



1997 Annual Report

TEXAS RACING COMMISSION
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IS BASED ON CALENDAR YEAR 1997 AND IS NOT AUDITED.**

TEXAS RACING COMMISSION

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TEXAS RACING COMMISSION
P. O. BOX 12080
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January 30, 1998

The Honorable George W. Bush
Governor of the State of Texas
State Capitol, Room 200
Austin, Texas 78701

Dear Governor Bush:

It is my pleasure to submit to you the 1997 Annual Report of the Texas Racing Commission, pursuant to Section 3.10 of the Texas Racing Act, Article 179e, Vernon's Texas Civil Statutes.

I wish to thank all the members of the Commission for their hard work and dedication to the State of Texas. Additionally, the staff is commended for continuing to provide effective and efficient regulation of the pari-mutuel industry for the citizens of Texas.

Respectfully submitted,

A handwritten signature in cursive script that reads "Larry J. Christopher".

Larry J. Christopher
Chairman

LJC:mjc



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January 30, 1998

The Honorable George W. Bush
Governor of the State of Texas
State Capitol, Room 200
Austin, Texas 78701

Dear Governor Bush:

I am pleased to present the 1997 Annual Report for the Texas Racing Commission.

During this past year, the Texas pari-mutuel racing industry has seen encouraging growth. Overall handle has increased by almost 15% and the total amount of purses paid has increased by almost 37% over 1996 levels. These increases are due primarily to the opening of Lone Star Park at Grand Prairie, the state's third Class 1 horse racetrack.

Sunset legislation enacted in 1997 eliminated the bifurcation of the Commission into horse and greyhound sections, expanded the Commission's enforcement and regulatory authority, and initiated cross-species simulcasting between horse and greyhound racing. While the full effects of these legislative modifications are not yet known, the Commission will continue to strictly regulate this vital industry in a manner that will earn the trust and respect of the citizens of this state.

The Commission is grateful for the continuing assistance and cooperation of the Department of Public Safety and the Comptroller of Public Accounts and his staff in regulating the pari-mutuel industry.

Very Truly Yours,

A handwritten signature in cursive script that reads "Paula C. Flowerday".

Paula C. Flowerday
Executive Secretary

TEXAS DEPARTMENT OF PUBLIC SAFETY

5805 N. LAMAR BLVD. - BOX 4087 - AUSTIN, TEXAS 78773-0001
512/424-2000



DUDLEY M. THOMAS
DIRECTOR

THOMAS A. DAVIS, JR.
ASST. DIRECTOR

January 29, 1998



COMMISSION
JAMES B. FRANCIS, JR.
CHAIRMAN

ROBERT B. HOLT
M. COLLEEN MURPHY
COMMISSIONERS

Mr. Larry Christopher, Commission Chair
Texas Racing Commission
8505 Cross Park Drive, Suite 110
Austin, Texas 78754-4594

REF: Article 179e, Sec. 3.10, V.T.C.S.-D.P.S. Report of Crime Trends

Dear Mr. Christopher:

Article 179e, Section 3.10 of Vernon's Texas Civil Statutes requires the Texas Racing Commission (TRC) to obtain a comprehensive report from the Texas Department of Public Safety (DPS) that would indicate any organized crime activity in Texas, as well as information on any and all illegal gambling. As required by statute, the following information is submitted for your review:

1997 - CRIMINAL ACTIVITY AND CRIME TRENDS

The Texas crime rate continues to mirror a nationwide decrease in many offenses; however, 1997 has once again revealed a continued unrest fostering domestic terrorism within our borders. As noted in previous reports to the commission, a small, but vocal, group of citizens continues to openly question governmental authority and has now exhibited a willingness to escalate to violent confrontation.

Texans continue to demonstrate less patience with violent crimes by juveniles, parolees and threats of domestic terrorism. In recognition of this, the Texas Legislature has adopted new legislation to assist law enforcement with the continuing fight to secure the protection and safety that is expected by citizens of this state. The 75th Texas Legislature funded a new unit within the Special Crimes Service, whose sole purpose is to track and arrest parole absconders, a major cause of crime.

Law enforcement is presently dealing with the escalation in computer-assisted crimes. Counterfeiting documents, forgery, and theft seem to have been brought to the forefront with the availability of computer knowledge. Law enforcement is continually challenged by the need to educate its members to keep pace with this rapidly changing technology. Past

suspicious have now been confirmed that more and more criminals are utilizing computer technology to carry out criminal activities in a wider variety of areas.

ILLEGAL GAMBLING

The trend towards hi-tech crime is further evident in Texas gambling. In 1997, eight-liner video poker and slot machines increased by leaps and bounds due to the weakness of Texas Gambling Statutes. These machines appear to be a highly debated issue in Texas politics and are viewed by some as the front line for future casino gambling efforts in Texas.

Constantly evolving computer technology is also seen as a growing problem as bookmakers become better educated as to the benefits of using computers and can afford to stay just ahead of law enforcement. Internet gaming and telephone betting are becoming more and more available. Some companies, in an attempt to circumvent U.S. laws, have left the United States to create Internet sports lines, which are available to U.S. citizens for wagering. In addition, some pari-mutuel racetracks are presently exploring the possibilities of computer gaming. No new legislation was adopted in 1997 to aid law enforcement with illegal gambling and this type of activity continues to circumvent the interests of the racing industry.

Sincerely,



Marshall Caskey
Commander
Special Crimes
Texas Department of Public Safety

MC:JB:ao

TEXAS RACING COMMISSION

AMENDMENTS TO THE TEXAS RACING ACT

The Sunset Advisory Commission's recommendations to the Texas Legislature were all adopted by the Texas Legislature in May of 1997 to ensure that the Commission is fully equipped to regulate fairly and efficiently for the protection of the betting public and the safety of race animals. In adding to the Sunset Commission provisions, the Legislature focused on promoting economic growth in the racing industry. The following material summarizes the major provisions in House Bill 1445.

SUNSET PROVISIONS

1. Prescribe public membership on the Commission and improve the operating structure.

Public membership on the Commission was increased and the bifurcated structure was eliminated. The Commission is now composed of four public members with business or agribusiness backgrounds, one member with horse racing experience, one member with greyhound racing experience and the two current ex officio members, the State Comptroller and the Chairman of the Public Safety Commission.

2. Focus Commission activities on regulation of the industry, not promotion.

To avoid having one agency perform both regulatory and promotional duties, all references to the promotion of the racing industry were removed. The Texas Department of Economic Development was directed to assume responsibility for the promotion of racing. The Racing Act now requires the Commission to consider the effects of its actions on the state's agricultural, race animal breeding and training industry.

3. Improve Commission's racetrack inspection and enforcement activities.

This change requires reporting and correcting of inappropriate and unsafe conditions at a racetrack facility. Notice of a violation for noncompliance with corrective measures outlined must be issued by the Commission's Executive Secretary. If a racetrack fails to take action, enforcement action is required and the Commission may rescind race dates.

4. Increase Commission's oversight of programs funded through provisions of the Texas Racing Act.

The legislation authorizes the Commission to more closely monitor and audit horse and greyhound breed registries and the recognized horsemen's organization. The Commission must develop performance measures so that the Commission and the Legislature are able to evaluate whether the funds these organizations receive are being used effectively. Standards must also be set for recognizing an organization that holds itself out as a representative of participants in the racing industry.

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5. Improve the integrity and safety of pari-mutuel racing by making the top regulatory officials at each track directly responsible to the state.

All stewards and judges at each racetrack must now be employed by the state, eliminating an apparent conflict of interest in having a racetrack employ two of its three stewards or judges.

6. Require the Commission to recover costs of criminal history reports.

The Commission must recover the costs of conducting the criminal history checks that are required when applying for an occupational license. The Department of Public Safety had previously paid for these costs with no reimbursement.

7. Expand the Commission's enforcement powers to improve its ability to respond effectively to emergency situations at racetracks and to racetrack closures.

The Commission may now require racetracks to post a security bond, issue cease and desist orders, oversee the horsemen's accounts and summarily suspend a racetrack license if the Commission determines that the track is being operated in a manner that constitutes an immediate threat to the health, safety or welfare of racing participants or the public.

8. Clarify language on criminal offenses in the Act to remove ambiguity identified by local prosecutors enforcing the law.

All criminal offenses are now consolidated into one article in the Texas Racing Act, separating them from rule violations.

9. Continue the Texas Racing Commission for eight years to oversee pari-mutuel racing in Texas.

A shorter Sunset review cycle of eight years instead of the usual twelve years was adopted to give the Legislature a more timely opportunity to make changes needed after the racing industry becomes more established. A mandate to the Commission to review all rules by 2002 will help the agency move completely to a regulatory mode of operation.

LEGISLATIVE CHANGES

1. Allow the Chairman of the Public Safety Commission and the State Comptroller to designate a representative to serve on their behalf as *ex officio* members of the Commission.

The Texas Racing Commission meets frequently and this provision will provide more flexibility for the Commission.

2. Authorize the use of automatic banking machines at racetracks for patrons accessing checking accounts for up to \$200 in cash.

The Legislature removed the restriction of ATM's on racetrack grounds but included a limitation on the amount and source of funds as a safeguard against problem gambling. The state will also recoup regulatory costs through a one-dollar fee per transaction.

TEXAS RACING COMMISSION

3. Authorize cross-species simulcasting so that horse racetracks may receive greyhound simulcast signals and greyhound racetracks may receive horse simulcast signals.

Previously prohibited by statute and the subject of significant debate during consideration of the bill, this change is projected to generate additional revenue for the racetracks and the state. To address concerns within the industry about market competition between racetracks due to cross-species simulcasting, the Legislature adopted specific safeguards. A racetrack offering a cross-species simulcast must distribute money from the wagering pool to the sending racetrack, the official breed registries, and purse accounts for the sending breed. The bill also gives an avenue of relief to Sam Houston Race Park if there is proof that wagering decreases due to the cross-species simulcasting conducted by Gulf Greyhound Park.

4. Require the state greyhound breed registry to grant awards for rehabilitation of greyhounds.

The Texas Greyhound Association must establish a grant program to help with the rehabilitation of greyhounds or to locate homes for retired racing greyhounds. Two percent of the total amount received by the TGA from breakage on live racing will fund these programs.

5. Modify tax rates for the pari-mutuel racing industry to retire the Racing Commission's debt to the General Revenue Fund, provide more equality in the tax rates, and extend more economic incentive to live racing.

The bill increases the simulcast tax by one-quarter percent until January 1, 1999, and establishes a one and one-quarter percent tax on each cross-species simulcasting wagering pool. This revenue is dedicated to the General Revenue Fund to repay amounts loaned to the Commission upon its creation. The tax structure will change on January 1, 1999, when the rates on both horse and greyhound racing will become the same and the first \$100 million of live racing handle will not be taxed.

6. Authorize a Senate interim committee study of the racing industry.

The Legislature discussed several complex issues affecting the growth and progress of the racing industry, including the relationship between the quarter horse and thoroughbred horse groups, particularly in terms of fair distribution of purse and breed-incentive funds and the fair allotment of live racing opportunities between the two breeds. This Senate study will be reported to the 76th Legislature, Regular Session, 1999.

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POLICY MAKING BODY - THE COMMISSIONERS

The Commission consists of eight members: six are appointed by the Governor with the advice and consent of the Senate, and two are ex officio members, the Chair of the Public Safety Commission and the Comptroller of Public Accounts. The six non-salaried commissioners serve overlapping six-year terms.

Of the six appointed Commissioners, four members must be representatives of the general public and have general knowledge of business or agribusiness, one member must have special knowledge or experience related to greyhound racing and one must have special knowledge or experience related to horse racing. The Governor designates the Chair. The eight members elect the Vice-chair for a term of two years.

The Commission held seven meetings in 1997, six meetings of both the horse and greyhound sections, and one meeting of the horse section.

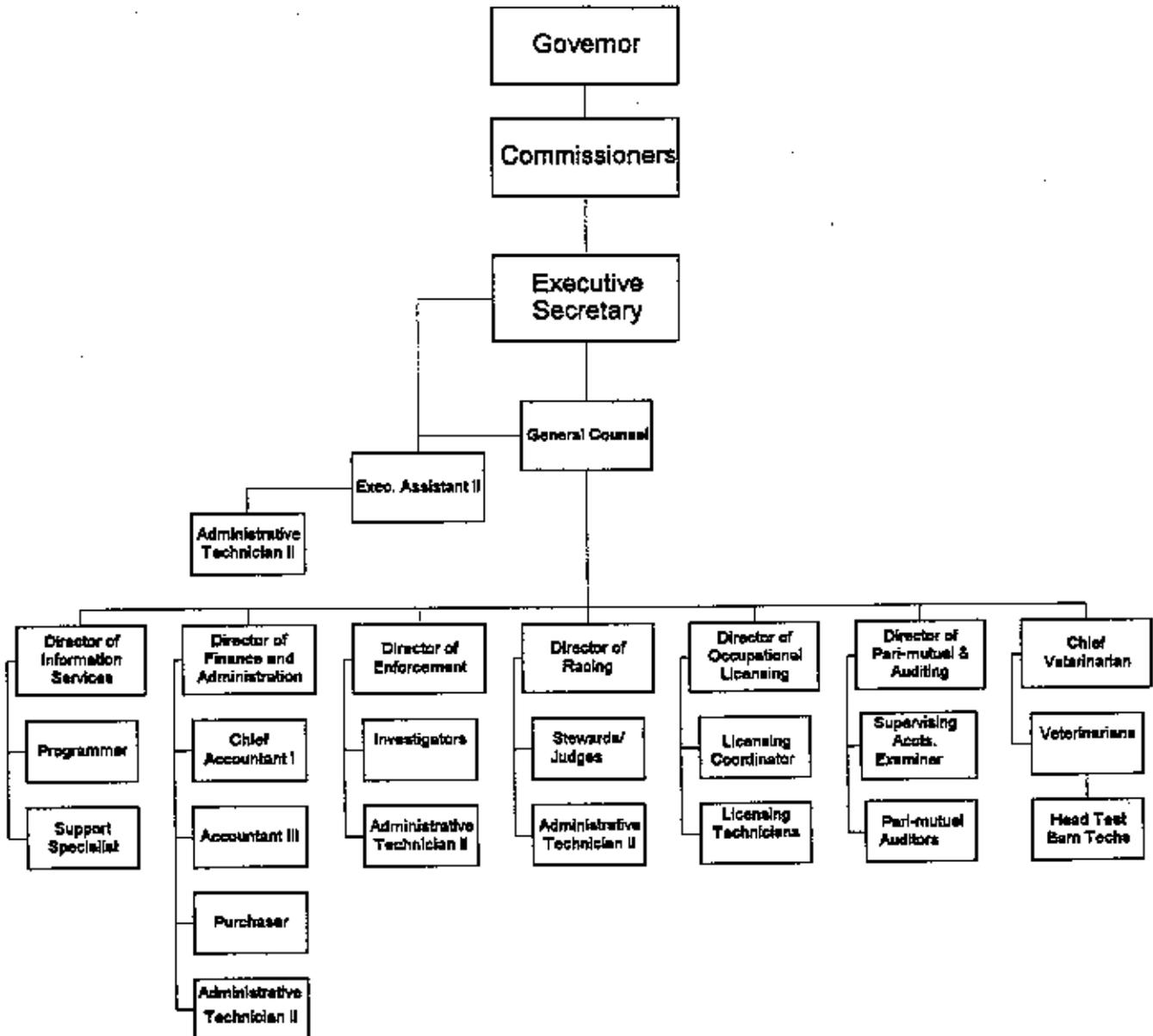
<i>Commissioners</i>	<i>Hometown</i>	<i>Term Expires</i>
Larry J. Christopher, Chair	Crockett	2/1/01
Lukin T. Gilliland, Jr., Vice-Chair	San Antonio	2/1/99
James L. Schulze, D.V.M.	Conroe	2/1/01
Deorsey E. McGruder, Jr., D.V.M.	Dallas	2/1/99
Pat Pangburn*	Irving	2/1/97
Anne Dunigan Wilson*	Dallas	2/1/97
<i>Ex-Officio Members:</i>		
James B. Francis, Jr. Chair, Public Safety Commission	Dallas	N/A
John Sharp Comptroller of Public Accounts	Austin	N/A

*On January 21, 1998, Governor Bush appointed Terri Lacy of Houston to replace Pat Pangburn and David Garza of Brownsville to replace Anne Dunigan Wilson. These two new commissioners' terms will expire February 1, 2003.

TEXAS RACING COMMISSION

ORGANIZATIONAL CHART

AS OF 12/31/97



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REGULATORY FUNCTIONS & ACTIVITIES

EXECUTIVE DIVISION

The Executive Division includes the Executive Secretary, General Counsel and staff. As head of the agency, the Executive Secretary supervises the agency's activities as a whole. This division is also responsible for recommending race date allocations, assessing administrative penalties against racetrack licensees, and prosecuting appeals from decisions made by the Board of Stewards/Judges at the operating racetracks.

During 1997, the division

- testified before the Legislature regarding the Sunset recommendations and the budget request.
- coordinated conduct of seven Commission meetings, six full Commission meetings and one special meeting of the Horse Section.
- supervised the implementation of the changes made to the Texas Racing Act.
- prepared and filed 83 rules submissions with the Texas Register.
- handled seven appeals from Stewards' rulings, including one full hearing.
- continued to implement the racetrack inspection program.
- coordinated the competitive bidding process for animal drug testing services.

FINANCE & ADMINISTRATION DIVISION

The Finance Division manages the budget, accounting, purchasing, personnel, and other administrative functions of the Commission.

During 1997, the division

- assisted in obtaining budget appropriations from the Legislature for the 1996-97 fiscal years.

- assisted in fiscal analysis of the Sunset legislation and other gambling legislation considered by the Legislature.
- reviewed and revised the officials' fees charged to the racetracks.
- submitted the Annual Financial Report.
- accounted for all revenue, expenditures, receipts, and disbursements.

INFORMATION SERVICES DIVISION

The purpose of the Information Services Division is to procure and support all hardware and software necessary for the day-to-day activities of the Commission. The division is also responsible for the development and maintenance of the agency's network and database.

During 1997, the division

- completed major revisions to the Commission's database to accommodate the provisions of the Texas Racing Act that went into effect on September 1, 1997.
- continued with an upgrade of the Commission's personal computers.
- expanded the information available on Commission's web page to include race day calendars, maps, rules and regulations.
- continued modifying programs and testing computers for year 2000 compliance.
- responded to 59 open records requests, developed or modified 727 programs, handled 258 user requests, and 138 hardware or software related problems.

ENFORCEMENT DIVISION

The Commission's investigators administer and coordinate the enforcement of the

TEXAS RACING COMMISSION

Commission's Rules and the Texas Racing Act. Investigations were conducted on animal drug positives, criminal histories returned on license applicants, illegal wagering, use and possession of contraband, drug abuse and narcotics trafficking, embezzlement, and other illicit activities that could affect the integrity of pari-mutuel racing.

Human drug testing has become an integral part of regulating the racing industry. Licensees who are suspected of using illegal drugs while performing their duties are tested. If a licensee tests positive for any illicit drug, the licensee faces a suspension and is required to seek professional help. In 1997, 113 human drug tests were conducted with 49 resulting positives.

During 1997, the division

- conducted a total of 877 investigations into suspected rule and law violations.
- reviewed 509 serious criminal history reports, which were received from the Department of Public Safety and the Federal Bureau of Investigation on current and former licensees.
- reviewed 1,853 minor criminal history reports for licensing compliance.

RACING DIVISION

The division includes Commission Stewards and Racing Judges. The Racing Division is responsible for supervising live races. In addition, Stewards/Judges are authorized to suspend licenses for up to one year and to assess fines of up to \$5,000 if warranted.

In 1997, the division

- continued the comprehensive race track inspection program per the Sunset Commission's recommendation.
- assisted in developing a 1998 race date schedule.

- continued to evaluate and revise the Rules of Racing.
- Stewards/Judges at greyhound and horse racetracks handed down a total of 946 rulings. Of that number, 738 resulted in fines and 189 resulted in suspensions.

PARI-MUTUEL & AUDITING DIVISION

The Pari-mutuel & Auditing Division protects the interest of the wagering public and assures the proper collection and distribution of funds in accordance with the Texas Racing Act. To achieve this, tests of the pari-mutuel totalisator computer programs are performed for compliance with the Texas Rules of Racing. On site pari-mutuel auditors verify daily handle, audit racetrack accounts, and perform procedural audits. Supervising Accounts Examiners perform random inspections of pari-mutuel wagering facilities and review audit work performed by the on site auditors.

Purse trust accounts are scrutinized on a weekly basis for accruals and disbursements. Simulcast contracts are reviewed. Depository reports are also audited on a daily basis.

In 1997, the division

- assisted in forecasting handle and purse revenues.
- maintained the database of pari-mutuel wagering information.
- revised the Rules of Racing to reflect technological changes.
- continued to work with the Texas Pari-mutuel Advisory Committee to identify problem areas and offer solutions based on the collective group's experience. The committee is composed of racetrack personnel, private technology representatives, and regulatory personnel.

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OCCUPATIONAL LICENSING DIVISION

The Occupational Licensing Division is responsible for issuing occupational licenses and registrations to all persons involved in pari-mutuel greyhound and horse racing. This division works closely with the Enforcement Division and the Stewards/Judges. Licensing staff at each racetrack helps to maintain the integrity of the industry by insuring that all participants are licensed and in good standing.

In 1997, the division

- issued 21,891 occupational licenses and collected \$972,130 in licensing fees.
- opened the licensing office at Lone Star Grand Park for live racing.
- changed the date that occupational licenses expire to provide for a full year's duration.
- implemented a statutory change that allows for the waiver of fingerprint submission for certain owners and trainers who work and reside outside the State of Texas.

VETERINARY SERVICE DIVISION

The Veterinary Service Division protects the integrity of racing by safeguarding the health and welfare of the racing animals. To achieve this, all animals are examined by a Commission Veterinarian for racing soundness before every race. Injured or unsound animals are re-examined by the veterinary service before being allowed to return to competition. Notable problems are entered into the Commission database so that information can be available for all subsequent examinations of those animals.

In 1997, the division

- performed 139,638 pre-race exams and evaluations.
- performed at least one racetrack inspection per live race meet.

- completed a joint project with the Texas Veterinary Medical Association and the Department of Public Safety to alert all practicing veterinarians to changes in the Racing Act that affect medication issues. The TVMA publication is intended to provide information to all licensees who do not train their horses at a racetrack facility.
- co-hosted a conference with TVMDL staff to discuss options in the regulation of Lasix use in race horses. Input from the president of American Association of Equine Practitioners, horsemen's organizations and the Commission staff initiated a progressive effort to discover a method to encompass pharmacologic and physiologic realities in the regulatory process.

A drug testing program is conducted in concert with the Texas Veterinary Medical Diagnostic Laboratory at Texas A & M University (TVMDL). These tests are designed to detect substances that could give an animal an unfair advantage in a race or that could mask pain.

In 1997, there were 16,491 greyhound specimens and 8,069 horse specimens submitted to TVMDL for testing with the following substances being detected:

GREYHOUND		HORSE	
PEG	18	Bute	37
Procaine	15	Lasix	12
Sulfa	4	PEG	6
Trimethoprim	3	DMSO	5
Bute	2	Caffeine	4
Guafenesin	2	Acepromazine	3
Meclofenamic	1	Guafenesin	3
Cocaine	1	Lidocaine	2
Theophylline	1	Sulfadiazine	2
TOTAL	47	Trimethoprim	2
		Prednisolone	1
		Pyrimethamine	1
		Albuterol	1
		Isoxsuprine	1
		TOTAL	81

TEXAS RACING COMMISSION

Equine Research

A portion of wagers made at horse tracks fund equine research. The Equine Research Advisory Committee serves as an adjunct to the Texas Agricultural Experiment Station to review research proposals, recommend grant awards, and host an annual conference on equine research.

Research projects in the fields of Agricultural Economics, Animal Science, and Large Animal Medicine were submitted to the Equine Research Committee for grant consideration.

In 1997, \$110,134 was credited to the Equine Research Fund from pari-mutuel racing. The following studies were granted

funds in 1997:

- "Anchored Microsatellite Markers for a Comparative Genetic Map of the Horse" by Dr. Loren Skow.
- "Persistent Endometritis and Myometrial Dysfunction in Mares" by Dr. Dickson Varner.
- "A Novel Technique for Fetlock Arthrodesis" by Dr. Jeff Watkins.
- "Methods to Enhance Bone Quality in the Two Year-Old Horse in Race Training" by Dr. Gary Potter.



Texas-bred Incentive Programs

The Texas Racing Act provides purse supplements and monetary awards to breeders and owners of Texas-bred greyhounds and horses to encourage agriculture and the horse and greyhound breeding industries.

GREYHOUND PROGRAM

Funding for the Texas-bred Greyhound Incentive Program is derived from:

- 50% of the total breakage from live, simulcast same-species, and simulcast cross-species handle;

- 1% of multiple two and multiple three wagers from simulcast same-species and simulcast cross-species handle; and
- 5.5% of all wagers made at a Texas horse track on inter-state greyhound races.

The 50% of breakage and the 1% of multiple two and three wagers is paid to the Texas Greyhound Association. That money is dedicated 50% to stakes races and 50% to the owners of Texas-bred greyhounds racing at Texas tracks. Once a month these funds are distributed by dividing the monthly total available for awards by the number of

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winning Texas-bred greyhounds for that month. In 1997, this amounted to \$585,337.

Two percent of the total money received by the Texas Greyhound Association must be set aside for grants for the rehabilitation of greyhounds or to locate homes for greyhounds. In 1997 this amount to \$1,246.95.

Any money earned from inter-state greyhound races at a horse track is also paid to the Texas Greyhound Association for use at Texas racetracks. No inter-state greyhound signals were taken by Texas horse tracks in 1997.

HORSE PROGRAM

Each owner, breeder and respective stallion owner of a Texas-bred horse that finishes first, second or third in any race other than a Texas-bred stakes race receives an incentive award.

The awards are funded from:

- breakage from all pari-mutuel pools;
- 1% of all multiple two and multiple three wagering pools from live, simulcast same-species, and simulcast cross-species; and

- 0.75% of all wagers made at a Texas greyhound track on inter-state horse race signals.

A Texas-bred stakes race supplement is funded from 9.8% of the breakage from all pari-mutuel pools. This money is retained by the racetracks for distribution through the horsemen's bookkeeper. Horses finishing in an accredited Texas-bred stakes race receive an incentive award as a purse supplement according to the payout conditions of the race.

The remaining money is distributed on a 40/40/20% split, respectively, among the owners, breeders, and stallion owners of the accredited Texas-bred horse. As of January 1, 1997, all owner awards for Thoroughbreds and Quarter Horses were paid through the Horsemen's Bookkeeper.

The Texas Racing Act names the official breed registries which are responsible for determining the qualifications for Texas-bred accreditation, maintaining the eligibility lists and distributing the monetary awards.

1/1/97- 12/31/97 DISTRIBUTIONS

Texas Thoroughbred Association	\$3,899,129
Texas Quarter Horse Association	1,184,116
Texas Greyhound Association	585,337
Texas-bred Stakes Race Purse Supplements	266,254
Texas Arabian Breeders Association	47,338
Texas Paint Horse Breeders Association	7,165
Texas Appaloosa Horse Club	1,655
TOTAL	\$5,990,995

TEXAS RACING COMMISSION

1/197-12/31/97 UNAUDITED: HORSE RACETRACKS

TRACKS	# OF PERP.	TOTAL HANDLE AVG. HANDLE	TOTAL ATTENDANCE AVG. ATTENDANCE	PER CAPITA	SPRINTS	LIVE \$	BREAK OUT OF TOTAL HANDLE ON TRACK
GILLESPIE FAIR & FESTIVALS - LIVE	10	\$1,427,813	22,536	\$63.36	10	\$1,427,813	\$0
6/14, 6/15, 7/14, 7/15, 7/19, 7/20, 8/9, 8/10, 9/23, 9/24		\$142,781	2,254			\$142,781	
TOTAL \$ WAGERED AT GILLESPIE FAIR	10	\$1,427,813	22,536	\$63.36	10	\$1,427,813	\$0
LONE STAR - ON TRACK	90	\$51,601,360	191,223	\$270	0	\$0	\$51,601,360
Average		\$573,348	2,125				\$573,348
SIMULCAST ONLY 1/1 - 4/16	73	\$97,391,139	713,511	\$136	73	\$56,936,165	\$40,454,974
Average		\$1,334,125	9,774			\$779,947	\$554,178
T MEET 4/17/97 - 7/27/97 - LIVE W/SCAST	15	\$3,716,854	15,880	\$234	0	\$0	\$3,716,854
Average		\$247,790	1,059				\$247,790
DARK DAY SIMULCAST DURING T MEET	57	\$31,148,924	112,134	\$278	0	\$0	\$31,148,924
Average		\$546,472	1,967				\$546,472
STARTING 4/17/97	34	\$30,029,362	187,831	\$160	34	\$9,818,806	\$20,210,556
Average		\$883,217	5,524			\$288,788	\$594,428
SIMULCAST ONLY 7/28/97 - 10/22/97	17	\$5,707,676	21,232	\$269	0	\$0	\$5,707,676
Average		\$335,746	1,249				\$335,746
QH MEET 10/30/97 - 11/30/97 - LIVE W/SCAST	24	\$13,074,328	42,199	\$310	0	\$0	\$13,074,328
Average		\$544,764	1,758				\$544,764
STARTING 10/3/97	310	\$232,668,643	1,284,010	\$181	107	\$66,754,971	\$165,914,672
Average		\$754,971					\$531,146
TOTAL \$ WAGERED AT LONE STAR	310	\$232,668,643	1,284,010	\$181	107	\$66,754,971	\$165,914,672
MANOR DOWNS - ON TRACK	44	\$2,830,233	8,485	\$334	0	\$0	\$2,830,233
Average		\$64,323	193				\$64,323
SIMULCAST ONLY 1/1 - 2/28	29	\$5,617,657	33,482	\$168	29	\$2,761,732	\$2,835,925
Average		\$193,712	1,155			\$95,922	\$97,791
QH MEET 3/1/97 - 6/8/97 - LIVE W/SCAST	43	\$3,247,773	8,235	\$394	0	\$0	\$3,247,773
Average		\$75,530	192				\$75,530
DARK DAY SIMULCAST DURING QH MEET	144	\$10,163,585	26,934	\$377	0	\$0	\$10,163,585
Average		\$70,580	187				\$70,580
STARTING 3/1/97	260	\$21,859,228	77,136	\$283	29	\$2,781,732	\$19,077,496
Average		\$84,323	296				\$73,354
SIMULCAST ONLY 6/11/97-12/31/97	126	\$18,118,698	73,735	\$246	0	\$0	\$18,118,698
Average		\$143,799	585				\$143,799
RETAMA PARK - ON TRACK	35	\$12,814,827	105,810	\$121	35	\$5,184,217	\$7,630,610
Average		\$366,138	3,023			\$148,120	\$218,017
SIMULCAST ONLY 1/1 - 5/8	24	\$2,366,029	9,647	\$245	0	\$0	\$2,366,029
Average		\$98,585	402				\$98,585
MIXED MEET 5/9/97 - 7/6/97 - LIVE W/SCAST	26	\$4,117,204	16,956	\$243	0	\$0	\$4,117,204
Average		\$158,354	652				\$158,354
DARK DAY SIMULCAST DURING MIXED MEET	65	\$21,053,489	163,304	\$128	65	\$8,421,236	\$12,632,253
Average		\$323,900	2,512			\$129,557	\$194,342
STARTING 7/7/97-8/1/97	49	\$4,970,121	18,503	\$269	0	\$0	\$4,970,121
Average		\$101,431	378				\$101,431
T MEET 8/29/97 - 11/23/97 LIVE W/SCAST	37	\$5,553,478	21,483	\$259	0	\$0	\$5,553,478
Average		\$150,094	581				\$150,094
DARK DAY SIMULCAST DURING T MEET	362	\$68,993,846	409,438	\$169	100	\$13,605,453	\$55,388,393
Average		\$189,983	1,131				\$169,983
STARTING 8/30/97							
SIMULCAST ONLY							
11/24/97 - 12/31/97							
TOTAL \$ WAGERED AT RETAMA	362	\$68,993,846	409,438	\$169	100	\$13,605,453	\$55,388,393
Average		\$189,983	1,131				\$169,983

(Out of state locations wagering on Lone Star)
(Texas racetracks wagering on Lone Star)

TOTAL WAGERED ON LONE STAR'S RACES

LIVE Handle at Lone Star
EXPORT INTERSTATE Handle
EXPORT INTRASTATE Handle

(Out of state locations wagering on Retama)
(Texas racetracks wagering on Retama)

LIVE Handle at Retama
EXPORT INTERSTATE Handle
EXPORT INTRASTATE Handle

TOTAL WAGERED ON RETAMA'S RACES

1997 ANNUAL REPORT

1/1/97-12/31/97 UNAUDITED: HORSE RACETRACKS

TRACKS	# OF PERFS.	TOTAL HANDLE/ AVG. HANDLE	TOTAL ATTENDANCE/ AVG. ATTENDANCE	*PER CAPITA	# PERFS	BREAK OUT OF TOTAL HANDLE ON TRACK LIVE \$	IMPORT SIMULCAST \$
SAM HOUSTON (SHRPT) ON TRACK	7	\$1,346,047	4,984	\$270	0	\$0	\$1,346,047
Average		\$192,292	712				\$192,292
T MEET 1/8/97 - 5/4/97 - LIVE W/SCAST	78	\$36,276,803	220,878	\$164	78	\$11,160,812	\$25,115,991
Average		\$465,087	2,832			\$143,087	\$322,000
DARK DAY SIMULCAST DURING T MEET	39	\$5,406,977	18,093	\$299	0	\$0	\$5,406,977
Average		\$138,640	464				\$138,640
SIMULCAST ONLY 5/5/97-7/2/97	59	\$15,820,577	52,316	\$302	0	\$0	\$15,820,577
Average		\$268,145	887				\$268,145
QH MEET 7/3/97-9/21/97 - LIVE W/SCAST	47	\$21,416,711	172,294	\$124	47	\$5,938,431	\$15,478,280
Average		\$455,675	3,666			\$126,350	\$329,325
DARK DAY SIMULCAST DURING QH MEET	34	\$5,321,612	17,457	\$305	0	\$0	\$5,321,612
Average		\$156,518	514				\$156,518
SIMULCAST ONLY 9/22/97-11/27/97	67	\$17,171,325	54,320	\$316	0	\$0	\$17,171,325
Average		\$256,288	811				\$256,288
T MEET 11/28/97-12/8/97 - LIVE W/SCAST	18	\$8,891,210	60,497	\$147	18	\$3,075,722	\$5,815,488
Average		\$493,956	3,361			\$170,873	\$323,083
DARK DAY SIMULCAST DURING T MEET	15	\$2,066,247	6,209	\$333	0	\$0	\$2,066,247
Average		\$137,750	414				\$137,750
TOTAL \$ WAGERED AT SHRP	364	\$113,717,509	607,058	\$187	143	\$20,174,965	\$93,542,544
LIVE Handle at Sam Houston							
EXPORT INTERSTATE Handle							
EXPORT INTRASTATE Handle							
TOTAL WAGERED ON SAM HOUSTON'S RACES							
TOTAL \$ WAGERED AT TEXAS' HORSE TRACKS	1306	\$438,668,039	2,400,178	\$183	389	\$104,744,934	\$333,923,105

(Out of state locations wagering on Sam Houston)
(Texas racetracks wagering on Sam Houston)

1/1/97-12/31/97 UNAUDITED: GREYHOUND RACETRACKS

TRACKS	# OF PERFS.	TOTAL HANDLE/ AVG. HANDLE	TOTAL ATTENDANCE/ AVG. ATTENDANCE	*PER CAPITA	# PERFS	BREAK OUT OF TOTAL HANDLE ON TRACK LIVE \$	IMPORT SIMULCAST \$
CCGRT-ON TRACK LIVE W/SCAST	379	\$19,773,826	207,197	\$95	379	\$11,383,066	\$8,390,760
Average		\$52,174	547			\$30,034	\$22,139
Corpus Christi Greyhound Race Track	345	\$4,177,366	34,612	\$121	0	\$0	\$4,177,366
SIMULCAST PERFORM ONLY		\$12,108	100				\$12,108
TOTAL \$ WAGERED AT CCGRT	724	\$23,951,192	241,809	\$99	379	\$11,383,066	\$12,568,126
LIVE Handle at CCGRT							
EXPORT INTERSTATE Handle							
EXPORT INTRASTATE Handle							
TOTAL WAGERED ON CCGRT'S RACES							
GULF-ON TRACK LIVE W/SCAST	526	\$116,632,831	859,089	\$136	526	\$88,342,138	\$28,290,693
Average		\$221,735	1,633			\$167,951	\$53,785
Gulf Greyhound Park	48	\$2,541,052	9,225	\$275	0	\$0	\$2,541,052
SIMULCAST PERFORM ONLY		\$52,939	192				\$52,939
TOTAL \$ WAGERED AT GULF	574	\$119,173,883	868,294	\$137	526	\$88,342,138	\$30,831,745
LIVE Handle at Gulf							
EXPORT INTERSTATE Handle							
EXPORT INTRASTATE Handle							
TOTAL WAGERED ON GULF'S RACES							
TOTAL \$ WAGERED AT TEXAS' GH TRACKS	1298	\$143,125,075	1,110,103	\$129	905	\$99,725,204	\$43,399,871

(Out of state locations wagering on Gulf)
(Texas tracks wagering on Gulf)

TEXAS RACING COMMISSION

1/1/97-12/31/97 UNAUDITED: ALL RACETRACKS

TRACKS	# OF PERFS.	TOTAL HANDLE/	TOTAL ATTENDANCE/	PER CAPITA	# PERFS.	BREAK OUT OF TOTAL HANDLE ON TRACK
			AVERAGE ATTENDANCE		STARTS <td>LIVE \$</td>	LIVE \$
TOTAL \$ WAGERED AT HORSE TRACKS	1306	\$438,588,039	2,400,178	\$183	389	\$104,744,934
TOTAL \$ WAGERED AT GREYHOUND TRACKS	1298	\$143,125,075	1,110,103	\$129	905	\$99,725,204
TOTAL \$ WAGERED AT TEXAS TRACKS	2604	\$581,793,114	3,510,281	\$166	1294	\$204,470,138
						2594
						\$377,322,976

TRACKS	TOTAL HANDLE/	TOTAL WAGERED ON INTERSTATE RACES
LIVE HANDLE AT TEXAS TRACKS	\$204,470,138	
EXPORT INTERSTATE HANDLE - Out of state locations wagering on Texas signals	\$343,552,079	
EXPORT INTRASTATE HANDLE - Texas racetracks wagering on Texas signals	\$42,284,294	
TOTAL WAGERED ON TEXAS RACES (includes on track live, interstate & intrastate on Texas races)	\$590,286,511	

TOTAL WAGERED ON INTERSTATE RACES (Texas racetracks wagering on out of state signals)	\$335,058,682
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TRACKS	TOTAL EXPORT INTERSTATE HANDLE	TOTAL IMPORT INTERSTATE HANDLE	NET GAIN/(LOSS) OF WAGERING DOLLARS
	\$343,552,079	\$2,810,424	\$8,493,397
			IN TEXAS AS RESULT OF SIMULCASTING

BREAK-OUT OF CROSS-SPECIES SIMULCASTING ACTIVITY AUTHORIZED BY HB1455 - IMPLEMENTED ON 9/6/97

TRACKS	9/6/97 - 12/31/97		TOTAL ON GREYHOUNDS
	INTRASTATE HANDLE ON GREYHOUNDS	INTERSTATE HANDLE ON HORSES	
HORSE RACETRACKS	\$0	\$0	\$0
LONE STAR PARK	\$0	\$0	\$0
MANOR DOWNS	\$0	\$0	\$0
RETAMA PARK	\$2,810,424	\$0	\$2,810,424
SAM HOUSTON	\$0	\$0	\$0
TOTAL WAGERED AT HORSE TRACKS ON GREYHOUNDS	\$2,810,424	\$0	\$2,810,424
GREYHOUND RACETRACKS	\$277,242	\$192,940	\$470,182
CORPUS CHRISTI	\$453,819	\$2,296,528	\$2,750,347
GULF	\$730,861	\$2,469,468	\$3,200,329
TOTAL WAGERED AT GREYHOUND TRACKS ON HORSES	\$3,341,285	\$2,488,468	\$5,830,753

NOTE: Retama Park and Corpus Christi began intrastate cross-breed simulcasting on 9/6/97. Gulf began intra-state cross-breed simulcasting on 9/19/97, and interstate cross-breed simulcasting on 10/04/97.

CROSS-SPECIES SIMULCASTING PURSE & ATB MONEY DERIVED FROM 9/1/97 - 12/31/97

ESCROWED PURSE ACCOUNT FOR HORSE TRACKS	\$111,681
ACCREDITED TEXAS BRED PURSE MONEY - TTA	\$18,672
ACCREDITED TEXAS BRED PURSE MONEY - TQHA	\$18,672

1997 ANNUAL REPORT

1997 LIVE RACING DATES

HORSE RACETRACKS:

GILLESPIE COUNTY FAIR & FESTIVALS

Mixed Meet - 11 days

Saturday and Sunday, June 14 & 15, Friday, Saturday and Sunday, July 4, 5 & 6 and Saturday and Sunday, 19 & 20, August 9 & 10, and August 23 & 24

LONE STAR PARK AT GRAND PRAIRIE

Thoroughbred Meet - 73 days - April 17 (Thursday) through July 27 (Sunday)
Wednesday through Sunday racing (except opening week)

Mixed Meet - 31 days - October 3 through November 22

Wednesday through Saturday racing (except opening week) and

Quarter Horse Only - 3 days - November 28 through November 30

MANOR DOWNS

Quarter Horse Meet - 31 days - March 1 through June 8
Saturday and Sunday racing

RETAMA PARK

Mixed Meet - 36 days - May 8 through July 6
Thursday through Sunday racing

Thoroughbred Meet - 68 days - August 30 through November 22
Wednesday through Saturday racing

SAM HOUSTON RACE PARK

Thoroughbred Meet - 53 days - February 6 through May 4
Thursday through Sunday racing

Quarter Horse Meet - 37 days - July 4 through September 21
Friday through Sunday racing

Thoroughbred Meet - 19 days - November 27 through December 28
Thursday through Sunday racing

GREYHOUND RACETRACKS:

CORPUS CHRISTI GREYHOUND RACE TRACK - 378 performances

January through May - 7 performances a week, Wednesday through Sunday

June through August - 8 performances a week, Tuesday through Sunday

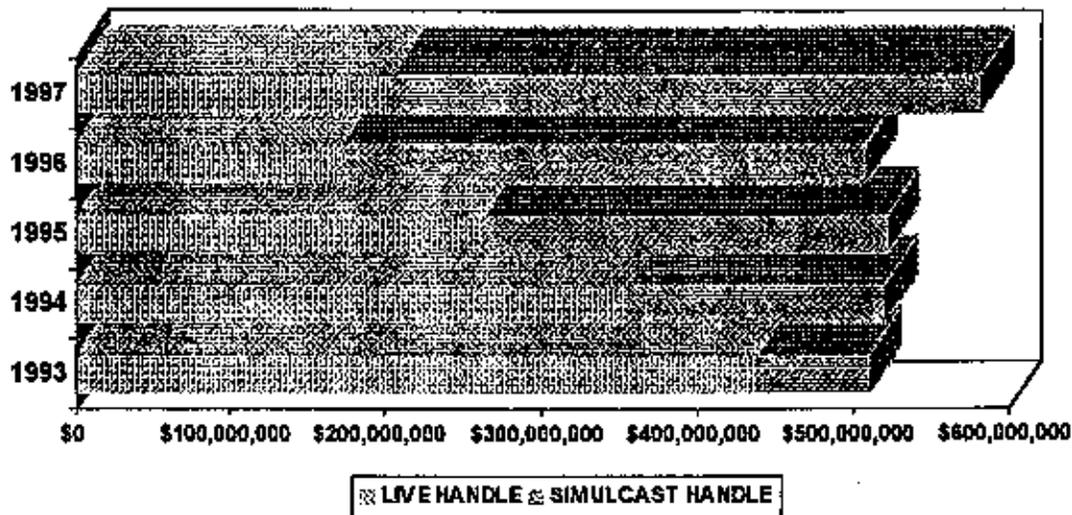
September through December - 7 performances a week, Wednesday through Sunday

GULF GREYHOUND PARK - 526 performances

January through December - 10 performances a week, Tuesday through Sunday

TEXAS RACING COMMISSION

1993-1997: ON-TRACK HANDLES HORSE & GREYHOUND TRACKS COMBINED



1993-1997

Horse and Greyhound Tracks Combined

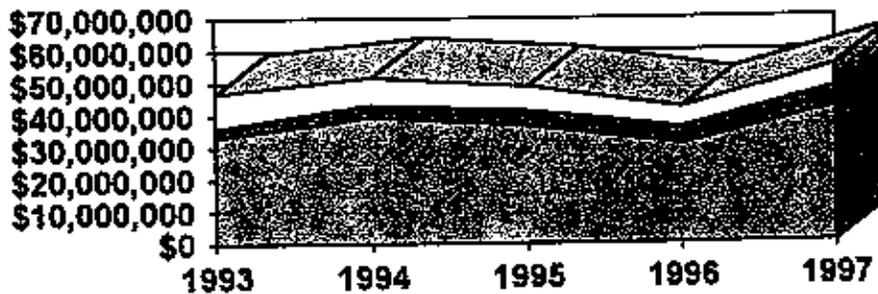
	1993	1994	1995	1996	1997
HANDLE ON TRACK:					
Live	\$437,444,294	\$354,817,092	\$262,654,405	\$171,798,417	\$204,470,138
Simulcast	\$72,501,554	\$164,621,820	\$258,840,661	\$335,472,828	\$377,322,976
TOTAL	\$509,945,848	\$519,438,912	\$521,495,066	\$507,271,245	\$581,793,114
RACE DAYS					
Live	1,689	1,846	1,686	1,264	1,294
Simulcast	760	2,077	2,726	2,672	2,594
PURSES PAID	\$33,231,422	\$39,402,952	\$36,544,986	\$30,575,571	\$41,822,609
ATTENDANCE	3,853,785	3,772,317	3,534,208	3,036,702	3,510,281

1997 ANNUAL REPORT

FIVE YEAR STATISTICAL COMPARISON OF ACTIVITY & REVENUE

	1993	1994	1995	1996	1997
<i># of Tracks</i>	7	8	9	8	7
<i>Handle</i>	\$509,945,848	\$519,438,912	\$521,495,066	\$607,271,245	\$681,793,114
<i>Attendance</i>	3,853,785	3,772,317	3,534,208	3,036,702	3,510,281
<i>Purses Paid</i>	\$33,231,423	\$39,402,953	\$36,544,986	\$30,575,571	\$41,822,609
<i>Texas-bred Payments</i>	\$2,678,486	\$3,730,191	\$4,839,303	\$5,232,866	\$5,990,895
<i>State Tax</i>	\$10,864,563	\$8,533,684	\$7,386,299	\$6,285,622	\$6,815,182

Revenue to State & Racing Participants

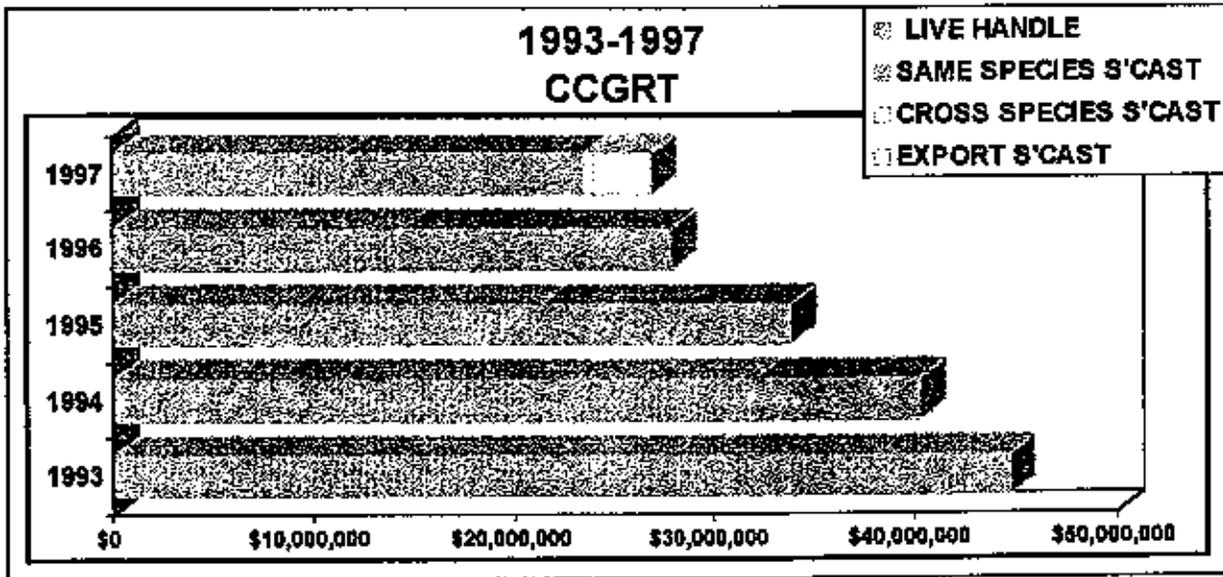


Purses Paid
 Texas-bred Payments
 State Tax Revenue

TEXAS RACING COMMISSION

Corpus Christi Greyhound Race Track

	LIVE ON-TRACK HANDLE	IMPORT SAME SPECIES SIMULCAST	IMPORT CROSS-SPECIES SIMULCAST	TOTAL ON-TRACK HANDLE	TOTAL EXPORT HANDLE	TOTAL HANDLE ON CCGRT <i>Live + Total Export</i>
1997	\$11,383,066	\$12,097,944	\$470,182	\$23,951,192	\$2,901,285	\$14,284,351
1996	\$14,246,546	\$13,581,644	\$0	\$27,828,190	\$0	\$14,246,546
1995	\$21,275,867	\$12,641,983	\$0	\$33,917,850	\$0	\$21,275,867
1994	\$32,135,826	\$8,248,773	\$0	\$40,384,599	\$0	\$32,135,826
1993	\$44,721,484	\$0	\$0	\$44,721,484	\$0	\$44,721,484



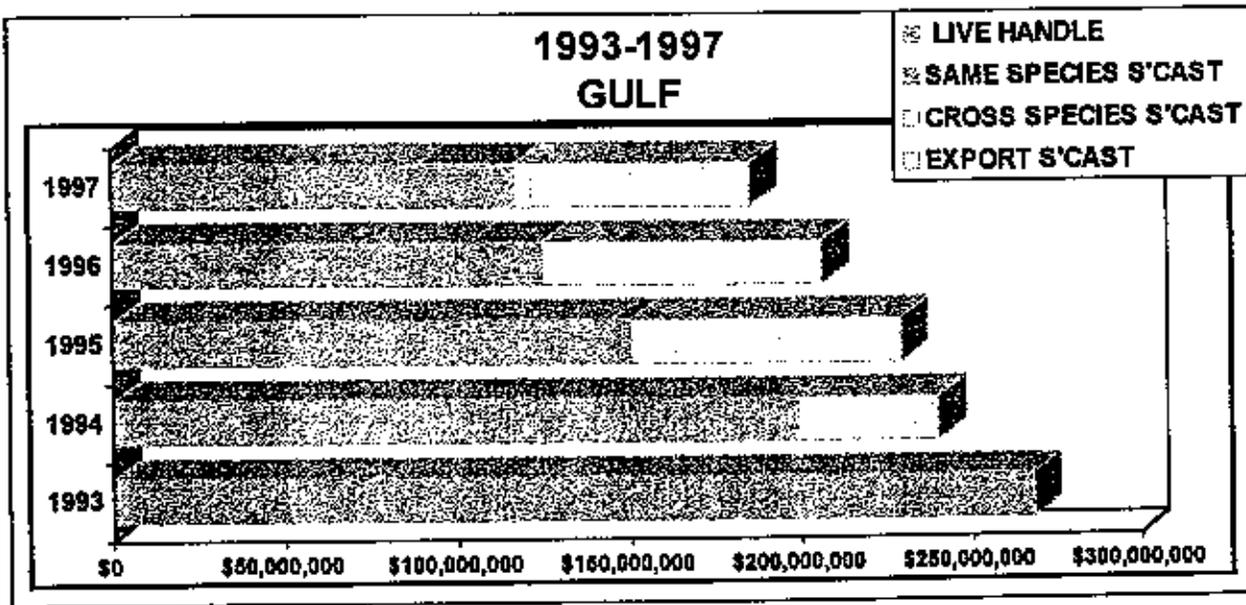
	PERFORMANCES		PURSES	TOTAL
	LIVE	S'CAST	PAID	ATTENDANCE
1997	379	724	\$1,000,261	241,809
1996	381	716	\$1,170,734	296,498
1995	446	667	\$1,533,539	363,741
1994	456	465	\$1,778,615	454,623
1993	456	0	\$2,180,470	549,429

Inaugural Meet 11/15/90
Size of Track: 1,347' - 22' wide
Kennel Capacity: 1,080
Total Seating Capacity: 2,500
Attendance Record: 6,242 - 11/23/90
Wagering Record: \$355,166 - 2/28/92

1997 ANNUAL REPORT

Gulf Greyhound Park

	LIVE ON-TRACK HANDLE	IMPORT SAME SPECIES SIMULCAST	IMPORT CROSS-SPECIES SIMULCAST	TOTAL ON-TRACK HANDLE	TOTAL EXPORT HANDLE	TOTAL HANDLE ON GULF Live + Total Export
1997	\$88,342,138	\$28,081,598	\$4,593,058	\$121,016,792	\$64,093,665	\$152,435,803
1996	\$103,513,229	\$20,689,048	\$0	\$124,202,277	\$81,692,529	\$185,205,758
1995	\$144,680,710	\$4,976,278	\$0	\$149,656,988	\$79,678,530	\$224,359,240
1994	\$198,237,141	\$7,448	\$0	\$198,244,589	\$42,424,756	\$240,258,276
1993	\$268,382,614	\$0	\$0	\$268,382,614	\$0	\$268,382,614



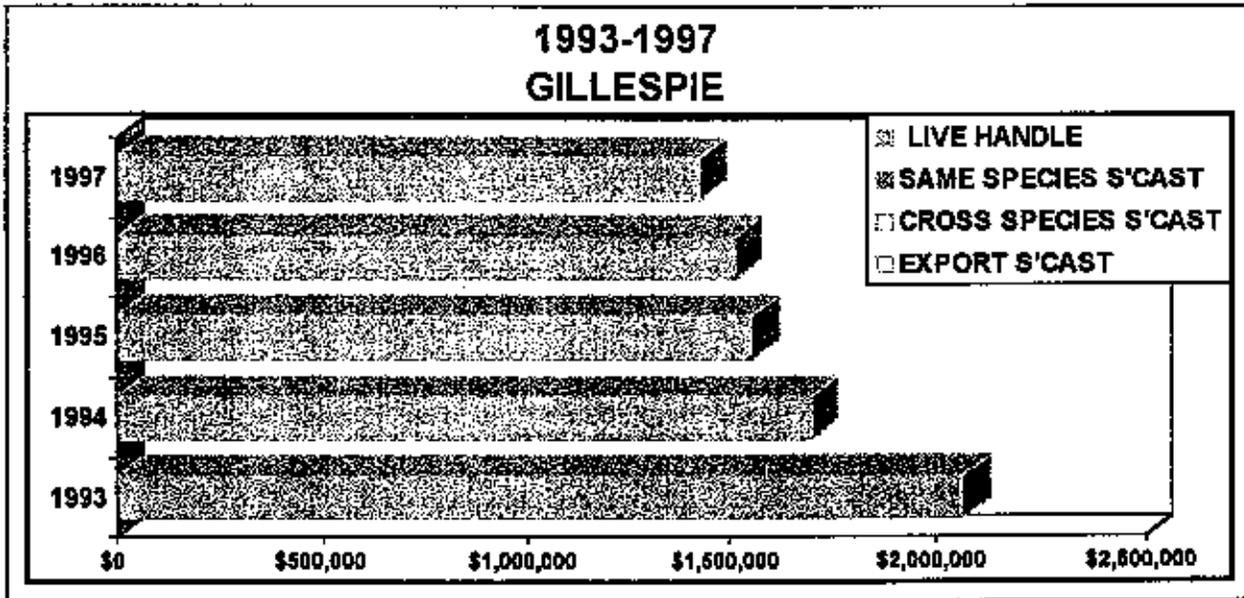
	PERFORMANCES		PURSES	TOTAL
	LIVE	S'CAST	PAID	ATTENDANCE
1997	528	574	\$5,949,103	868,294
1996	528	542	\$8,739,890	986,291
1995	527	181	\$8,102,927	1,185,318
1994	524	1	\$9,912,207	1,482,336
1993	494	0	\$13,419,313	2,089,888

Inaugural Meet 11/10/92
Size of Track: 1/4 mile; 22' wide
Kennel Capacity: 1,080
Total Seating Capacity: 8,862
Attendance Record: 17,070 - 1/22/94
Wagering Record: \$1,427,219 - 7/5/93

TEXAS RACING COMMISSION

Gillespie County Fair & Festivals - Class 3

	LIVE ON-TRACK HANDLE	IMPORT SAME SPECIES SIMULCAST	IMPORT CROSS-SPECIES SIMULCAST	TOTAL ON-TRACK HANDLE	TOTAL EXPORT HANDLE	TOTAL HANDLE ON GILLESPIE <i>Live + Total Export</i>
1997	\$1,427,813	\$0	\$0	\$1,427,813	\$0	\$1,427,813
1996	\$1,512,358	\$0	\$0	\$1,512,356	\$0	\$1,512,356
1995	\$1,554,667	\$0	\$0	\$1,554,667	\$0	\$1,554,667
1994	\$1,699,711	\$0	\$0	\$1,699,711	\$0	\$1,699,711
1993	\$2,066,862	\$0	\$0	\$2,066,862	\$0	\$2,066,862



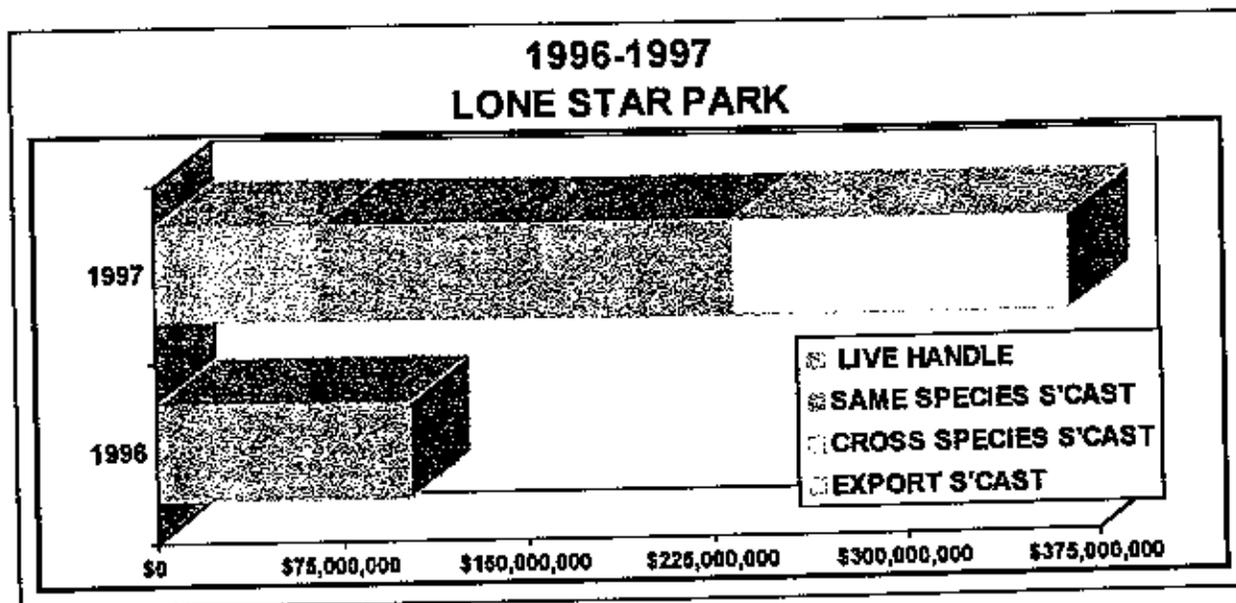
	PERFORMANCES		PURSES	TOTAL
	LIVE	S'CAST	PAID	ATTENDANCE
1997	10	0	\$414,955	22,536
1998	10	0	\$404,344	22,363
1995	11	0	\$437,730	23,958
1994	12	0	\$493,917	27,201
1993	12	0	\$496,987	29,077

Inaugural Meet 5/26/90
Size of Track: 5/8mile; 80' wide
Total Stall Space: 200
Total Seating Capacity: 3,200
Attendance Record: 7,574-7/4/90
Wagering Record: \$352,854 -7/4/90

1997 ANNUAL REPORT

Lone Star Park at Grand Prairie - Class 1

	LIVE ON-TRACK HANDLE	IMPORT SAME SPECIES SIMULCAST	IMPORT CROSS-SPECIES SIMULCAST	TOTAL ON-TRACK HANDLE	TOTAL EXPORT HANDLE	TOTAL HANDLE ON LONE STAR Live + Total Export
1997	\$68,754,971	\$165,914,672	\$0	\$232,669,643	\$130,861,269	\$197,616,240
1996	\$0	\$102,031,200	\$0	\$102,031,200	\$0	\$0



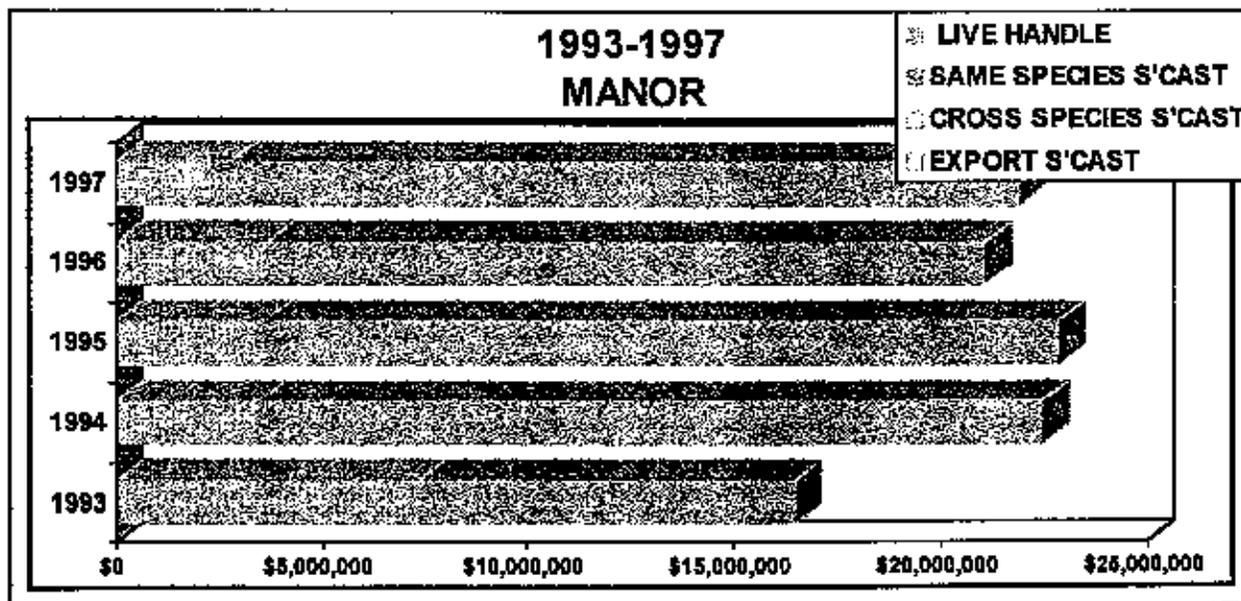
	PERFORMANCES		PURSES	TOTAL
	LIVE	S'CAST	PAID	ATTENDANCE
1997	107	310	\$17,100,600	1,284,010
1996	0	212	\$0	399,844

Inaugural Meet 4/18/97
Size of Track: 1 mile oval with 7/8 turf
Total Stall Space: 1,400
Total Seating Capacity: 8,552
Attendance Record: 25,415 - 5/4/97
Wagering Record: \$2,647,109 - 5/3/97

TEXAS RACING COMMISSION

Manor Downs- Class 2

	LIVE ON-TRACK HANDLE	IMPORT SAME SPECIES SIMULCAST	IMPORT CROSS-SPECIES SIMULCAST	TOTAL ON-TRACK HANDLE	TOTAL EXPORT HANDLE	TOTAL HANDLE ON MANOR <i>Live + Total Export</i>
1997	\$2,781,732	\$19,077,496	\$0	\$21,859,228	\$0	\$2,781,732
1996	\$3,677,179	\$17,364,225	\$0	\$21,041,404	\$0	\$3,677,179
1995	\$3,616,705	\$19,207,588	\$0	\$22,824,293	\$0	\$3,616,705
1994	\$3,466,252	\$18,957,918	\$0	\$22,424,170	\$0	\$3,466,252
1993	\$7,329,573	\$9,129,160	\$0	\$16,458,733	\$0	\$7,329,573



	PERFORMANCES		PURSES	TOTAL
	LIVE	S'CAST	PAID	ATTENDANCE
1997	29	260	\$2,072,043	77,138
1996	34	260	\$2,482,489	83,838
1995	31	261	\$2,288,000	92,001
1994	31	254	\$1,194,251	85,269
1993	58	159	\$1,754,863	97,863

Inaugural Meet 10/11/90

Size of Track: 550 yd. Straightaway by 80'

Total Stall Space: 673

Total Seating Capacity: 2,500

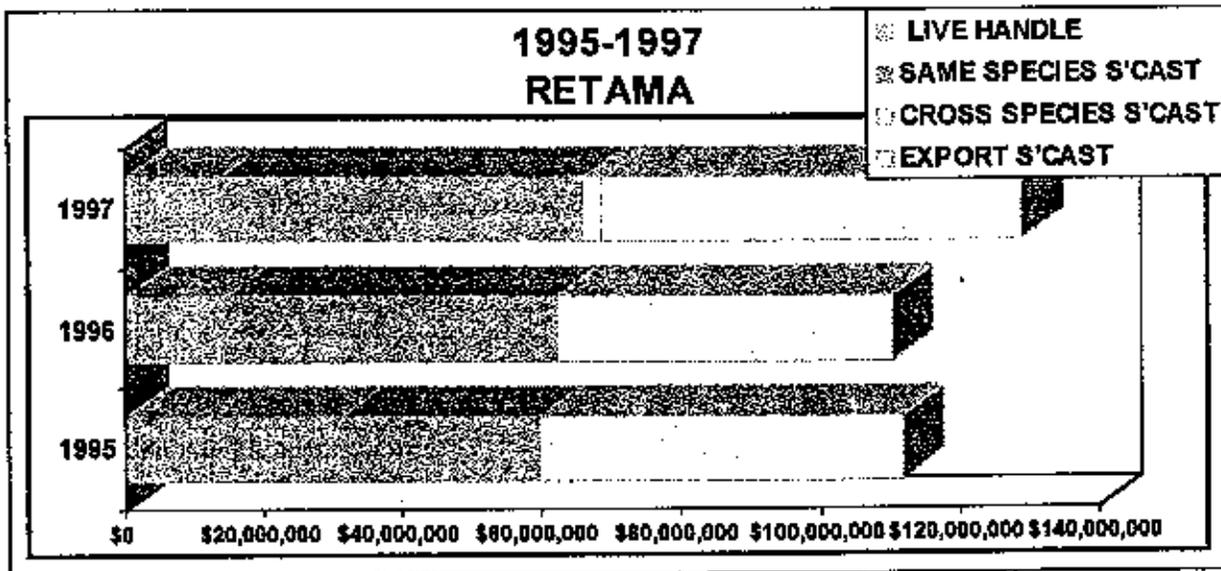
Attendance Record: 3,829- 5/19/91

Wagering Record: \$414,794 - 12/16/90

1997 ANNUAL REPORT

Retama Park - Class 1

	LIVE ON-TRACK HANDLE	IMPORT SAME SPECIES SIMULCAST	IMPORT CROSS-SPECIES SIMULCAST	TOTAL ON-TRACK HANDLE	TOTAL EXPORT HANDLE	TOTAL HANDLE ON RETAMA Live + Total Export
1997	\$13,805,453	\$52,777,969	\$2,610,424	\$68,993,846	\$59,829,311	\$73,434,764
1996	\$14,485,599	\$47,826,086	\$0	\$62,311,685	\$47,940,990	\$62,426,589
1995	\$31,256,814	\$28,602,658	\$0	\$59,859,472	\$51,795,618	\$83,052,432



	PERFORMANCES		PURSES	TOTAL
	LIVE	S'CAST	PAID	ATTENDANCE
1997	100	382	\$5,870,934	409,438
1996	88	382	\$5,844,007	377,118
1995	120	260	\$6,523,552	596,336

Inaugural Meet 4/7/95

Size of Track: 1 mile oval

Total Stall Space: 1,288

Total Seating Capacity: 5,573

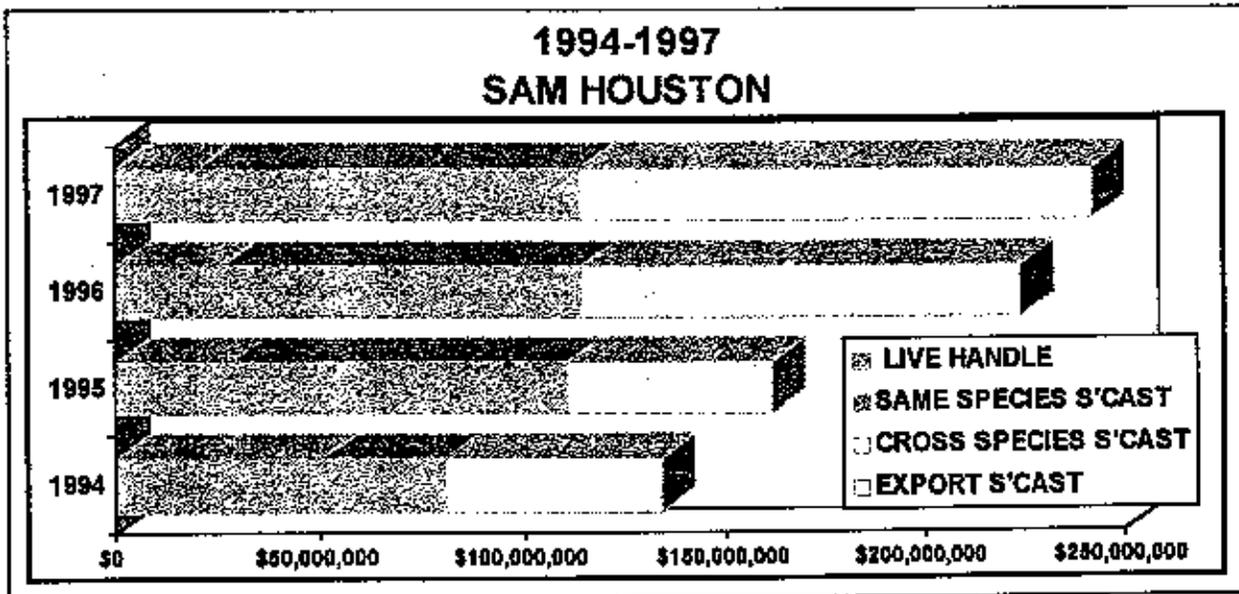
Attendance Record: 29,631-4/7/95

Wagering Record: \$835,040 on 6/8/96

TEXAS RACING COMMISSION

Sam Houston Race Park - Class 1

	LIVE ON-TRACK HANDLE	IMPORT SAME SPECIES SIMULCAST	IMPORT CROSS-SPECIES SIMULCAST	TOTAL ON-TRACK HANDLE	TOTAL EXPORT HANDLE	TOTAL HANDLE ON SAM HOUSTON <i>Live + Total Export</i>
1997	\$20,174,965	\$93,542,544	\$0	\$113,717,509	\$128,130,843	\$148,305,808
1996	\$25,619,523	\$88,583,735	\$0	\$114,203,258	\$108,787,902	\$135,407,425
1995	\$27,983,411	\$82,381,503	\$0	\$110,364,914	\$51,229,804	\$79,213,215
1994	\$49,958,832	\$30,455,131	0	\$80,413,963	\$53,573,797	\$103,532,629



	PERFORMANCES		PURSES	TOTAL
	LIVE	S'CAST	PAID	ATTENDANCE
1997	143	364	\$9,414,713	607,058
1996	146	365	\$9,103,662	684,239
1995	150	364	\$7,540,287	664,571
1994	159	214	\$12,173,921	805,648

Inaugural Meet 4/29/94

Size of Track: 1 mile oval

Total Stall Space: 1,224

Total Seating Capacity: 7,000

Attendance Record: 20,064 - 7/1/97

Wagering Record: \$1,464,379 on 5/4/96

OTHER LICENSED RACETRACKS

Trinity Meadows Raceway - License Revoked

Trinity Meadows Raceway, Inc. received a Class 2 racetrack license in 1989. Citing severe financial losses, on August 7, 1996, Trinity Meadows requested to immediately cease all operations. The Commission entered into an Agreed Order with Trinity Meadows on November 1, 1996, which suspended Trinity's racetrack license pending Trinity Meadow's satisfying several conditions. Trinity Meadows failed to satisfy two of the five conditions. It did not submit a management and capitalization plan to reopen and operate the track for its 1997 live race meeting, nor did it provide proof of receipt of additional capital in the amount of \$300,000 before April 1, 1997. Therefore, the Class 2 horse racetrack license held by Trinity Meadows Raceway, Inc., was revoked effective April 1, 1997.

Longhorn Downs - Class 2

Longhorn Downs, Inc., received a Class 2 license in 1989. The company originally planned to construct a \$35 million facility in Round Mountain. In 1993, Midpointe Racing, L.C., one of the original applicants for a Class 1 license in Dallas County, acquired a 97.5% interest in Longhorn. The Commission approved Longhorn Downs' request to relocate its license to a site in Grand Prairie. Midpointe then merged with Lone Star Jockey Club. In late 1994, the Commission approved an agreement that returned control of the Longhorn license to its original owners and the location of the license to Round Mountain. The Commission has not been apprised of any construction plans.

Lubbock Downs - Class 2

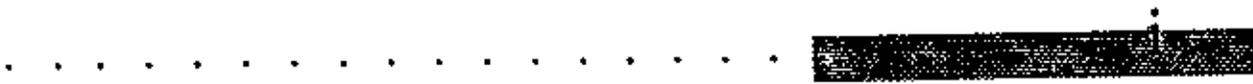
Lubbock Downs received a Class 2 license in 1989. In 1990, Lubbock Downs voluntarily surrendered its license in lieu of revocation, due to its inability to obtain financing to construct the track. In LO-92-001 (1992), the Attorney General's office held that newly enacted Section 6.19 of the Texas Racing Act required the Commission to reinstate Lubbock Downs' license. The license was reinstated on January 31, 1992. The Commission approved a site change to Slaton in June of 1994. The Commission has not been apprised of any construction plans.

Valley Greyhound Park

Valley Greyhound Park was the first greyhound track to open in Texas on November 14, 1990. During the 1995 legislative session, Valley Greyhound Park sought the ability to offer off-track wagering to augment its declining revenues. This effort failed and the track ceased live operations on September 4, 1995 and simulcast operations on September 30, 1995. While Valley Greyhound Park holds a valid greyhound racetrack license, plans for reopening are still uncertain.

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APPENDIX



TEXAS RACING COMMISSION

COMBINED STATEMENT OF REVENUES AND EXPENDITURES FISCAL YEAR 1997 FROM ANNUAL FINANCIAL REPORT

	General Revenue Fund (0597)
REVENUES:	
Legislative Appropriations	\$ 0
Licenses, Fees and Permits	9,291,892
Other Revenues	715,655
TOTAL REVENUE	<u>\$10,007,547</u>
EXPENDITURES:	
Salaries & Wages	\$2,152,025
Payroll Related Costs	468,247
Professional Fees and Services	48,941
Travel	144,094
Materials & Supplies	113,003
Communications & Utilities	88,603
Repairs & Maintenance	33,130
Rentals & Leases	108,860
Printing & Reproduction	9,724
Capital Outlay	53,261
Distributions to Breed Registries	5,674,159
Claims and Judgments	<u>13,448</u>
TOTAL EXPENDITURES	<u>\$8,907,495</u>
EXCESS REVENUES OVER EXPENDITURES	<u>\$1,100,052</u>
TRANSFERS IN (OUT):	
Equine Research	(96,812)
Texas Commission on Alcohol & Drug Abuse	(676,117)
Savings Measurement Account	(35,804)
TOTAL TRANSFERS OUT	<u>(\$924,524)</u>
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS	<u>\$175,528</u>

Note: The Commission paid \$675,000 to the General Revenue Fund as required by House Bill 1, 74th Legislature, Regular Session, Article VIII-66, Rider #7, to repay amounts loaned to the Commission upon its creation.

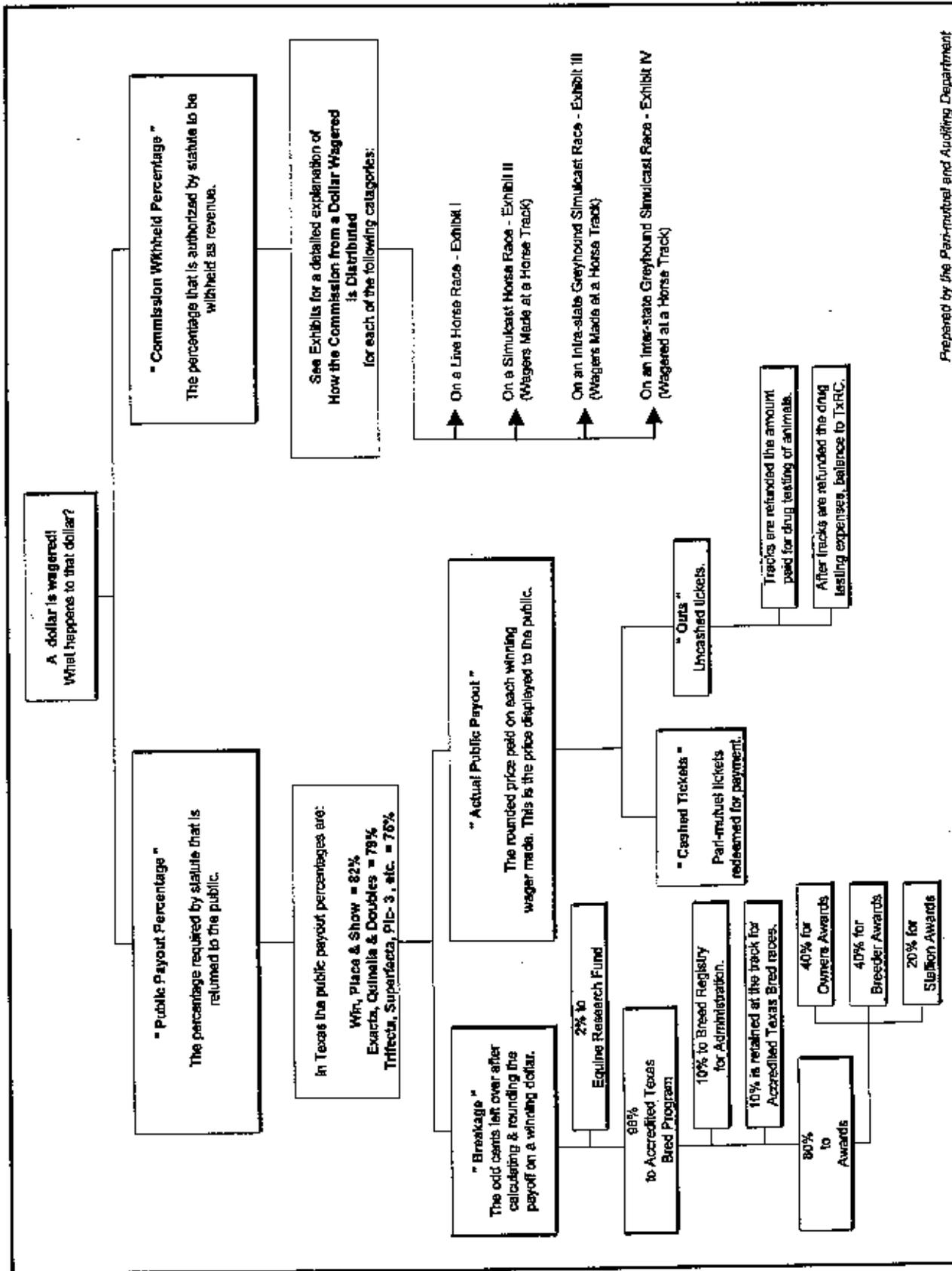
1997 ANNUAL REPORT

SUMMARY OF KEY PERFORMANCE MEASURES FOR FISCAL YEAR 1997

Key Outcomes	FY 1996 Actual	FY 1997 Actual
Percentage of complaints regarding racetrack operations resolved in six months or less	98%	100%
Median price of Texas-bred horses sold at auction	\$6,467	\$6,613
Percentage of investigations resulting in disciplinary action	92%	97%
Percentage of licensees with no recent violations	97%	96.24%
Percentage decrease in race animals injured or dismissed from the racetrack	2.6%	0.4%
Number of drug positives for Class 3 through Class 5 medications per 1,000 samples	92	72
Average time (minutes) required to issue a new occupational license	15	8
Percentage of compliance audits passed	66%	77%

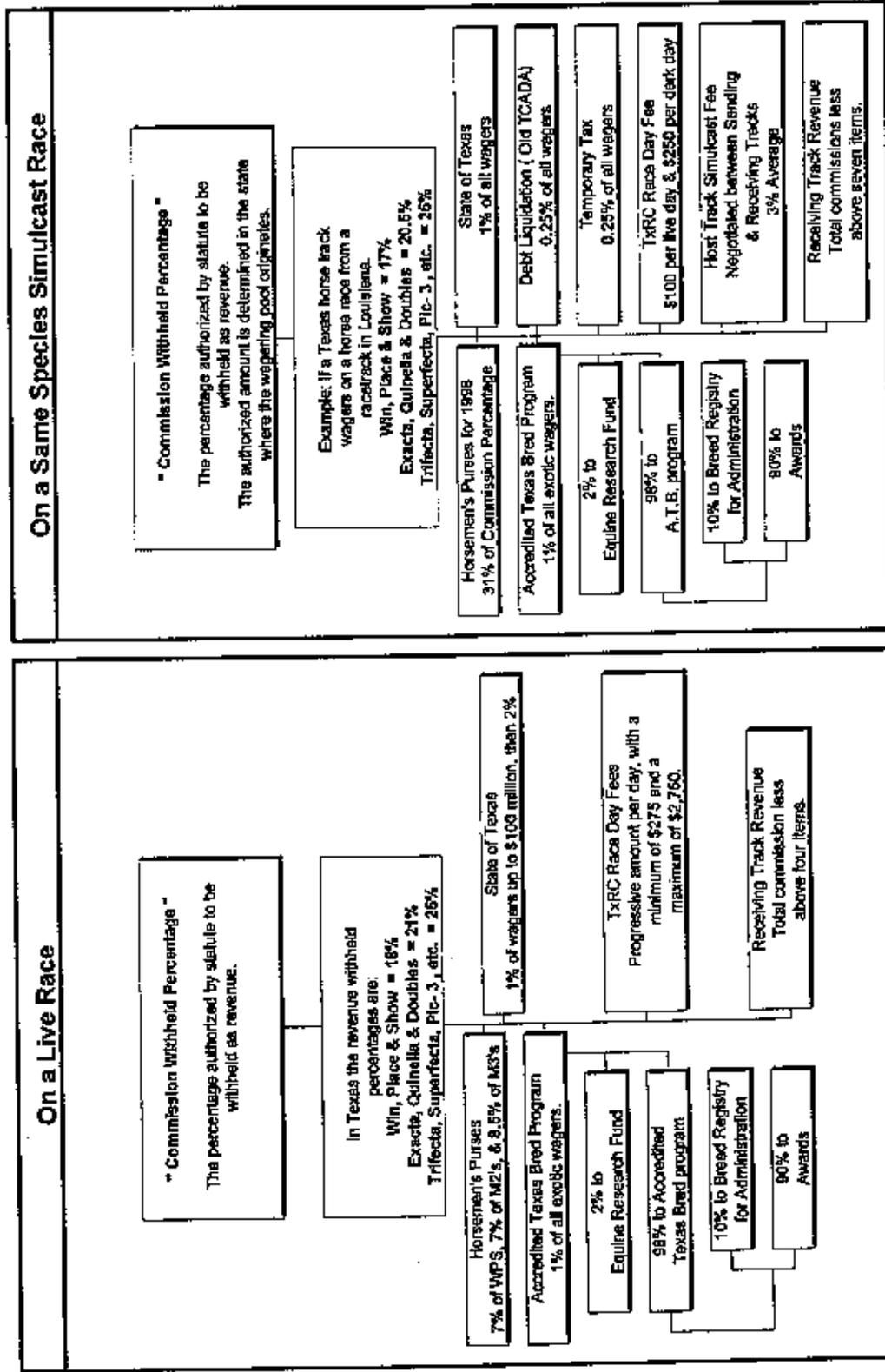
TEXAS RACING COMMISSION

How Money Wagered at a Horse Track is Distributed:



How the Commission from a Dollar Wagered at a Horse Track is Distributed:

Exhibit II



TEXAS RACING COMMISSION

How the Commission from a Dollar Wagered at a Horse Track is Distributed:

Exhibit IV

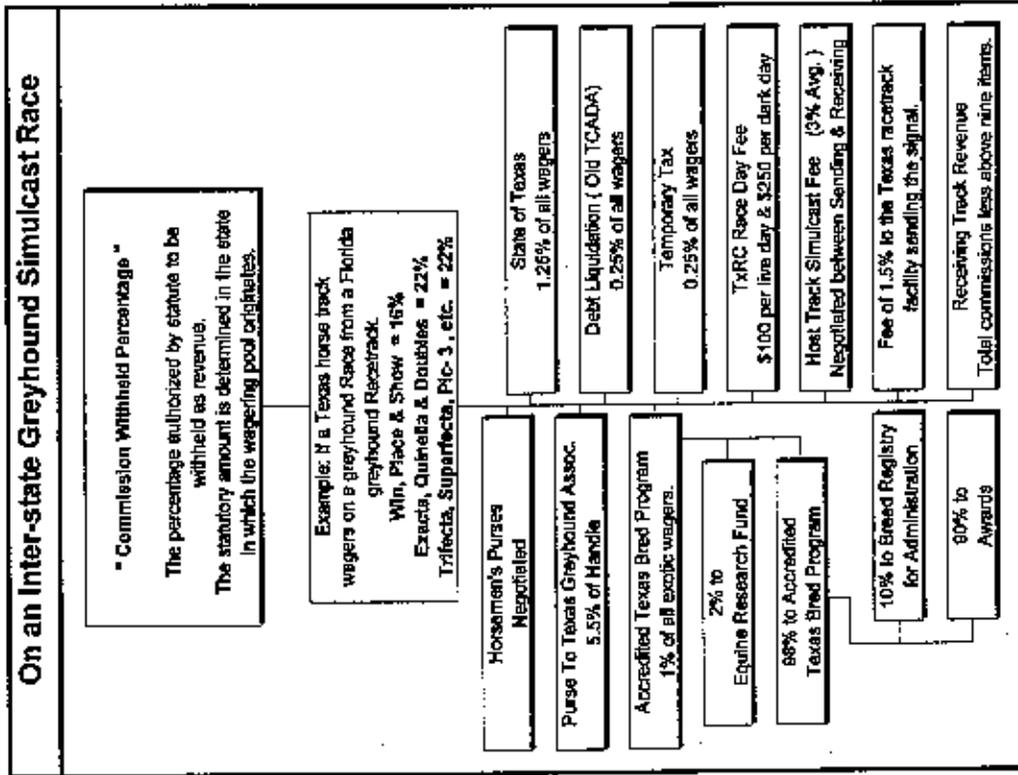
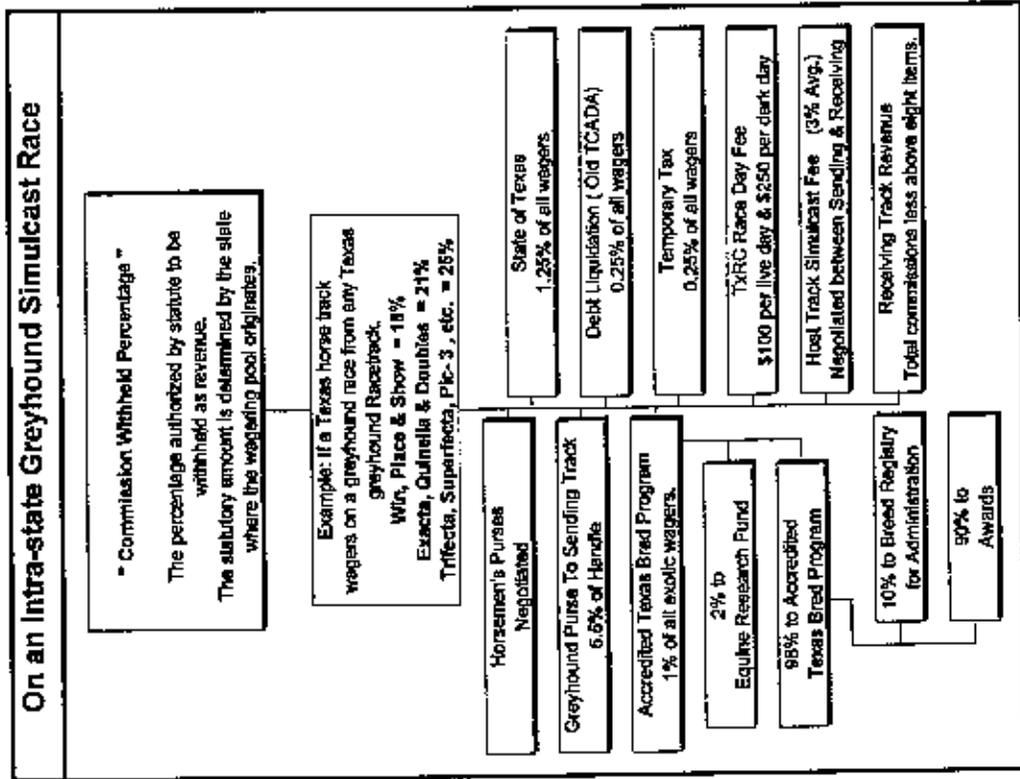
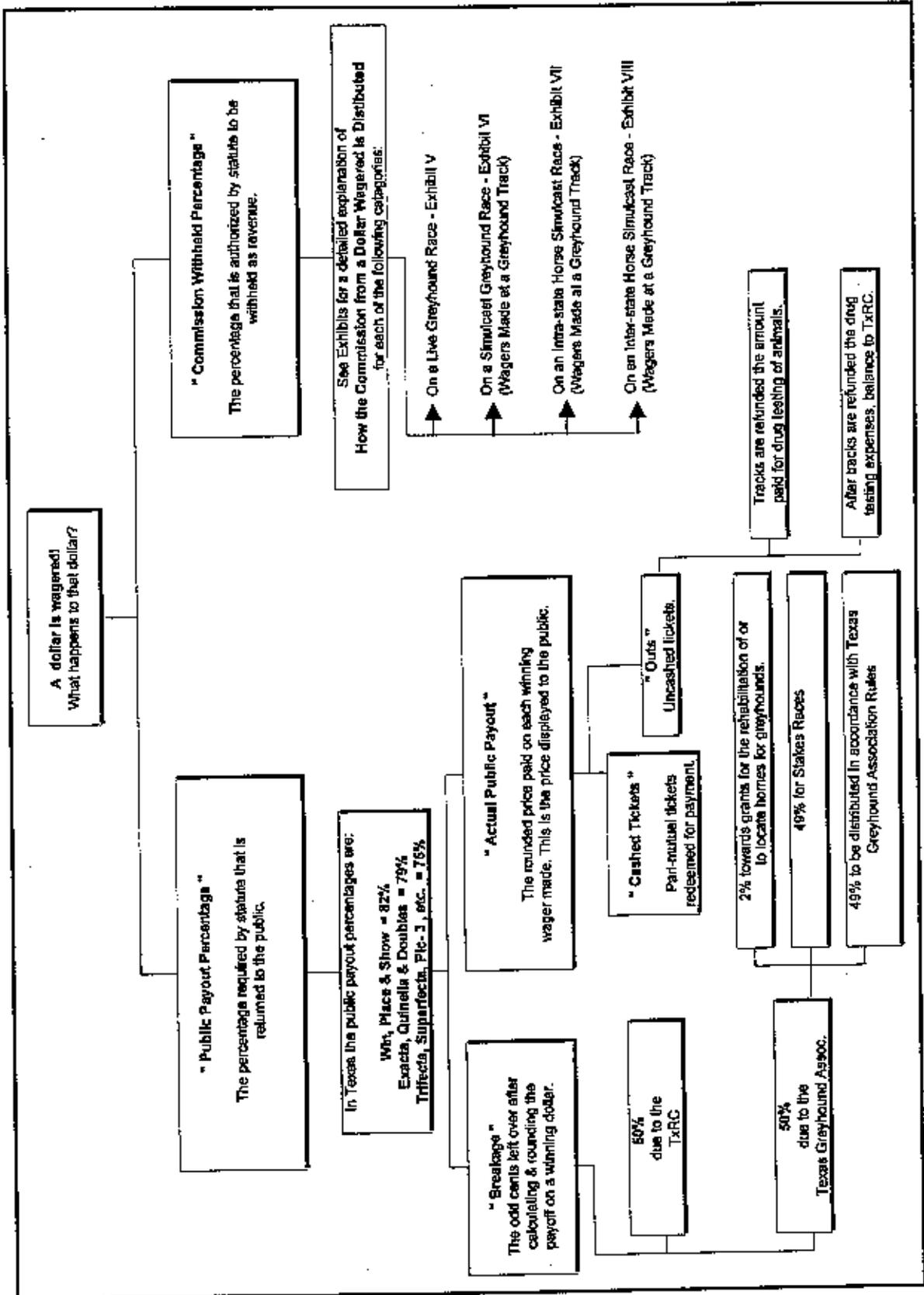


Exhibit III



1997 ANNUAL REPORT

How Money Wagered at a Greyhound Track is Distributed:



TEXAS RACING COMMISSION

How the Commission from a Dollar Wagered at a Greyhound Track is Distributed:

Exhibit V

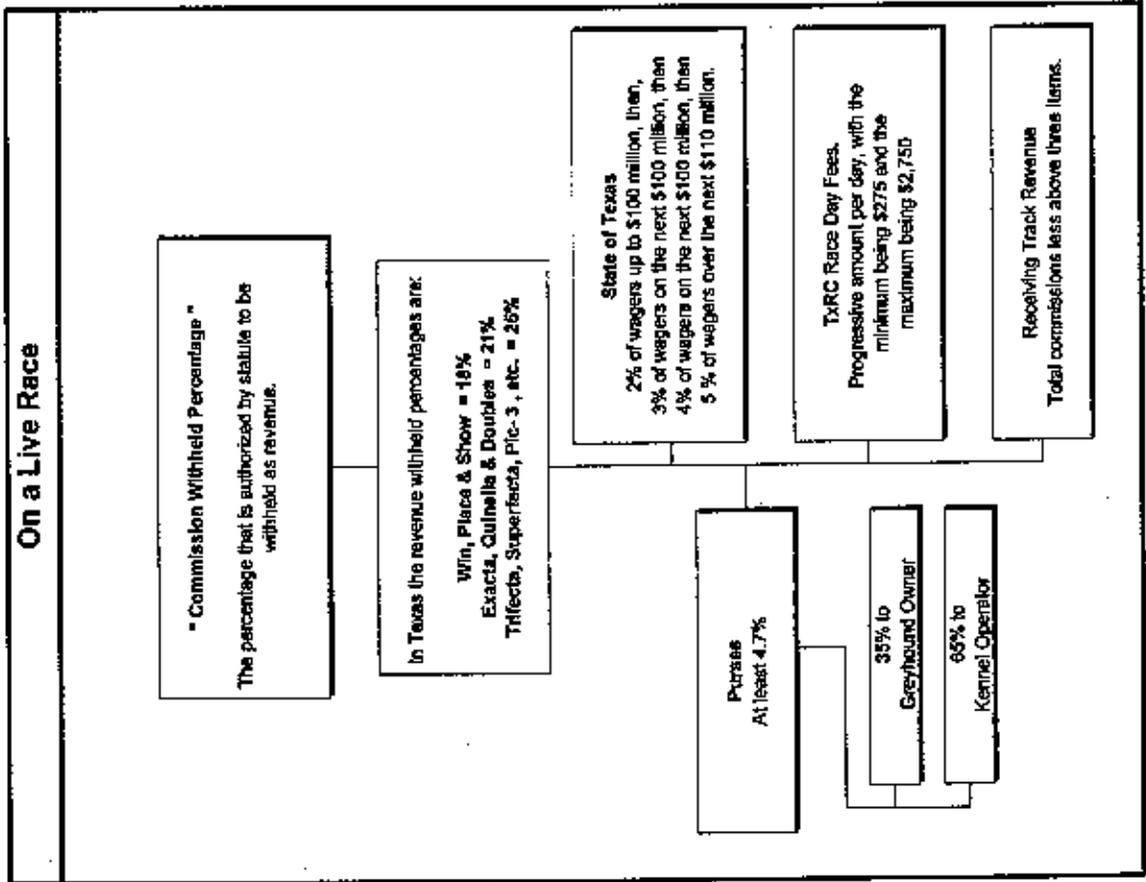
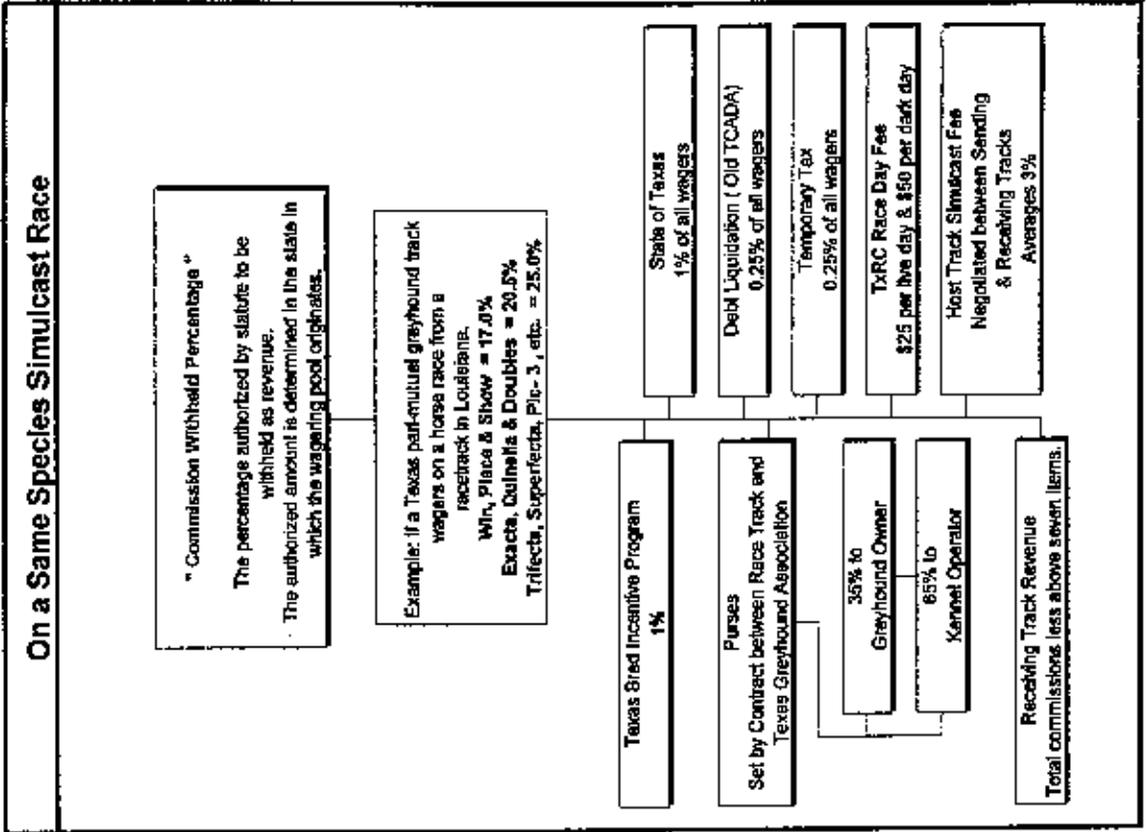


Exhibit VI



How the Commission from a Dollar Wagered at a Greyhound Track is Distributed:

Exhibit VII

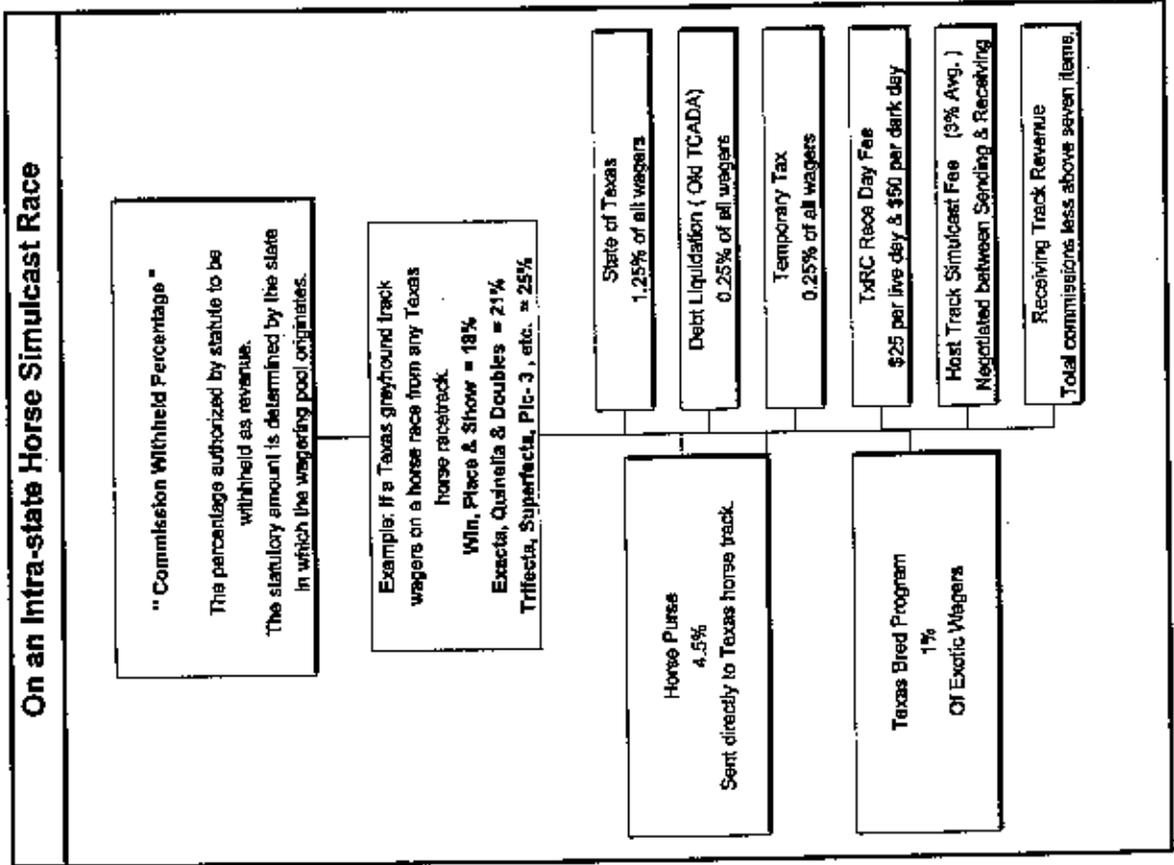
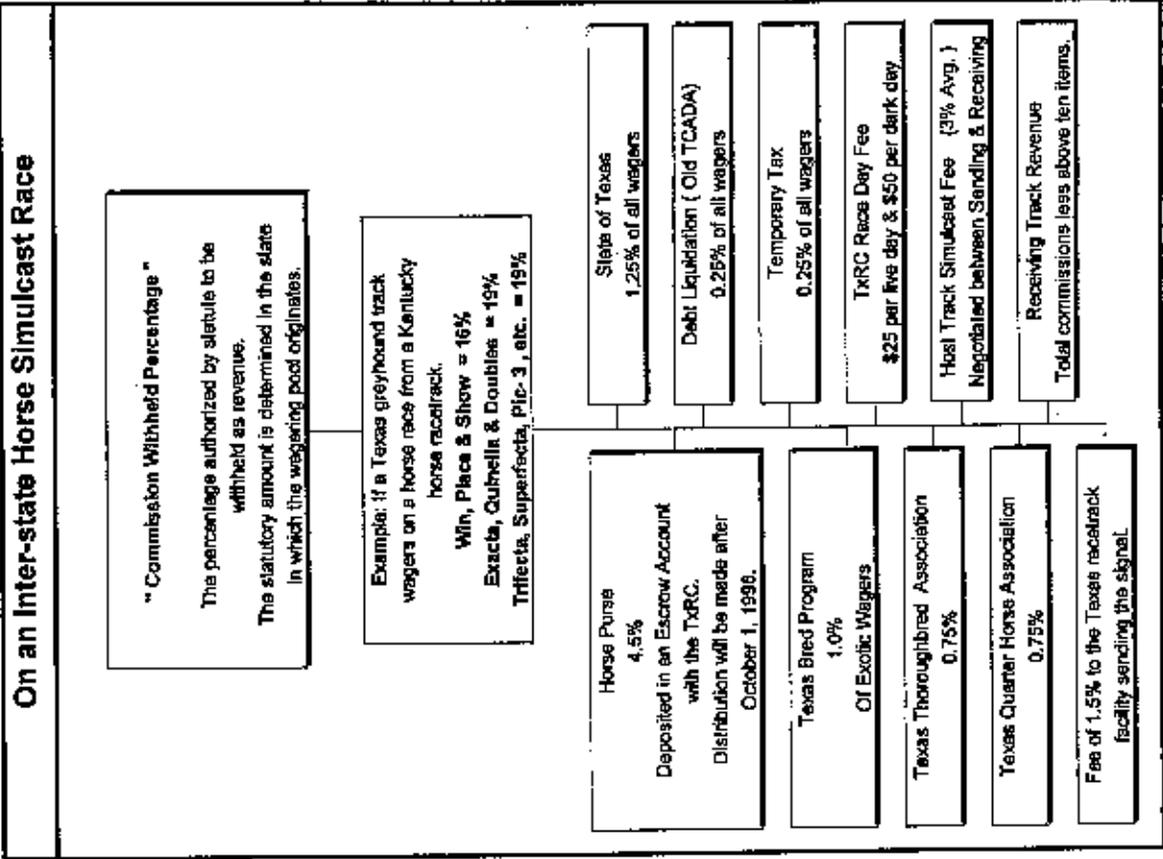


Exhibit VIII



TEXAS RACING COMMISSION

LICENSED RACETRACK ADDRESSES & PHONE NUMBERS

Greyhound Racetracks:

- CORPUS CHRISTI GREYHOUND RACE TRACK
P. O. Box 9087, Corpus Christi, TX 78469, Phone 800 580-7223, Fax 512 289-4307
- GULF GREYHOUND PARK
P. O. Box 488, La Marque, TX 77568-0488, Phone 800 275-2946, Fax 409 986-9700
- VALLEY GREYHOUND PARK - *currently not racing*
Ladbroke Racing Corporation, Foster Plaza 9, 750 Holiday Dr. Pittsburgh, PA 15220, Phone 412 937-4410, Fax 412 937-4418

Horse Racetracks:

- GILLESPIE COUNTY FAIR & FESTIVALS ASSOCIATION
P. O. Box 526, Fredericksburg, TX 78624, Phone 210 997-2359, Fax 210 997-4923
- LONE STAR PARK AT GRAND PRAIRIE
1000 Lone Star Parkway, Grand Prairie, TX 75050 Phone 972 263-7223, Fax 972 262-5622
- LONGHORN DOWNS - *currently not racing*
P. O. Box 1, Round Mountain, TX 78663, Phone 210 825-3233, Fax 210 825-3276
- LUBBOCK DOWNS - *currently not racing*
Route 10, Box 211, Lubbock, TX 79404, Phone 806 745-1122, Fax 806 748-1689
- MANOR DOWNS
P. O. Box 141309, Austin, TX 78714, Phone 512 272-5581, Fax 512 272-5479
- RETAMA PARK
P. O. Box 47535, San Antonio, TX 78265-7535, Phone 210 651-7000, Fax 210 651-7097
- SAM HOUSTON RACE PARK
P. O. Box 2323, One Sam Houston Place, Houston, TX 77252-2323, Phone 281-807-8700, Fax 281 807-8777

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Texas Breed Registries and Industry Organizations

- **TEXAS APPALOOSA HORSE CLUB**
P. O. Box 557, Cedar Hill, TX 75104, Phone 972-723-3708, Fax 972-775-7916
- **TEXAS ARABIAN BREEDERS' ASSOCIATION**
P. O. Box 215, Fomey, TX 75126, Phone 972-564-9430, Fax 972-552-3613
- **TEXAS GREYHOUND ASSOCIATION**
P. O. Box 40, Lorena, TX 76655-0040, Phone 254-857-4377, Fax 254-857-4299
- **TEXAS HORSEMEN'S PARTNERSHIP**
P. O. Box 142533 Austin, TX 78714, Phone 512-467-9799, Fax 512-467-9790
- **TEXAS PAINT HORSE BREEDERS' ASSOCIATION**
P. O. Box 961023, Fort Worth, TX 76161 Phone 817-439-3400, Fax 817-439-3484
- **TEXAS QUARTER HORSE ASSOCIATION**
P. O. Box 16229, Austin, TX 78761-6229, Phone 512-458-5202, Fax 512-458-1713
- **TEXAS THOROUGHBRED ASSOCIATION**
P. O. Box 14967, Austin, TX 78761, Phone 512-458-6133, Fax 512-453-5919

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