	30	31	

August						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8 MX 1p Post Time
9 MX 1p Post Time	10	11	12	13	14	15
16	17	18	19	20	21	22 MX 1p Post Time
23 MX 1p Post Time	24	25	26	27	28	29
30	31					



July 11, 2017

Mr. Joel Speight
Deputy Executive Director
Texas Racing Commission
P. O. Box 12080
Austin, TX 78711-2080

Dear Mr. Speight:

In accordance with Rule 303.41, Allocation of Race Dates, attached please find a request for live race dates for Gulf Greyhound Park beginning August 26, 2020.

If you have questions, please let me know. Thank you.

Respectfully,

A handwritten signature in cursive script that reads "Sally B. Briggs".

Sally B. Briggs
General Manager

c: Chuck Trout, Executive Director
Ricky Walker, Chief Steward
Eric L. Wilson
Dwight Berube, Valley Race Park
Steve Lamb, Gulf Coast Racing
David Peck, Texas Greyhound Association

**TEXAS RACING COMMISSION
REQUEST FOR PERFORMANCES
GREYHOUND RACETRACKS**

January 1, 2020 – August 31, 2020

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on July 17, 2018.

I. Schedule Requested

Name of Racetrack: GULF GREYHOUND PARK

Opening Day: 08/ 26 / 2020 Closing Day: 08 / 30 / 2020

Number of Performances per week 5

Projected Number of Races per Performance 10

TOTAL NUMBER OF PERFORMANCES REQUESTED 5

II. Charity Days

A greyhound association shall conduct at least five charity race days each year. The association shall pay to the charity at least 2% of the total pari-mutuel handle generated at the racetrack on the charity race day. At least one of the charity days must be conducted for a charity that directly benefits the persons who work in the stable or kennel area of the racetrack. At least one of the charity days must be conducted for a charity that primarily benefits research into the health or safety of race animals.

Indicate which days are designated as charity days:

Day 1: 08/26/2020

Day 2: 08/27/2020

Day 3: 08/28/2020

Day 4: 08/29/2020

Day 5: 08/30/2020

Identify the charities:

REQUIRED BY RULE

(1) A charity that directly benefits the persons who work on the backside:

Day 1 Charity: _____ TBA _____
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:

Day 2 Charity: _____ TBA _____
(Name of Charity)

ADDITIONAL CHARITIES

Day 3 Charity: _____ TBA _____
(Name of Charity)

Day 4 Charity: _____ TBA _____
(Name of Charity)

Day 5 Charity: _____ TBA _____
(Name of Charity)

For each charity listed, attach the following information:

1. The name of the charity;
2. the name and address of each individual who serves as an officer or director of the charity or who owns an interest in the charity of 5.0% or more;
3. a brief description of the activities or purposes of the charity; and
4. a copy of an Internal Revenue Service letter of determination that qualifies the charity as an exempt organization for purposes of federal income tax.

III. Dates Requested

Indicate on the attached calendar each live race performance requested with an

"M" denoting a Matinee performance

"E" denoting an Evening performance

Include standard post time for each performance in space provided on calendar. Any exceptions, such as holidays, should be noted.

V. Coordination of Request

To facilitate the Commission's consideration of each association's request, please indicate below the association's coordination efforts and the letters of support as appropriate.

	Affected?		Letter of Support Attached?		
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<u>Racetrack</u>					
Gulf Coast Racing	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gulf Greyhound Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Valley Race Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Letter of Support Attached?		
	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<u>Greyhound Breed Association</u>			
Texas Greyhound Association	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

July						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4 Independence Day
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26 E 7 PM	27 E 7 PM	28 E 7 PM	29 E 7 PM
30 E 7 PM	31					



5302 Leopard Street
Corpus Christi, Texas 78408



361.289.9333

www.gulfcoastracetrack.com

July 16, 2018

Mr. Joel Speight
Deputy Executive Director
Texas Racing Commission
P. O. Box 12080
Austin, TX 78711-2080

Dear Mr. Speight:

In accordance with Rule 303.41, Allocation of Race Dates, attached please find a request for live race dates for Gulf Coast Racing beginning August 4, 2020. We will revise these requested dates to dates in 2021 and 2022 pursuant to the Commission approved industry agreement when an appropriate race date period is opened by the Commission.

If you have questions, please let me know. Thank you.

Respectfully,

Sally B. Briggs
Operations Manager

c: Chuck Trout, Executive Director
Ricky Walker, Chief Steward
Eric L. Wilson
Dwight Berube, Valley Race Park
David Peck, Texas Greyhound Association

**TEXAS RACING COMMISSION
REQUEST FOR PERFORMANCES
GREYHOUND RACETRACKS**

January 1, 2020 – August 31, 2020

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on July 17, 2018.

I. Schedule Requested

Name of Racetrack: Gulf Coast Racing

Opening Day: 08 / 04 / 2020 Closing Day: 08 / 08 / 2020

Number of Performances per week 5

Projected Number of Races per Performance 10

TOTAL NUMBER OF PERFORMANCES REQUESTED 5

II. Charity Days

A greyhound association shall conduct at least five charity race days each year. The association shall pay to the charity at least 2% of the total pari-mutuel handle generated at the racetrack on the charity race day. At least one of the charity days must be conducted for a charity that directly benefits the persons who work in the stable or kennel area of the racetrack. At least one of the charity days must be conducted for a charity that primarily benefits research into the health or safety of race animals.

Indicate which days are designated as charity days:

Day 1: TBA
Day 2: TBA
Day 3: TBA
Day 4: TBA
Day 5: TBA

Identify the charities:

REQUIRED BY RULE

(1) A charity that directly benefits the persons who work on the backside:

Day 1 Charity: TBA
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:

Day 2 Charity: TBA
(Name of Charity)

ADDITIONAL CHARITIES

Day 3 Charity: TBA
(Name of Charity)

Day 4 Charity: TBA
(Name of Charity)

Day 5 Charity: TBA
(Name of Charity)

For each charity listed, attach the following information:

- 1. The name of the charity;**
- 2. the name and address of each individual who serves as an officer or director of the charity or who owns an interest in the charity of 5.0% or more;**
- 3. a brief description of the activities or purposes of the charity; and**
- 4. a copy of an Internal Revenue Service letter of determination that qualifies the charity as an exempt organization for purposes of federal income tax.**

III. Dates Requested

Indicate on the attached calendar each live race performance requested with an
"M" denoting a Matinee performance
"E" denoting an Evening performance

Include standard post time for each performance in space provided on calendar. Any exceptions, such as holidays, should be noted.

V. Coordination of Request

To facilitate the Commission's consideration of each association's request, please indicate below the association's coordination efforts and the letters of support as appropriate.

<u>Racetrack</u>	Affected?		Letter of Support Attached?		
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Gulf Coast Racing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gulf Greyhound Park	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Valley Race Park	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<u>Greyhound Breed Association</u>	Letter of Support Attached?		
	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Texas Greyhound Association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Requested Performances for 2020

January						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 New Year's Day	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20 Martin Luther King Jr. Day	21	22	23	24	25
26	27	28	29	30	31	

February						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
9	10	11	12	13	14 Valentine's Day	15
16	17 President's Day	18	19	20	21	22
23	24	25	26	27	28	29

March						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
Mother's Day						
24	25 Memorial Day	26	27	28	28	29
30						

June						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
Father's Day						
28	29	30				

July						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4 Independence Day
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4 E 7 PM	5 E 7 PM	6 E 7 PM	7 E 7 PM	8 E 7 PM
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					



July 17, 2018

Sent Via Electronic Mail

Mr. Chuck Trout
Executive Director
Texas Racing Commission
8505 Cross Park Drive, Suite 110
Austin, Texas 78754

Dear Mr. Trout,

Valley Race Park respectfully requests to amend our already approved 2019 Greyhound dates according to the enclosed application. Also enclosed is our application for 2020 Greyhound dates. A total of thirty-six (36) live Greyhound dates are requested, consistent with the industry agreement.

Please let me know if you have any questions.

Sincerely,

Dwight Berube,
Vice President and General Manager
Valley Race Park

Enclosures

Cc: Joel Speight – TXRC
Ricky Walker - TXRC
Maury Korn - VRP
David Peck – TGA
Sally Briggs – GGP/GCR
Tommy Azopardi

VALLEY RACE PARK INC.
2601 SOUTH ED CAREY DRIVE, HARLINGEN, TEXAS 78552
(956) 412-7223 • (956) 428-0163 FAX
www.valleyracepark.com

T E X A S R A C I N G C O M M I S S I O N
REQUEST FOR PERFORMANCES
GREYHOUND RACETRACKS

January 1, 2019 – December 31, 2019

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on July 17, 2018.

I. Schedule Requested

Name of Racetrack: Valley Race Park

Opening Day: 12/27/2019

Closing Day: 12/29/2019

Number of Performances per week 3

Projected Number of Races per Performance 10

TOTAL NUMBER OF PERFORMANCES REQUESTED 3

II. Charity Days

A greyhound association shall conduct at least five charity race days each year. The association shall pay to the charity at least 2% of the total pari-mutuel handle generated at the racetrack on the charity race day. At least one of the charity days must be conducted for a charity that directly benefits the persons who work in the stable or kennel area of the racetrack. At least one of the charity days must be conducted for a charity that primarily benefits research into the health or safety of race animals.

Indicate which days are designated as charity days:

Day 1: TBD

Day 2: TBD

Day 3: TBD

Day 4: TBD

Day 5: TBD

Identify the charities:

REQUIRED BY RULE

(1) A charity that directly benefits the persons who work on the backside:

Day 1 Charity: _____
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:

Day 2 Charity: _____
(Name of Charity)

ADDITIONAL CHARITIES

Day 3 Charity: _____
(Name of Charity)

Day 4 Charity: _____
(Name of Charity)

Day 5 Charity: _____
(Name of Charity)

For each charity listed, attach the following information:

1. The name of the charity;
2. the name and address of each individual who serves as an officer or director of the charity or who owns an interest in the charity of 5.0% or more;
3. a brief description of the activities or purposes of the charity; and
4. a copy of an Internal Revenue Service letter of determination that qualifies the charity as an exempt organization for purposes of federal income tax.

III. Dates Requested

Indicate on the attached calendar each live race performance requested with an

"M" denoting a Matinee performance

"E" denoting an Evening performance

Include standard post time for each performance in space provided on calendar. Any exceptions, such as holidays, should be noted.

V. Coordination of Request

To facilitate the Commission's consideration of each association's request, please indicate below the association's coordination efforts and the letters of support as appropriate.

<u>Racetrack</u>	<u>Affected?</u>		<u>Letter of Support Attached?</u>		
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Gulf Coast Racing	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gulf Greyhound Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Valley Race Park	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<u>Greyhound Breed Association</u>	<u>Letter of Support Attached?</u>		
	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Texas Greyhound Association	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Valley Race Park
Requested Performances for 2019

January						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 New Year's Day	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21 Martin Luther King Jr. Day	22	23	24	25	26
27	28	29	30	31		

February						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7	8	9
10	11	12	13	14 Valentine's Day	15	16
17	18 President's Day	19	20	21	22	23
24	25	26	27	28		

March						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

April						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

May						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
Mother's Day 19	20	21	22	23	24	25
26	27 Memorial Day	28	29	30	31	

June						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
Father's Day 23	24	25	26	27	28	29
30						

July						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4 Independence Day	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 Labor Day	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

October						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31 Halloween		

November						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7	8	9
10	11 Veteran's Day	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28 Thanksgiving	29	30

December						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	7	8
9	10	11	12	13	14	15
15	16	17	18	19	20	21
22	23	24 Christmas Eve	25 Christmas Day	26	27 E	28 E
29 M	30	31 New Year's Eve				

T E X A S R A C I N G C O M M I S S I O N
R E Q U E S T F O R P E R F O R M A N C E S
G R E Y H O U N D R A C E T R A C K S

January 1, 2020 – August 31, 2020

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on July 17, 2018.

I. Schedule Requested

Name of Racetrack: Valley Race Park

Opening Day: 1/1/2020

Closing Day: 2/26/2020

Number of Performances per week 4

Projected Number of Races per Performance 10

TOTAL NUMBER OF PERFORMANCES REQUESTED 33

II. Charity Days

A greyhound association shall conduct at least five charity race days each year. The association shall pay to the charity at least 2% of the total pari-mutuel handle generated at the racetrack on the charity race day. At least one of the charity days must be conducted for a charity that directly benefits the persons who work in the stable or kennel area of the racetrack. At least one of the charity days must be conducted for a charity that primarily benefits research into the health or safety of race animals.

Indicate which days are designated as charity days:

Day 1: TBD

Day 2: TBD

Day 3: TBD

Day 4: TBD

Day 5: TBD

Identify the charities:

REQUIRED BY RULE

(1) A charity that directly benefits the persons who work on the backside:

Day 1 Charity: _____
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:

Day 2 Charity: _____
(Name of Charity)

ADDITIONAL CHARITIES

Day 3 Charity: _____
(Name of Charity)

Day 4 Charity: _____
(Name of Charity)

Day 5 Charity: _____
(Name of Charity)

For each charity listed, attach the following information:

1. The name of the charity;
2. the name and address of each individual who serves as an officer or director of the charity or who owns an interest in the charity of 5.0% or more;
3. a brief description of the activities or purposes of the charity; and
4. a copy of an Internal Revenue Service letter of determination that qualifies the charity as an exempt organization for purposes of federal income tax.

III. Dates Requested

Indicate on the attached calendar each live race performance requested with an

“M” denoting a Matinee performance

“E” denoting an Evening performance

Include standard post time for each performance in space provided on calendar. Any exceptions, such as holidays, should be noted.

V. Coordination of Request

To facilitate the Commission's consideration of each association's request, please indicate below the association's coordination efforts and the letters of support as appropriate.

<u>Racetrack</u>	Affected?		Letter of Support Attached?		
	Yes	No	Yes	No	N/A
Gulf Coast Racing	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gulf Greyhound Park	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Valley Race Park	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<u>Greyhound Breed Association</u>	Letter of Support Attached?		
	Yes	No	N/A
Texas Greyhound Association	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Requested Performances for 2020

January						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 M New Year's Day	2	3 E	4 E
5 M	6	7	8 M	9	10 E	11 E
12 M	13	14	15 M	16	17 E	18 E
19 M	20 Martin Luther King Jr. Day	21	22 M	23	24 E	25 E
26 M	27	28	29 M	30	31 E	

February						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1 E
2 M	3	4	5 M	6	7 E	8 E
9 M	10	11	12 M	13	14 E Valentine's Day	15 E
16 M	17 President's Day	18	19 M	20	21 E	22 E
23 M	24	25	26 M	27	28	29

March						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
Mother's Day						
24	25 Memorial Day	26	27	28	28	29
30						

June						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
Father's Day						
28	29	30				

July						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4 Independence Day
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					



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

To: Texas Racing Commissioners

From: Chuck Trout, Executive Director

Date: August 7, 2018

Re: Designation by the Commission of an Application Period for Greyhound Race Dates under Commission Rule 303.41

In accordance with Commission Rule 303.41, staff recommends that the Texas Racing Commission open an application period for greyhound race dates for December 1, 2018, through August 31, 2020. Staff also recommends that the application period for these race dates be opened on August 16, 2018, and be closed on September 14, 2018.

The Commission will be considering the allocation of greyhound race dates for the period January 1, 2019 and ending August 31, 2020 at the August 14, 2018, meeting. During this new application period, some greyhound associations may request amendments to the existing 2018, 2019 and/or 2020 dates.

Staff recommends allowing associations to apply for race dates to be conducted through the end of Fiscal Year 2020 in order to allow both the Commission and the associations to develop longer-term budgeting and staffing plans.

A copy of Rule 303.41 is attached.

RULES OF RACING

Chapter 303 – General Provisions

Subchapter B – Powers and Duties of the Commission

§303.41 Allocation of Race Dates

(a) The commission shall allocate live race dates, including charity days, to each association for such time periods and at such racing locations as the commission determines in accordance with the Act and this section.

(b) Upon its own motion or upon the request of any association, the commission may designate an application period during which the commission shall accept applications for race dates.

(c) The commission shall establish the time period or periods for which it will consider granting race dates.

(d) Upon designation by the commission of an application period under this section, the executive secretary shall publicize that application period to the affected greyhound and horse racing associations at least 30 days before the closing date of the period.

(e) The application must be on a form prescribed by the commission. After the request is filed, the executive secretary may require the association to submit additional information if the executive secretary determines the additional information is necessary to effectively evaluate the request.

(f) In allocating race dates under this section, the commission may consider the following factors and the degree to which the association's proposed race meeting will serve to nurture, promote, develop, or improve the horse or greyhound industry in Texas:

(1) the association's current ability to pay all fees and other amounts owed to the commission, to the state, and to local governments;

(2) the association's willingness and ability to comply and past performance in complying with the Rules and the Act;

(3) the current condition of the association's racetrack and facilities for patrons, race animals, and occupational licensees;

(4) the anticipated effect of the proposed race meeting on the continuity of racing during the year;

(5) the live race dates requested by other associations licensed to conduct races for the same species of animal;

(6) the anticipated overall economic effect to the state from the race meeting;

(7) the anticipated effect of the race meeting on the greyhound or horse breeding industry in Texas;

(8) the anticipated effect of scheduled race meetings in neighboring race states on the proposed race meeting; and

(9) the anticipated availability of race animals for the race meetings.

(g) The commission shall approve the actual days awarded, and the total number of performances. The commission may require a minimum number of races in a race meet.

(h) An association shall conduct pari-mutuel racing on each race date granted under this section, and in accordance with the race date calendar approved by the Commission, unless the association receives the prior approval of the executive secretary.

(i) If circumstances beyond the control of the association prevent the association from conducting a performance, the commission may award a make-up performance.

(j) Change in Race Date Allocation.

(1) The executive secretary may permit an association to request additional live race dates after its request under this section has been acted on by the commission if the executive secretary determines that:

(A) the request includes evidence that granting the additional live race dates will enhance the breeding and training industries for horses or greyhounds;

(B) the association's failure to request the live race dates initially was not due to the association's neglect; and

(C) if the request duplicates a request by the association that has already been denied by the commission, changed circumstances exist that necessitate additional consideration by the commission.

(2) An association may request a change to the live race dates granted by the commission provided the association obtains the approval of all associations that are affected by the proposed change. This subsection applies to any proposed change to the number or format of live race dates.

(3) The executive secretary may approve an association's request to add, delete, or modify live race dates, provided that the request:

(A) does not add any live race dates that are more than fourteen calendar days preceding the start of the Commission-approved race meet or more than fourteen days following the end of the Commission-approved race meet;

(B) is supported in writing by each breed organization affected by the change;

(C) is supported in writing by each association that is affected by the change; and

(D) in the case of a horse racing association, is supported in writing by the horsemen's organization.

(4) In determining whether to approve a request under this subsection, the executive secretary may consider the effect that approving the request would have on the workload and budget status of the Commission.

(5) For purposes of this subsection, an allocation of live race performances may be changed in the same manner as a change in the allocation of live race dates.