



Texas Racing Commission

1988 Annual Report



THE HONORABLE WILLIAM P. CLEMENTS, JR.
GOVERNOR

TEXAS RACING COMMISSION ANNUAL REPORT

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LETTER TO THE GOVERNOR

January 31, 1989

The Honorable William P. Clements, Jr.
Governor of the State of Texas
State Capital, Room 200
Austin, Texas 78711

Dear Governor Clements:

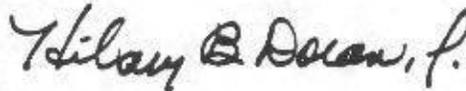
It is with distinct pleasure that I submit to you the first Annual Report of the Texas Racing Commission in accordance with Section 3.10 of the Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes).

This report covers commission activities, progress, and results, from operations for a ten-month period from February 11, 1988 to December 31, 1988.

The Texas Racing Commission has made tremendous strides toward the implementation of a high quality pari-mutuel racing program in the state. This progress was possible through the commission's dedication for the achievement of our goals. We have built a firm foundation so that Texas will have the best horse and greyhound racing programs in the nation.

I wish to express my appreciation to you for your confidence and support.

Respectfully submitted,



Hilary B. Doran, Jr.
Chairman

TEXAS RACING COMMISSION MEMBERS



JAMES H. CLEMENT, SR., Vice-Chairman
Kingsville, Texas
Term Expires: February 1, 1991



HILARY B. DORAN, JR., Chairman
Del Rio, Texas
Term Expires: February 1, 1991



DR. GLENN P. BLODGETT, D.V.M.
Guthrie, Texas
Term Expires: February 1, 1989



DR. DEMARIOUS K. FREY, D.V.M.
Corpus Christi, Texas
Term Expires: February 1, 1993



HUGH A. FITZSIMONS, JR.
Carrizo Springs, Texas
Term Expires: February 1, 1993



A. L. MANGHAM, JR.
Nacogdoches, Texas
Term Expires: February 1, 1989.

THE EX-OFFICIO MEMBERS OF THE TEXAS RACING COMMISSION ARE:



BOB BULLOCK
Comptroller of Public
Accounts
Austin, Texas



RUBEN R. CARDENAS, Chairman
Public Safety Commission
McAllen, Texas

THE TEXAS RACING COMMISSION

The Texas Racing Commission is a new state agency created in the Second Called Session of the 69th Legislature and approved by a statewide referendum in November 1987. Article 179e, Vernon's Texas Civil Statutes authorized the act of the legislature and created the Texas Racing Commission and empowered the commission to:

1. Oversee and nurture the development of Texas horse and greyhound breeding industries;
2. Evaluate applications and award licenses for pari-mutuel racetracks in Texas;
3. Oversee and support the construction of four major horse tracks, three major greyhound tracks, numerous smaller racetracks and county fair tracks located throughout the state;
4. License, regulate, and enforce all aspects of pari-mutuel wagering;
5. Increase state and local revenues; and
6. Regulate non pari-mutuel racetracks.

The Texas Racing Act authorizes pari-mutuel wagering on horse and greyhound racing and:

1. Assures protection of the public;
2. Encourages agriculture, the horse-breeding industry, the horse-training industry, the greyhound-breeding industry, and the greyhound-training industry;
3. Promotes tourism, and employment opportunities in Texas related to horse and greyhound racing; and
4. Provides for the strict regulation and control of pari-mutuel wagering in connection with that racing.

Principal responsibilities of the commission are:

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

REPORT OF THE EXECUTIVE SECRETARY

January 31, 1989

The Honorable William P. Clements, Jr.
Governor of the State of Texas
State Capital, Room 200
Austin, Texas 78711

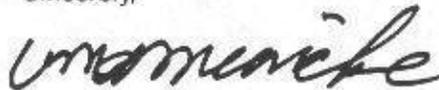
Dear Governor Clements:

It is both an honor and a challenge to provide a measure of leadership to our new and exciting racing industry in the state of Texas. The establishment of a new industry is a tremendous project. The most essential element of that project is integrity.

My goals are to insure that the rules of racing are applied and enforced equally to all members of the industry, to insure racing is conducted honestly, and to create a climate of economic prosperity for the industry. The ultimate goal is to guide an industry built upon proficiency, professionalism, and integrity.

Enclosed please find the first Annual Report of the Texas Racing Commission. This report outlines commission activities since the day we started. We are confident our initial achievements have built the cornerstone for a prosperous racing industry in Texas.

Sincerely,



William A. Meincke
Executive Secretary



Extensive rulemaking authority is granted the commission throughout the Texas Racing Act. In Section 18.01, the commission is made subject to the Sunset Act and, in Section 18.02, the commission is made subject to the Administrative Procedure and Texas Register Act. The rulemaking authority vested in the Texas Racing Commission is authorized for administration and enforcement purposes. The primary rulemaking authority is given to the commission in Section 3.02, and other references to the rulemaking authority may be found throughout the act.

The commission is located at 400 W. 15th Street, Suite 625, Austin, Texas, 78701. The commission may establish a branch office in any county in which it determines a branch office is necessary.

The commission maintains membership in the Association of Racing Commissioners International (ARCI), and participated in the 1988 annual convention held in Louisville, Kentucky. The association is the depository and distribution center for all official rulings by stewards and racing commissions in North America, Mexico, and Canada. The ARCI maintains an information system, the National Association of State Racing Information System (NASRIS), through which the Texas Racing Commission obtains information on licensees and disciplinary proceedings of other member commissions. NASRIS currently contains 500,000 racetrack licenses and/or occupational licenses and there are approximately 250,000 rulings on file. Since its inception over 340,000 different individuals have been added to this system. Rulings are entered daily and become immediately available to member commissions. In addition, the ARCI provides a Drug Testing and Quality Assurance Program for the state's drug testing facility. This program will assist the Texas Veterinary Medical Diagnostic Laboratory in research and development of a state-of-the-art drug testing program, to insure the integrity of racing.

THE MEMBERS OF THE TEXAS RACING COMMISSION

- The Texas Racing Commission consists of six members appointed by the governor with the advice and consent of the senate and two ex-officio members who have the right to vote. The ex-officio members are the chairman of the Public Safety Commission and the Comptroller of Public Accounts.
- For purposes of rulemaking and licensing and for any action relating exclusively to horse racing or exclusively to greyhound racing, the commission acts as separate sections. On matters of general application to both greyhound and horse racing, the commission acts as a single body.
- One appointed member must be a veterinarian licensed to practice in this state who specializes in the treatment of small animals. One appointed member must be a veterinarian licensed to practice in this state who specializes in the treatment of large animals. Two appointed members must be individuals who are not veterinarians and who have special knowledge or experience related to greyhound racing. Two appointed members must be individuals who are not veterinarians and who have special knowledge or experience related to horse racing.
- Except for the initial appointments, appointed members hold office for staggered terms of six years with two members' terms expiring February 1 of each odd-numbered year. A member holds office until that member's successor is appointed and qualifies. The ex-officio members serve on the commission for the time for which they hold their offices.
- A majority of the commission constitutes a quorum. A majority of a section of the commission constitutes a quorum for purposes of conducting business related to matters under the exclusive jurisdiction of that section.
- Each appointed member of the commission is entitled to a per diem of \$30 for each day spent in performing the duties of the office and is entitled to reimbursement for actual and necessary expenses incurred in performing those duties. The ex-officio members are entitled to reimbursement for expenses from their respective agencies for expenses incurred in the performance of their other official duties.
- The members of the commission elect their chairman who presides over the meetings of the commission.

TEXAS RACING COMMISSION FINANCIAL POSITION

Appropriations from the General Revenue Fund and License Application Fees currently comprise the available revenues for the Texas Racing Commission for the purpose of administering and enforcing the Texas Racing Act. For the fiscal year ending August 31, 1988, \$750,000 was appropriated for operations, and for the fiscal year ending August 31, 1989, another \$750,000 was appropriated for operations. Only \$202,602 was expended for fiscal year 1988, leaving \$542,523 to be carried over to fiscal year 1989. Additionally, to implement the enforcement of the Texas Racing Act, the Department of Public Safety was appropriated \$500,000 for fiscal year 1988 and \$2,500,000 for fiscal year 1989 from the General Revenue Fund. These appropriations are to be reimbursed with 12 percent interest to the General Revenue Fund from the Texas Racing Commission Fund in accordance with the provisions of Section 3.09 of Senate Bill 15. The following schedule outlines the General Revenue appropriations:

APPROPRIATIONS FROM THE GENERAL REVENUE FOR FISCAL YEARS 1988 AND 1989

AGENCY	FY 1988	FY 1989	TOTAL
Texas Racing Commission	\$ 750,000	\$ 750,000	\$ 1,500,000
Dept. of Public Safety	<u>500,000</u>	<u>2,500,000</u>	<u>3,000,000</u>
Total	<u>\$1,250,000</u>	<u>\$3,250,000</u>	<u>\$4,500,000</u>

Note: In the above schedule, the total amount of \$4,500,000 plus 12 percent interest will be reimbursed to the General Revenue Fund from the Texas Racing Commission Fund.

As of December 31, 1988, Application Fees of \$420,000 have been collected by the Texas Racing Commission. In the future, additional revenue to the commission will include license fees, occupational license fees, fines, any undistributable portion of the breakage from horse racing, and 50 percent of the breakage from greyhound racing. These funds are not a part of the state's share of 5 percent of the total handle for horse racing and 6 percent of the total handle for regular and multiple wagering for greyhound racing from each pari-mutuel pool.

THE TEXAS RACING COMMISSION MEETINGS OF 1988

To date the commission has held ten formal meetings and four public hearings on proposed rules. Minutes of each meeting are kept on file in the commission office and are available to the public upon request. Highlights of the meetings follow:

February 11, 1988: Introduction of the Texas Racing Commission. Discussed the organization of the Texas Racing Commission, and administrative and procedural issues.

February 29, 1988: Discussed personnel and budget matters, and office space requirements. Staff briefing of the Texas Racing Act, Texas Open Meetings Act, Texas Open Records Act, Texas Register Act, and administrative procedures.

March 28, 1988: Election of the Chairman of the Texas Racing Commission. A presentation was made by the staff on official responsibilities and duties as a Texas Racing Commissioner.

May 9, 1988: Discussed proposed rules for horse and greyhound racing, and administrative rules for publication in the TEXAS REGISTER. Published licensing provisions, racetrack licenses, rules of practice and procedure, definitions and general rules, and adjudicative procedures in the TEXAS REGISTER.

June 13, 1988: Discussed the operation of existing county fair tracks and American Quarter Horse Association approved tracks. Adopted the resolution authorizing the American Quarter Horse Association and the Texas Racing Circuit to hold horse race meetings for the remainder of 1988. Appointed a Deputy Secretary. Adopted rules for publication in the TEXAS REGISTER including rules of horse racing and rules of greyhound racing.

July 11, 1988: Adopted the Texas Racing Commission's fiscal year 1989 Operating Budget. Adopted rules for publication in the TEXAS REGISTER.

September 12, 1988: Discussed the Texas Bred Incentive Program for horses. Adopted a resolution authorizing certain racetracks approved by the American Quarter Horse Association to conduct races in 1989. Proposed more rules for publication in the TEXAS REGISTER. Adopted a timeline for acceptance of track applications. Requested prospective applicants for track licenses to submit a Letter of Intent. Adopted the Texas Racing Commission 1990-1991 Budget.

October 24, 1988: Discussed Texas Bred Incentive Program for greyhounds. Adopted the breed registries rules for the Texas-bred program for quarter horses and thoroughbreds. Proposed and adopted additional rules for publication in the TEXAS REGISTER. Appointed Mr. William A. Meincke, pending Department of Public Safety clearance, as Executive Secretary. Adopted the Texas Racing Commission application for a racetrack license, and the Department of Public Safety's personal disclosure form for a racetrack license.

October 24, 1988: Adopted Greyhound, Class 1, Class 2, and Class 3 racetrack application and license fees at an emergency commission meeting. Adopted rules of the breed registry of the Texas Greyhound Association.

December 19, 1988: Appointed Mr. William A. Meincke to the position of Executive Secretary. Approved proposal for Legislative changes to the Texas Racing Act. Proposed and adopted rules for publication in the TEXAS REGISTER. Denied request for extensions for filing of applications.

PUBLIC HEARINGS

In addition to the commission meetings, public hearings were held in the state to receive testimony regarding proposed rules. These hearings were held on the following dates and location:

June 27, 1988: Fort Worth, Texas.

July 15, 1988: San Antonio, Texas.

July 22, 1988: Galveston, Texas.

July 29, 1988: Lubbock, Texas.

THE TEXAS RACING COMMISSION OPERATIONS

The Texas Racing Commission staff is headed by William A. Meincke, the Executive Secretary. The Executive Secretary is selected by the Texas Racing Commission and serves at their pleasure in accordance with Section 2.13 of the Texas Racing Act.

Prior to the arrival of Mr. Meincke in December, 1988, the duties of the position were executed by Mrs. Nancy Fisher, Deputy Executive Secretary, who was assigned to the commission from her position with the Governor's Legislative office.

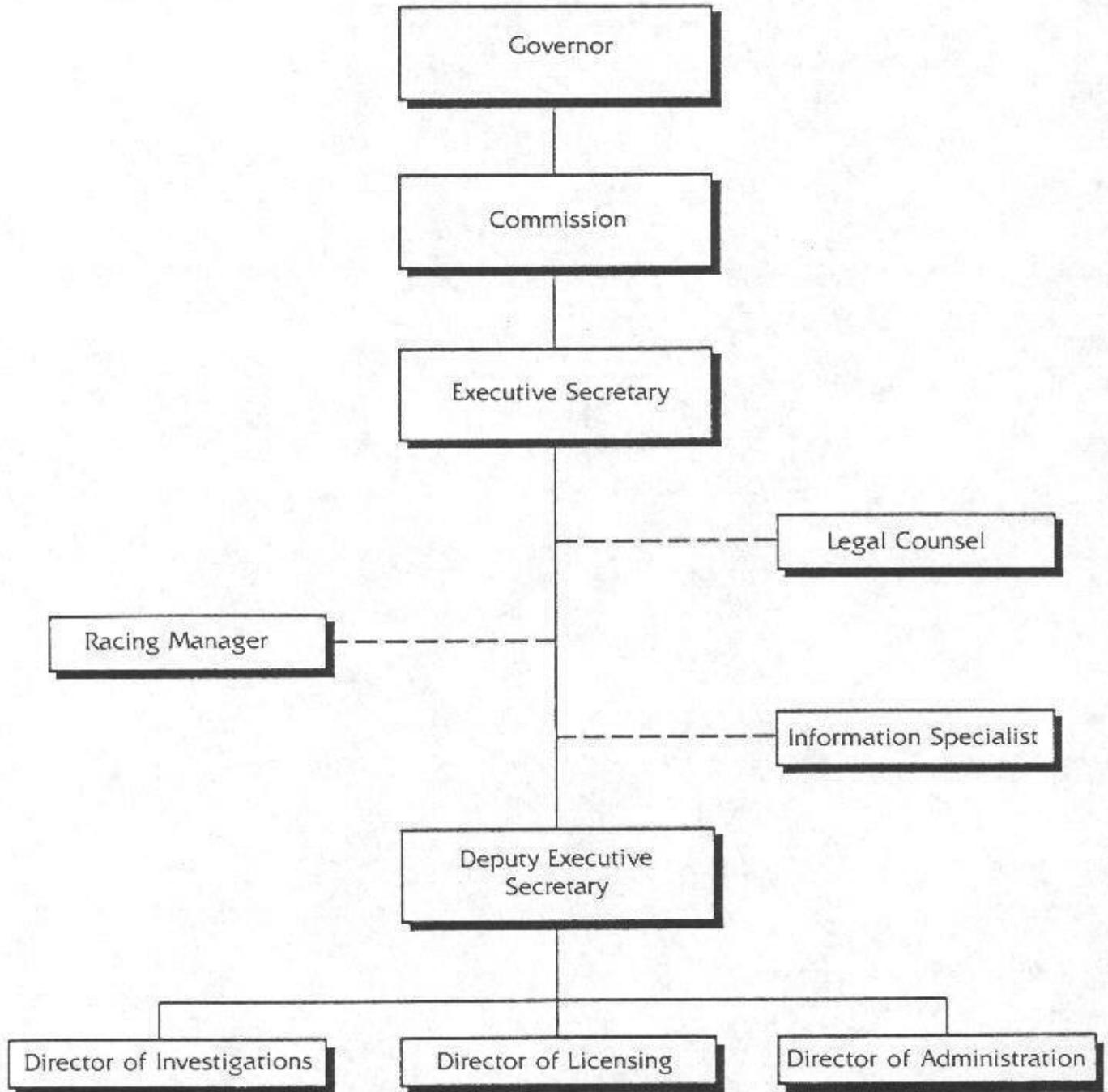
The administrative activities were extensive primarily because the commission was a new agency. Personnel policies, procedures, and guidelines, covering employees of the Texas Racing Commission, were established. Accounting systems were developed and operational procedures implemented.

For the first time in the history of this industry, the Texas Racing Commission defined rules for the construction of a racetrack. A definite set of standards for new racetracks were compiled which can be used as a benchmark for the industry. All rules are expected to be adopted and in place by the Spring of 1989.

During the reporting period the commission staff served in an advisory role to the commission. This function went beyond drafting rules. Extensive research was conducted on the commission's fixed and variable costs through 1991. In addition, site studies, market research, construction oversight, application evaluations, strategic planning, locational analysis, and informational systems are being developed. A fee schedule for racetrack applications and license fees were proposed. An intra-agency tracking system for racetrack applications was developed. Strategic plans for evaluating the many racetrack applications were prepared. Extensive forecasts and projections were made to develop a successful blueprint for the start-up of the various tracks. A long-range Automated Information and Telecommunications Council plan was filed.

In lieu of hiring additional staff for the application reviewing process, the commission elected to contract with a consulting firm. Request for proposals were solicited September 30, 1988, and Deloitte, Haskins, and Sells was awarded the one-year contract beginning November 1, 1988. The objective of this project is to provide the commission with consulting services, to assist in the evaluation of racetrack applications, and to better enable the commission to implement and regulate racing in the state.

TEXAS RACING COMMISSION ORGANIZATIONAL CHART



APPLICATIONS FOR PARI-MUTUEL TRACKS

Applications for participation in the Texas pari-mutuel racing program were accepted beginning November 1, 1988. For Class II horse racetracks, the timeline for accepting applications for license began November 1, 1988 and ended December 30, 1988. Eleven applications were received. Also, for pari-mutuel greyhound tracks located in Cameron County, the timeline for accepting applications for license began December 1, 1988 and ended December 30, 1988. Two applications were received. The commission has 120 days after the day on which a completed application is received to either grant or deny a license. The status of each applicant is as follows:

December 12, 1988: G. Rollie White Downs filed an application for a pari-mutuel license to be located in Brady, Texas, McCulloch County.

December 28, 1988: Ross Downs, Inc., filed an application for a pari-mutuel license to be located in Colleyville, Texas, Tarrant County.

December 28, 1988: Bandera Downs, Inc., filed an application for a pari-mutuel license to be located in Bandera, Texas, Bandera County.

December 30, 1988: Valley Racing Association filed an application for a pari-mutuel license to be located in Brownsville, Texas, Cameron County.

December 30, 1988: Longhorn Downs, Inc., filed an application for a pari-mutuel license to be located in Round Mountain, Texas, Blanco County.

December 30, 1988: Trinity Meadows filed an application for a pari-mutuel license to be located in Weatherford, Texas, Parker County.



December 30, 1988: Randall Park filed an application for a pari-mutuel license to be located in Plainview, Texas, Randall County.

December 30, 1988: Houston Turf Club filed an application for a pari-mutuel license to be located in Houston, Texas, Harris County.

December 30, 1988: Lone Star Greyhound Park, Inc./"El Valle" filed an application for a pari-mutuel license to be located in Brownsville, Texas, Cameron County.

December 30, 1988: Manor Downs filed an application for a pari-mutuel license to be located in Manor, Texas, Travis County.

December 30, 1988: Del Rio Downs filed an application for a pari-mutuel license to be located in Del Rio, Texas, Val Verde County.

December 30, 1988: Lubbock Downs filed an application for a pari-mutuel license to be located in Lubbock, Texas, Lubbock County.

December 30, 1988: La Bahia Downs filed an application for a pari-mutuel license to be located in Goliad, Texas, Goliad County.

Three requests for extensions of the December 30 deadline were filed with the commission as provided for in the commission's rules. Extensions were requested by:

December 19, 1988: Harlingen-San Benito Racing Association requested a 30 day extension for the filing of a Cameron County greyhound track. Request was denied.

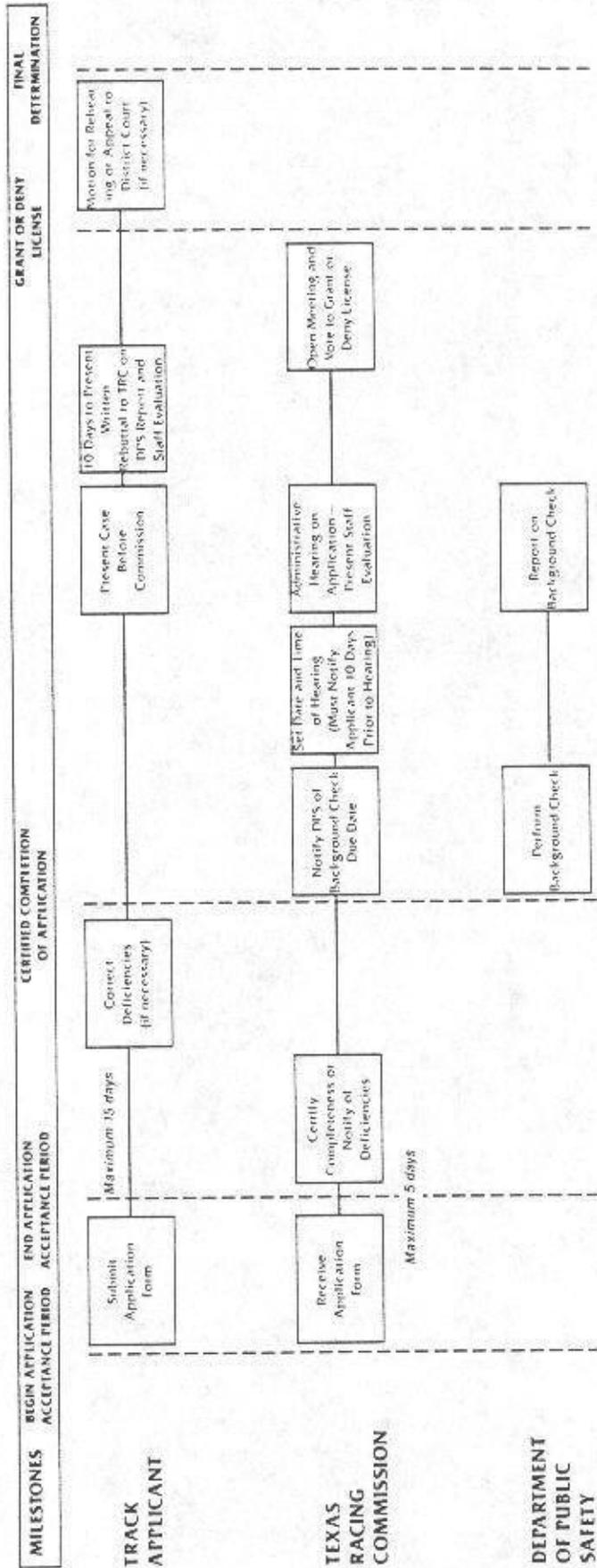
December 19, 1988: Texas World Speedway requested a 60 day extension for the filing of a Class 2 track to be located in College Station, Texas. Request was denied.

December 19, 1988: Randall Park, Inc., requested a 30 day extension for the filing of a Class 2 track located in Plainview, Texas. Request was denied.



PARI-MUTUEL RACETRACK

Application Processing Timeline



TEXAS DEPARTMENT OF PUBLIC SAFETY

5805 N. LAMAR BLVD. - BOX 4087 - AUSTIN, TEXAS 78773-0001



JOE E. MILNER
DIRECTOR

JAMES R. WILSON
ASST. DIRECTOR



COMMISSION
RUBEN R. CARDENAS
CHAIRMAN
CALVIN R. GUEST
ALBERT B. ALKEK
COMMISSIONERS

December 15, 1988

Hilary B. Doran, Jr., Chairman
Texas Racing Commission
P.O. Box 12080
Austin, Texas 78711

RE: ARTICLE 179e, ARTICLE 3, SECTION 3.10
OF VERNONS TEXAS CIVIL STATUTES

Dear Chairman Doran:

In response to your letter of November 21, 1988, wherein you requested the Department of Public Safety to furnish you a comprehensive report of any organized crime activities in this state and information concerning any and all illegal gambling which may be known to exist, we submit the following:

Due to current pending investigations in the areas of concern being conducted by this agency and other law enforcement agencies we are limited as to what we can report at this time. However, there are areas of mutual concern that we can address and not interfere in these on going matters.

TRADITIONAL ORGANIZED CRIME (MAFIA)

As a result of a lengthy investigation by the Department of Public Safety and the Federal Bureau of Investigation, an International Drug Smuggling ring was broken up with the indictment and arrest of over 200 members and associates of the Sicilian Mafia. Some of these defendants were operating in Texas. Information indicates that out of state organized crime families have associates and acquaintances that operate legitimate businesses in Texas.

NON TRADITIONAL ORGANIZED CRIME

There are many areas of concern to law enforcement that involve criminal groups classified as non traditional organized crime.

These groups of people have joined together to form gangs in order to further their criminal enterprise. They include foreign nationals of many nations and also groups from Texas as well as other states.

These groups are involved heavily in illegal gambling, extortion, robbery, drug smuggling and dealing, fire-arms violations, immigration violations, pornography, prostitution, and most all other criminal offenses as defined in The Texas Penal Code and/or Federal statutes.

ILLEGAL BOOKMAKING

Illegal bookmakers continue to flourish in Texas. All major Texas cities and many smaller cities have illegal bookies operating on a regular basis. Many of these bookmakers have direct ties to Colorado, Florida, Louisiana, (Las Vegas) Nevada, New Mexico, Ohio, Oklahoma, Oregon and other states. The primary reason for these out of state contacts is to obtain the gambling line or to lay off their illegal wagers. Also, most of the states mentioned have legalized gambling in one form or another and especially in the area of pari-mutuel wagering.

Intelligence information further indicates that the Texas bookies are now taking illegal wagers on horse races being run on out of state tracks. They are now developing their skills in taking illegal wagers on horse races in anticipation of the opening of pari-mutuel tracks in Texas.

Due to the fact that pari-mutuel wagering laws were just recently passed in Texas, and the fact that no tracks have been licensed to conduct legalized gambling, the Department of Public Safety has no viable measurement to establish the extent of influence illegal bookmakers will have on the industry. However, reliable intelligence sources indicate that illegal bookmakers in Texas are anxiously awaiting the day the first pari-mutuel tracks open so they can serve their clients.

Since the passage of pari-mutuel wagering, the Department of Public Safety, Criminal Intelligence Service has conducted undercover operations on several non pari-mutuel tracks in Texas. As a result of these investigations, there have been eighteen (18) illegal bookmakers arrested at six (6) of these tracks. These bookmakers have been identified, in most cases, as professional gamblers and bookies that are known to make the track circuit taking illegal wagers. We believe this activity will continue and increase many times in number when the tracks are licensed and open for business.

CASINO GAMBLING

Reliable information and police sources indicate that several casino type gambling operations do in fact exist in Texas. Most are believed to be operated by known professional bookies and gamblers. Most have a fairly select clientele that are allowed to participate, thereby making them very difficult to infiltrate.

This report is intended to apprise you of the extent of the current problems in these areas of concern that Texas is now and will be faced with in the future.

Sincerely,

Joe G. Murphy,
Commander
Criminal Intelligence Service
Texas Department of Public Safety

TEXAS HORSE AND GREYHOUND BREEDING PROGRAMS

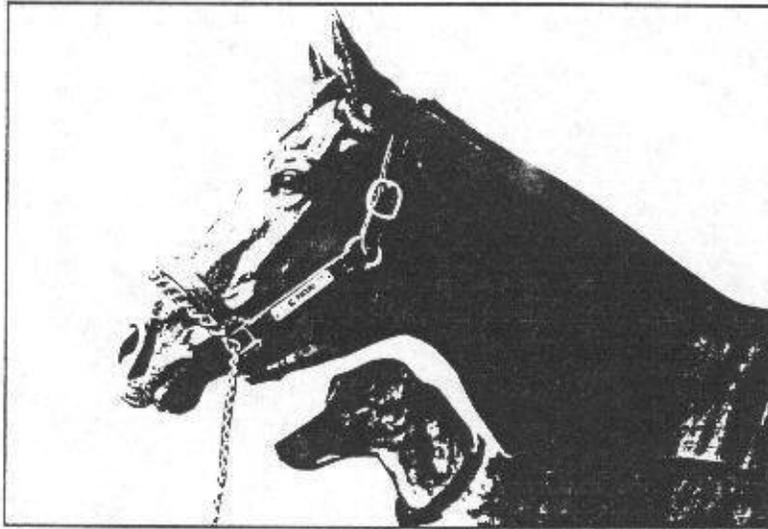
A principal objective of the Texas Racing Act is to encourage agriculture, the horse breeding industry, and the greyhound breeding industry in this state. To achieve this objective, the Texas Racing Act provides various incentives, comparable to other racing jurisdictions, for Texas horse and greyhound breeders, for owners of Texas-bred horses, and for kennels owned by Texas residents.

An accredited Texas-bred horse is a Texas-bred horse that meets the accreditation requirements of the state breed registry of that breed of horse. In order to receive a purse supplement, a horse must first be registered with the proper registry. The officially designated state horse breed registries for accredited Texas-bred horses are the Texas Thoroughbred Breeders' Association for thoroughbred horses, the Texas Quarter Horse Association for quarter horses, and the Texas Arabian Breeders Association for Arabian horses.

Section 9.03 of the Texas Racing Act requires every association conducting a horse race meeting to provide, each racing day, for the running of at least two races limited to accredited Texas-bred horses.

To encourage the breeding of horses in this state, any accredited Texas-bred horse finishing first, second, or third in any race except a stake race shall receive a purse supplement. Funding for the Texas-bred Incentive Program is derived from 80 percent of the breakage from each pari-mutuel race held in this state. Total breakage equates to approximately six-tenths of one percent of total handle, or roughly \$6,000.00 of every \$1 million wagered. These monies are to be distributed on a 40/40/20 percent split respectively between owners of accredited Texas-breds that finish first, second or third in qualifying races; breeders of accredited Texas-breds that finish first, second or third in qualifying races; and owners of accredited Texas stallions at the time of conception whose accredited Texas-bred foals finish first, second or third in qualifying races. The Texas Bred Incentive Programs and distribution of awards will be administered by the Texas Racing Commission.

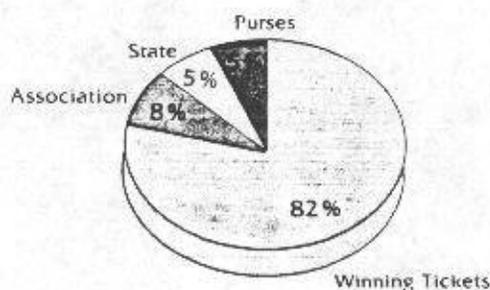
An accredited Texas-bred greyhound is a Texas-bred greyhound that meets the requirements of the Texas Greyhound Association. In order to receive a purse supplement, a greyhound must be registered with the National Greyhound Association and the Texas Greyhound Association.



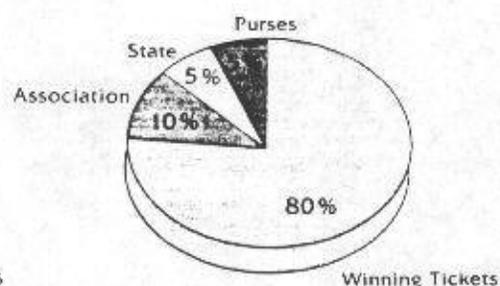
To encourage the breeding of greyhounds in this state, an accredited Texas-bred greyhound finishing first in any race shall receive a purse supplement. Funding for the Texas Bred Incentive Program is derived from 50 percent of the breakage of each pari-mutuel greyhound race meeting held in Texas. This breakage is distributed equally between stake races, administration and accredited Texas breed races. Additional breeding incentives are provided in Section 309.352 of the Texas Racing Commission Rules, which requires that at least 50 percent of the kennels under contract with a greyhound racetrack be wholly owned by Texas residents.

TEXAS WAGERING DOLLAR

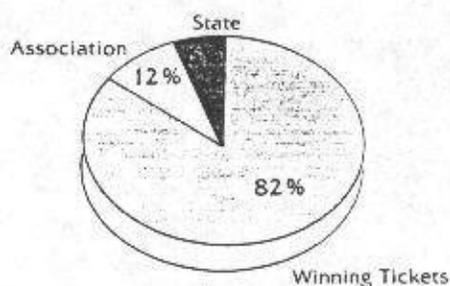
Horse
Regular Wagering
Take-out Structure



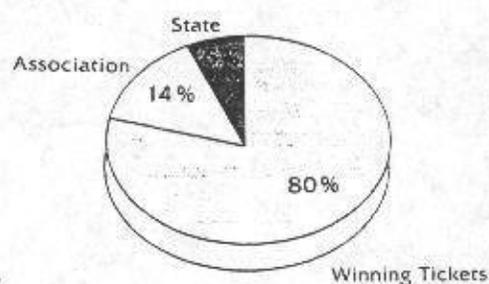
Horse
Multiple Wagering
Take-out Structure



Greyhound
Regular Wagering
Take-out Structure



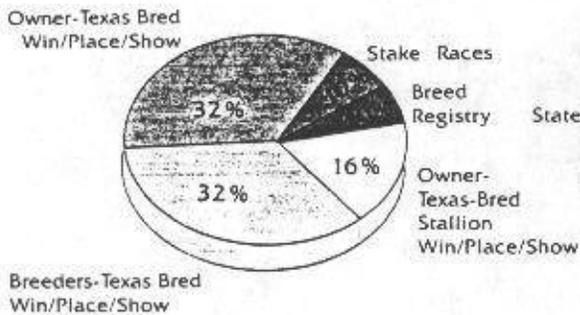
Greyhound
Multiple Wagering
Take-out Structure



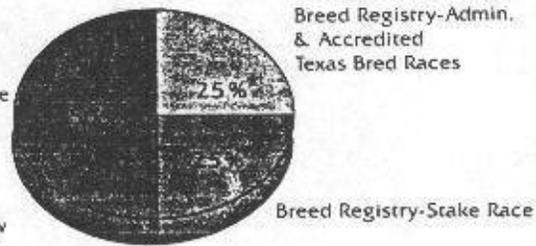
"Pari-mutuel" literally means a "mutual wager"—it allows a person to bet against other bettors. The racetrack acts as the agent for the betting. The track's totalisator equipment computes the bettor's winnings and deducts a percentage fixed by law from each "handle," (the gross receipts of a pari-mutuel pool). Under the Texas Racing Act, of the total amount wagered on a race, 80 percent of multiple wagering and 82 percent of regular wagering is returned to the winning bettors in the form of payoffs. A regular wager is a wager placed for a race animal to win, place, or show. Multiple wagering includes all other type of wagers.

The "take-out," (funds deducted from a pari-mutuel pool and not returned to the betting public) is divided among the state (the pari-mutuel share), the track (its commission or profit), and the horseman or the greyhound owner and contract kennel (the winner's purse). The track is responsible to pay a minimum of 3 1/2 percent of the total deposited in each pool for the greyhound purse. Of the purse allocated to a greyhound, 35 percent is paid to the owner, the remaining 65 percent is paid to the contract kennel.

Horse Racing Distribution of Breakage



Greyhound Racing Distribution of Breakage



Also deducted from the pool is the "breakage", (the odd cents by which the amount payable on each dollar wagered in a pari-mutuel pool exceeds a multiple of ten cents). The breakage is distributed to accredited Texas-breds that win, place, or show in a race, for stake races, and the Breed Registry. For greyhound races the breakage is distributed to the breed registry for administration, accredited Texas-bred races, stake races, and the state.