



TEXAS RACING COMMISSION
1801 N. Congress Ave
Austin, TX 78711-2080
(512) 833-6699

Texas Racing Commission
Wednesday, April 10, 2024
10:30 a.m.
Barbara Jordan Building, Suite 2.034
1601 Congress Avenue
Austin, Texas 78701

AGENDA

- I. CALL TO ORDER**
- II. INVOCATION**
- III. PLEDGES (U.S. AND TEXAS)**
- IV. COMMISSIONER REMARKS**
 - A. Commission Chair
 - B. Commission Vice Chair
 - C. Commission Members
- V. PUBLIC COMMENTS**
- VI. STAFF REPORTS**
 - A. Executive Director Report
- VII. GENERAL BUSINESS**
 - A. 2025-2029 Agency Strategic Plan Presentation

Discussion and possible action to approve the 2025-2029 Agency Strategic Plan for submission to the 89th Legislature.

B. Ad Hoc Greyhound Committee Update.

Discussion and possible action to direct staff to work with the Office of the Attorney General to seek a bill of review in the matter of Gulf Greyhound Partners, LTD, and Gulf Coast Racing, LLC, v. Texas Greyhound Association, Cause No. 2022-2767-3.

VIII. PROCEEDINGS ON RULES

A. Discussion and possible action to publish proposed rule amendment in the Texas Register.

1. 16 Texas Administrative § 307.67, Appeal to the Commission.

IX. EXECUTIVE SESSION (AS NEEDED)

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

- A. Under TEX. GOV'T 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 TEX. GOV'T 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 TEX. OCC. CODE §2025.005, the Commission may enter an executive session to review security plans and management, concession, and totalisator contracts.

X. NEXT COMMISSION MEETING

Wednesday, June 12, 2024, 10:30 a.m.

XI. ADJOURN

DRAFT // PRE-DECISIONAL



**TEXAS RACING COMMISSION
AGENCY STRATEGIC PLAN
FISCAL YEARS 2025-2029
Effective Date: June 1, 2024**

PENDING UPDATED PAGE



TEXAS RACING COMMISSION
P.O. Box 12080
Austin, TX 78711-2080
(512) 833-6699

June 1, 2022

Office of the Governor
 Office of the Lieutenant Governor
 Office of the Speaker of the House of Representatives
 Legislative Budget Board

Re: *Texas Racing Commission Agency Strategic Plan, Fiscal Years 2023-2027*

Ladies and Gentlemen:

Last June, Governor Greg Abbott named me Chairman of the Texas Racing Commission. I immediately went to work with my fellow Commissioners to initiate transformational agency change, from the way we interact with our regulated parties to how we operate with the public and with those otherwise interested in our activities. From the moment of my appointment as Chairman, we had the immediate task of implementing *Senate Bill 713 (87R)*, a Sunset bill continuing this agency through 2027 and requiring us to replace senior executives.

Last fall, as a Commission, we were fortunate to find Amy F. Cook and welcome her as our new Executive Director. A retired U.S. Army Brigadier General, Amy served in significant leadership roles on active duty and with the Texas Army National Guard. She has led major organizations through dramatic change and has put her tremendous talents to work redirecting and rebuilding our agency to the benefit of all interested parties. All Texans can be proud to know Amy remains on duty in support of the Lone Star State.

Today, we have the opportunity to strengthen our relationships with the Racing industry for the betterment of Texas Racing and work with our state leaders to modernize the *Texas Racing Act* and the *Texas Rules of Racing*. Our success will ensure the vibrancy of animal racing sports for Texans and tourists to our state during the next five years and beyond. Excellence starts here.

The enclosed *Texas Racing Commission Agency Strategic Plan, Fiscal Years 2023-2027* is a vision of that modernization.

We acknowledge the critical feedback provided prior to the last legislative session by the Sunset Advisory Commission to provide a roadmap for achieving outcomes we know Texans expect of an efficient and effective regulatory and enforcement body and are the centerpiece triggering some of the reforms reflected in this Plan.

I am proud to serve alongside you to make this vision a reality.

Sincerely,

Robert C. Pate
 Chairman

cc: Texas Racing Commission Commissioners and Agency Staff
 Legislative Reference Library
 Texas State Library
 Texas State Auditor

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PRESENTED

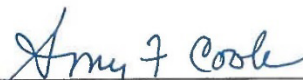
BY

TEXAS RACING COMMISSION

Commission Member	Term Expires	Hometown
Robert C. Pate, Chair	02/01/2023	Corpus Christi
Connie McNabb, DVM, Vice-Chair	02/01/2027	Montgomery
Margaret Martin	02/01/2021	Boerne
Arvel "A.J." Waight	02/01/2027	Willow City
Michael "Mike" Moore	02/01/2023	Ft. Worth
Rebecca Contreras	02/01/2025	Hutto

Ex-Officio Members	Hometown
Sid Miller, Commissioner Texas Department of Agriculture	Stephenville
Steven P. Mach, Chair Texas Public Safety Commission	Houston

DATE OF SUBMISSION: 1 JUNE 2022

SIGNED: 
 Amy F. Cook
 Executive Director

APPROVED: 
 Robert C. Pate
 Chair

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I. INTRODUCTION

In 1986, when the 69th Legislature passed the Texas Racing Act, it created a self-funded agency, unique among all others, with appropriations language and limits set forth Article VIII of the General Appropriations Act (GAA).

That strategic decision, now that we view it through the lens of the past, had the unintended impact of impairing the agency's ability to become a fully functional law enforcement agency for almost forty (40) years.

We are continuing the important work of transforming the agency to enable the horseracing industry through licensing programs, while also protecting the state of Texas by creating a specialized law enforcement agency to enforce the Texas Racing Act statewide.

Building A Safer Texas¹

To support the Governor's initiative to "*Build a Safer Texas*", in our 2025-2029 strategic plan and legislative appropriations request (LAR), the agency recommends its appropriations be moved from Article VIII (Regulatory Agencies) to Article V (Public Safety and Criminal Justice Agencies). This critical change would allow the Texas Racing Commission (TXRC) to achieve recognition as the specialized law enforcement agency it was always destined to become. The road map to a strong regulatory scheme required to carry out the public safety mission of the agency and effectively address the Sunset Commission concerns is a path to finally make Texas, a state with more horses than any other in the Nation, the premier state for horseracing.

Building a More Prosperous Texas²

During the 88th Regular Session, the agency was fortunate to have legislative investment in its plan to begin transformation to a sustainable funding model that must be in place for the agency to effectively enforce the Texas Racing Act statewide. Enabling statewide enforcement of the law, would allow the agency to prosecute individuals for engaging in the unlicensed activities found typically at "*bush tracks*," which impair the integrity of the horseracing industry as they operate to the detriment of racing and creates significant risk to racehorse health and jockey safety. The future is bright for the horse racing industry in Texas in the next five years, with the advent of the Horse Industry Escrow Account in 2019, and the industry growth recognized because of Legislative investment in this valued economic activity that is a part of the rich equine, agricultural and entertainment history of the state, there is little doubt that Texas can become the premier state for horse racing, with an agency leading the transformation that is focused on: Accountability, Respect, Integrity, Safety and Excellence.

II. EXECUTIVE SUMMARY: STRATEGIC & LEGISLATIVE CONSIDERATIONS

A summary of the changes incorporated into 2025-2029 Strategic Plan

Legislative Recommendations

- Move Agency to Article V (Public Safety Mission)
- Appropriate General Revenue Funding for a Sustainable Funding Model
- Remove Accredited Texas Bred Program from Agency Bill Pattern
- Establish Commission Authority to Address Industry Transitions (Fiscal,
- Address Greyhound Transition while protecting against Unlicensed Activities

Specialized Law Enforcement Agency Initiatives

- Agency Moved to Article V (Public Safety)
- Connect Law Enforcement Mission to General Revenue Funding Request
- Establish Partnerships with Educational Institutions & Natural Resource Agencies)
- Join the Emergency Support Function Team for Logistics (ESF 9)
- Address Unlicensed Activity – Statewide Jurisdiction (Brush Tracks)
- Determine Future of Drug Test & Forensic Laboratory Capabilities

Updated Budget Structures & Resource Requests

- Evaluate & Update FTEs Capabilities to perform statewide mission.
- Evaluate & Update Tools, Training & Technology Needs (LAR)
-

Redundancies and Impediments

- Steps to Sunset (Updated Graphic to Show Return on Investment from 88th Session)
- Unfunded Mandates & Fiscal Considerations: Greyhound Industry Transition
- Status of HISA Legal Challenges
- Future of the Drug & Evidence Testing Program
- Greyhound Industry Transition

III. AGENCY MISSION

The mission of the Texas Racing Commission is to protect the safety and integrity of the sport of pari-mutuel greyhound and horse racing in Texas, through the administration and enforcement of the *Texas Racing Act* (Subtitle A-1, Title 13, Texas Occupations Code).

VISION

To enable and protect Texas horseracing by striving to become a model specialized law enforcement organization.

MOTTO

"Excellence Starts Here"

III. VALUES

Accountability ~ Respect ~ Integrity ~ Safety ~ Excellence



IV. HISTORICAL: INDUSTRY AND AGENCY PERSPECTIVE

The modern Texas Racing Commission (TXRC) dates to 1987, but the regulatory mandate can be traced to the Depression-era of the 1930s, when the Texas Legislature first legalized pari-mutuel betting in the state and created the first embodiment of the agency, which lasted until 1937.

“The original Texas Racing Commission was created in 1933 (House Bill 12, 43rd Texas Legislature, 1st Called Session) to create and enforce rules and regulations, restrictions, and conditions applying to all horse races and exhibitions of riding horses. The commission also authorized horse racing under the ‘certificate system’ or what is known today as pari-mutuel betting. The commission was composed of three members: the Texas Commissioner of Agriculture (an elected state official), the Tax Commissioner of the State of Texas (appointed by the governor), and a third member—designated as the chairman—appointed by the governor with the advice and consent of the state senate. This chairman must have been an owner and breeder of thoroughbred livestock for at least two years. The commission, being underfunded, received an emergency appropriation by the legislature in 1937 (House Bill 714, 45th Legislature, Regular Session). In 1937, the Senate passed legislation that repealed the legal status of horse racing and pari-mutuel betting (Senate Bill 1, 45th Legislature, 1st Called Session) effectively ending the Texas Racing Commission until it was reestablished in 1986 (Senate Bill 15, 69th Legislature, 2nd Called Session).”³



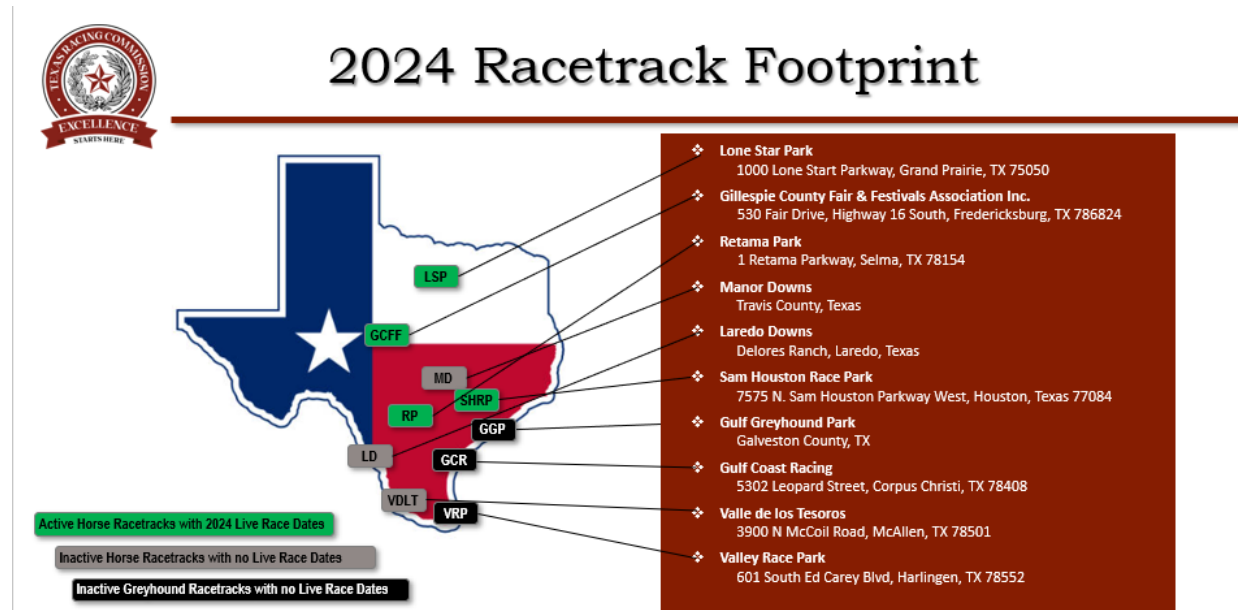
LEGISLATIVE INTENT AND PARI-MUTUEL WAGERING

The 1986 legislation re-establishing the TXRC gave the agency purview over the regulation and licensing of pari-mutuel wagering involving racehorses and greyhounds. Pari-mutuel was defined as meaning “a mutual wager,” and refers to a betting pool where those who bet on the winners of the first three places share the total amount of money wagered, minus a percentage for the management.⁴ When passing the *Texas Racing Act*, the Legislature’s stated purpose was to “...encourage agriculture, the horse-breeding industry, the horse-training industry, the greyhound-breeding industry, tourism, and employment opportunities in this state related to horse racing and greyhound racing, and to provide for the strict regulation and control of pari-mutuel wagering in connection with that racing.”⁵

Today, the TXRC is composed of nine commissioners. Seven members, including a chair and vice chair, are appointed by the Governor with staggered terms. And two commissioners holding ex-officio memberships through their status as the commissioner of the Texas Department of Agriculture and chair of the Texas Public Safety Commission.

COMPETITIVE RACING IN TEXAS

At its peak, Texas has been home to ten licensed racetracks, accommodating live and simulcasted horse and greyhound racing. Today, the TXRC oversees nine track licenses across the state, with four tracks actively conducting horse race days during the year – Gillespie County Fair & Festivals in Fredericksburg; Lone Star Park in Grand Prairie; Retama Park in Selma, near San Antonio; and Sam Houston Race Park in Houston.



“Greyhounds were introduced to America in the 1800’s to help farmers control the jackrabbit population. It was not long before competitions of greyhound racing were conducted by the surrounding farmers. This proved to be both an exciting event for the local population but also proved that the greyhound loved the chase and excitement of racing.”⁶

Professional greyhound racing began in California, in the 1920s, and spread across the United States and into parts of Europe and Mexico. “In 1931, Florida became the first state to approve wagering on greyhound races. The sport often intersected with popular culture there, as movie stars, baseball players and other celebrities frequented Florida tracks.”⁷

Since the 1990s, greyhound racing has been in steady decline. Today, greyhound racing is “currently illegal in 46 states and only operational in West Virginia”⁸ and there is Congressional interest in outlawing this activity nationwide, which includes the filing of H.R. 3894 (Greyhound Protection Act of 2023). H.R. 3894 is currently pending action in the U.S. House of Representatives and is currently co-sponsored by three members of the Texas Congressional Delegation: U.S. Reps. Lance Gooden (TX-05); Wesley Hunt (TX-38); and Jasmine Crockett (TX-30).⁹

For more than 20 years, the Texas horse racing industry has been preserving the legacy of their sport through the Texas Horse Racing Hall of Fame.

The competitive racing of horses is one of mankind's most ancient sports, having its origins among the prehistoric nomadic tribesmen of Central Asia who first domesticated the horse about 4500 BC. For thousands of years horse racing flourished as the sport of kings and the nobility...Horse racing is the second most widely attended U.S. spectator sport, after baseball.

In Texas, the organized Anglo-Texan sport of horse racing developed just after the Texas Revolution. Expensive horses were imported, and a racing circuit formed along the Gulf Coast cities of Velasco, Houston, and Galveston and in the North and East Texas cities. In 1937, betting on horses was outlawed by the state legislature. Although racing tracks closed, the breeding of fine horses continued and, in 1987, after a 50-year absence, pari-mutuel wagering was once again legalized in Texas.¹⁰

Today, there are emergent challenges for the agency and industry, particularly related to concerns with provisions of the federal *Horseracing Integrity and Safety Act of 2020* that was included in the omnibus *Consolidated Appropriations Act of 2021*.¹¹ This situation has led to on-going litigation.¹² Additionally, unlicensed racing activity remains a challenge to the industry and participant safety.

BRUSH AND BUSH TRACKS

In the 88th Legislative Session, a new racketeering statute was incorporated not only into the Texas Penal Code, but also incorporated the Texas Racing Act by reference.

To address the numerous well-known racetracks that are in existence in Texas, it is critical that we expand our law enforcement capabilities in partnerships with the Department of Public Safety, Texas Animal Health Commission, Texas Parks and Wildlife Department and Texas Alcohol and Beverage Commission.

In 2011, the Texas Racing Commission conducted a study on the state of horse and greyhound racing in Texas in response to 81st Legislature's House Concurrent Resolution 252 and the subsequent veto proclamation by then-Governor Rick Perry¹³.

The study included the following information related to unregulated tracks:

The proliferation of unregulated racing, particularly horse racing, remains a challenge to the Texas racing industry. A long-standing tradition of "brush" or "bush" horse tracks exists across the state. There are perhaps as many as 25 to 50 of these tracks operating on any given weekend through the state.¹⁴

While private racing in general is not illegal, there are numerous health, safety, and integrity risks to the legitimate racing industry, wagering public, and racing animals.



Once wagering takes place at one of these gatherings, it becomes a racing act felony as well as a penal code violation under Chapter 72, of the Texas Penal Code. In addition to illegal wagering, brush and bush tracks are suspected to be in violation of numerous aspects of the *Act* as well as harboring human trafficking, promoting unlicensed alcohol dispensation, perpetrated forms of tax evasion, and turning a blind or knowing eye to illicit drugs and shocking devices that can injure or maim racing horses and undermine the sport's integrity.

Specifically, races conducted at brush tracks raise questions about the integrity of track programs. A winning horse at an unregulated track gains a competitive edge not reflected in the official program when the same horse later races at a licensed track. This type of insider information creates a serious handicapping disadvantage to unknowing patrons who rely on a track program to guide their wagering strategies.

Additionally, horses run at brush and bush tracks are more likely to be injected with prohibited and dangerous substances, subjected to other mistreatment, unscrupulous practices, and may be more susceptible to infectious diseases that can then be spread at other tracks. The challenge is multi-jurisdictional in nature, with overlapping authority from TXRC, Texas Department of Public Safety, Texas Animal Health Commission, the Texas Comptroller of Public Accounts, and local law enforcement.

SUNSET ADVISORY COMMISSION REVIEW

In October 1994, the first Sunset Advisory Commission staff report was issued about the Texas Racing Commission.

“Regulating pari-mutuel racing is substantially different from regulating charity bingo or operating a state lottery,” according to the report.¹⁵ “The Racing Commission must deal with unique issues including animal health, drug testing, occupational licensing, criminal law enforcement, agribusiness, and oversight of racetrack construction and safety.”

Throughout the years, Sunset has provided multiple TXRC reviews. Following a 2020 agency review, Sunset staff recommended TXRC be dissolved and having its regulatory functions absorbed and improved as part of the Texas Department of Agriculture.

While acknowledging the need for continued regulation of pari-mutuel racing in the state, the Sunset staff determined the TXRC could not “efficiently or effectively regulate” the animal racing industry in the state. Specific concerns were raised related to the agency’s funding and regulatory structure, poor communication between commission staff and licensees, as well as perceived weakened regulation due to staff shortages. Further, the Sunset staff asserted, “The commission’s small staff struggles to serve as an effective regulator while managing administrative tasks.”

In 2021, numerous pieces of legislation related to TXRC operations were considered during the Regular Session of the 87th Texas Legislature. Following the session, the *Sunset Staff Report with Final Results 2020-2021 (Texas Racing Commission)* was published with the following summary:

Although the Sunset Commission determined the Texas Racing Commission can no longer efficiently carry out its important mission of ensuring the safety, integrity, and fairness of Texas pari-mutuel racing and wagering, the 87th Legislature did not pass Senate Bill 704, which would have transferred the regulation of pari-mutuel racing to the Texas Department of Licensing and Regulation. Instead, the Legislature passed Senate Bill 713, which continues the commission until 2027. Senate Bill 713 also requires the commission to replace certain employees by December 1, 2021. Although the statutory recommendations for the commission did not pass, the Sunset Commission adopted several non-statutory management actions related to licensing and enforcement the commission should implement over the next two years.¹⁶

The replacement of the certain employees outlined in Senate Bill 713 was completed before Dec. 1, 2021. In November 2021, the TXRC appointed a new executive director, Amy F. Cook, who has conducted a review of agency operations and opened channels of communication for all interested stakeholders impacted through animal racing in Texas.



V. AD HOC GREYHOUND COMMITTEE REPORT



TEXAS RACING COMMISSION
 1801 N. Congress, Suite 7.600
 Austin, TX 78701
 (512) 833-6699
 Fax (512) 833-6907

AD HOC COMMITTEE CHARTER: TEXAS GREYHOUND INDUSTRY

I. Membership.

- A. Commissioners.** Chair: Commissioner Mike Moore,
 Vice Chair: Commissioner Connie McNabb
- B. Industry Representatives.** Nick James -Texas Greyhound Association (TGA),
 Tommy Azopardi - Greyhound Track Representative, Sabrina Brown - Greyhound
 Track Representative, Marsha Rountree - THP Executive Director.
- C. Assigned Staff:** Amy Cook, Executive Director, or Designee

II. Purpose. This Ad-Hoc Committee is created as a standing committee for the purpose of working with industry stakeholders to determine how to address the current and future state of greyhound racetrack licenses and related activities in Texas.

III. Scope of Work. The Ad Hoc Committee shall:

- A. Gather facts regarding the state of the Texas Greyhound Industry (breeding, training, racing and licensed greyhound tracks) including legislation filed during the 88th Legislative Session (e.g., HB 4115).
- B. Review the Texas Racing Act provisions on greyhound regulation.
- C. Review the Texas Rules of Racing provisions on greyhound regulation.
- D. Review industry proposals on regulatory matters related to the future of the greyhound industry in Texas.
- E. Review disposition of funds held by and for the Texas Greyhound Association and other industry participants.

IV. Deliverables. Provide specific recommendations on statutory, rule, fiscal and policy changes for the Texas Greyhound Industry to the full Commission no later than February 2024.

INTRODUCTION

The Ad Hoc Greyhound present its findings and recommendations to the full Texas Racing Commission for consideration on how to effectively wind down the greyhound industry, while not impairing the growth of the horseracing industry with minimal impact on those who have invested so much in it.

From the racetracks that no longer have a business prospect in the greyhound industry, to the kennel owners and breeders that are represented by the Texas Greyhound Association, all parties, acknowledge that the end of this era, does not mean that greyhound racing will not to Texas, but simply that we cannot see that point in the future from where we stand today.

Additionally, during the 88th Legislative Session, the agency requested a contingent rider for purposes of funding the regulation of the greyhound industry, that was not adopted. Therefore, it is incumbent upon the Texas Racing Commission who is the regulatory body that oversees this activity in Texas, and the business and occupational licenses, who have engaged in this economic activity over many years, to provide the best of the history, operational outlook, and steps taken to transition the industry into a part of Texas history.

SUMMARY OF LEGISLATIVE RECOMMENDATIONS

- ***Provide the Commission Authority to Address Industry Transitions.*** The current version of the Texas Racing Act does not contemplate the end of a specific industry or industries such as we face today, with the greyhound industry. Therefore, the commissioners, the agency staff, the licensed racetracks, and the occupational licensees have worked together to take the appropriate steps to effectively transition the activities of the greyhound industry. Beginning in 2023, the Commission declined to approve live race dates for the 2024 racing season based on the inability of the greyhound industry to achieve the necessary racetrack capability and breeding industry challenges, followed by the agency and Commission taking all steps possible to effectively transition the industry.
- ***Clarify Fiduciary Duties for Trade Associations.*** The Texas Racing Act and the Texas Rules of Racing, require annual financial audits for the trade associations, who are charged with the responsibility of receiving, accounting for and distributing funds derived from pari-mutuel wagering. However, when those funds are designed for a purpose which no longer exists (e.g., purses for live races), a requirement to fully account for funds derived from pari-mutuel wagering activities as well as seek Commission guidance on how to appropriately return or distribute such funds would be appropriate.

BACKGROUND/TIMELINE

In 1986, when the 69th Legislature passed the Texas Racing Act was passed, greyhound racing, was limited to three tracks licensed to operate along the coast of Texas. Over the years through economic, good, and hard times, the greyhound industry, often conducted year-round racing, unlike the seasonal horse racing schedule that exists for that industry today.

On September 26, 1985, the Texas Greyhound Association (TGA), was formed as a 501(c)(6) organization, and named as the “*officially designated state greyhound breed registry for accredited Texas-bred greyhounds.*” The statutory and fiduciary responsibilities of the TGA extend to oversight and accountability for pari-mutuel wagering funds derived from pari-mutuel wagering activities.¹⁷

On February 28, 2020, the last live greyhound race took place in Gulf Greyhound, in La Marque, Texas.

On April 11, 2023, Valley Race Park, in Harlingen, Texas, the only racetrack with approved live race dates for several years, notified the agency that it was unable to conduct live race dates approved by the Commission.

On September 6, 2023, the Commission Chair appointed an Ad Hoc Committee on the greyhound industry transition aligned with the review of the greyhound racetrack license reviews.

On December 13, 2023, the Commission authorized an open application period for Class 2 Horse Racetrack Application Period from February 1, 2024 – March 31, 2024, for Cameron, Galveston, and Nueces Counties, based on a request from the existing greyhound racetrack licensees.

On December 31, 2023, Gulf Coast Racing in Corpus Christ, Texas ended its simulcasting activities.

On February 6, 2024, the Executive Director issued a letter to the Texas Greyhound Association directing a detailed audit be conducted with the results provided to the Commission no later than March 31, 2024.

On February 14, 2024, the Commission designated the three existing greyhound racetrack licenses as inactive in accordance with § 2025.104 of the Texas Racing Act.

On March 31, 2024, the Class 2 horse track application period closed with no applications. Although the three greyhound racetrack groups were appreciative and supportive of the opportunity to transition their business opportunity, they decided it would be more appropriate to seek guidance from the legislature to address the issues surrounding the greyhound industry transition.

VI. HORSERACING INTEGRITY AND SAFETY ACT OF 2020

The *Interstate Horse Racing Act of 1978*¹⁸ (IHRA) is one of the only U.S. gambling laws that has governed nationwide horse race betting, off-track betting venues (OTBs), and domestic online horse betting in America until now.

In December 2020, Congress included the text of the *Horseracing Integrity and Safety Act of 2020*¹⁹ (HISA) into a comprehensive spending bill. While passed in the House, the stand-alone legislation was not publicly debated by any U.S. Senate committee. The new law is intended to address the safety and welfare of racehorses and the integrity of the sport itself through better anti-doping measures and racetrack safety standards. However, Congress delegated authority to implement the statute to the Federal Trade Commission and created a private, self-regulated entity called the Horseracing Integrity and Safety Authority (hereinafter the Authority) to administer the statute.

As the sole government agency charged with the protection of the horses, licensed participants, and the wagering public that engage in and attend the sport in Texas, the agency is in full agreement that increased uniformity of safety standards among the states is an appropriate direction for the future of horse racing.

TXRC acknowledges the federal statute will lack any appearance of uniformity on its effective date. HISA cannot fulfill its mandate to protect all racing participants, cannot implement the anti-doping directive for covered horses and cannot provide experienced personnel necessary to conduct the sport of live racing. Given the Authority's inability to perform its federal mandates, the TXRC is taking this opportunity to specify the safety measures already in place within state jurisdiction and provide an assessment of resources required to ensure the integrity of the sport.

Because protecting the health and welfare of horse racing participants undoubtedly requires additional resources, the agency proposes that the Texas Legislature provide sufficient appropriations to resource TXRC at the level required to address projected requirements to implement Sunset recommendations as well as a dual-purpose federal statute.

To account for these resources, *Texas Racing Act* requires the Commission to license and regulate all aspects of horse racing and greyhound racing in the State of Texas regardless of whether that racing involves pari-mutuel wagering. In adopting its rules and in the supervision and conduct of racing, the Commission must consider the effect of a proposed action on the state's agricultural, horse breeding, horse training, greyhound breeding, and greyhound training industry.²⁰ A summary of the duties of the Commission and the agency under the statute include:

1. Conducting criminal and administrative investigations related to violations of the *Texas Penal Code*, *Texas Racing Act*, and *Texas Rules of Racing*, including analysis of criminal activity in Texas as well as criminal history data for racetrack and occupational license applicants to protect the horseracing industry.

2. Conducting complete personal, financial, and business background investigations of racetrack applicants and any person who owns an interest in or exercises control over an applicant racetrack including the partners, stockholders, concessionaires, management personnel, management firms, and creditors.
3. Adoption of rules regarding the issuance of business and occupational licenses and takes any other necessary action relating exclusively to horse racing or greyhound racing.
4. Adoption of rules regarding licenses for training facilities to secure past performances and workouts to (a) protect the health, safety, and welfare of race animals and participants in racing, (b) safeguard the interest of the public; and (c) promote the orderly conduct of racing in this state.
5. Administering equine and human drug testing programs to ensure integrity of racing activities.
6. Administering the Accredited Texas Bred (ATB) Incentive Fund and the Horse Industry Escrow (HIEA) trust funds.
7. Annually prescribing reasonable license fees for each category of license reasonable and necessary to cover regulatory requirements to oversee the licensing and operation of live and simulcast racing at racetracks under the *Texas Racing Act* and *Texas Rules of Racing*.

The unintended consequence of the federal legislation was not nationwide standards, but the fracturing of several state racing commissions by burdening the Thoroughbred population with another layer of government regulation in addition to state statutes and requirements.

Therefore, Texas has asked the Authority to rethink its approach to regulation of the sport by partnering with state racing commissions to create uniform national standards.²¹ Partnership models that are effective, are not one-way conversations where the federal government proposes a rule, and the state agencies and industry stakeholders can send a comment.

Currently, there is no meaningful dialogue to achieve a common goal we should all have: protecting the animals and people involved in the sport of horseracing. Instead of treating state regulatory agencies like bill collectors for the Authority, the FTC should partner with states and their congressional delegations to return to Congress with the goal of replacing the Authority with a federal cooperative agreement program.

VII. OPERATIONAL GOALS

GOAL A: ENABLE

Enable Public Safety, Education & Natural Resources Partnerships

Action Plan 1	Strengthen statewide jurisdiction posture to enforce the <i>Texas Racing Act</i> and the <i>Texas Rules of Racing</i>
<p style="text-align: center;">IMPACT ON STATEWIDE OBJECTIVES</p> <ol style="list-style-type: none"> 1. Accountability. TXRC will increase accountability of public funds through updates to our enabling statute and fiscal structure. 2. Efficiency. Updating our statutes and rules will enable modernization of agency business practices. 3. Effectiveness. Increase understanding and provide clarity through a framework of laws and policy guiding the TXRC mission and stakeholder engagement. 4. Excellence in Customer Service. Consistent feedback requires timely updates to the <i>Act</i> and <i>Rules</i> to compete in a nationwide industry. 5. Transparency. Transparent promulgation of agency rule revisions and regulations will more effectively communicate agency procedures, due process steps, appellate processes, and remedies. 	
Action Plan 2	Modernize Licensing Programs to Align with Chapter 53, Texas Occupations Code
<ol style="list-style-type: none"> 1. Accountability. Strengthen background check and occupational licensing posture to deter ineligible applicants from participating in Texas sports. 2. Efficiency. Adopt technology solutions to provide continuous online access to licensing applications for local, national, and international applicants. 3. Effectiveness. Increase pathways for licensing through greater access and understanding of licensing programs, processes, and fee structures. 4. Excellence in Customer Service. Provide positive, accurate, timely responses to all customer inquiries and complaints. 5. Transparency. Seek opportunities to increase online and face-to-face customer engagement to educate applicants and enable industry participation. 	

GOAL B: PROTECT

Deter, Investigate and Adjudicate Violations: *Texas Racing Act and Texas Penal Code*

Action Plan 1	Deter, Investigate and Adjudicate Criminal and Civil Violations
IMPACT ON STATEWIDE OBJECTIVES	
<ol style="list-style-type: none"> 1. Accountability. Increase the security and integrity of wagering activities for live and simulcast races authorized under the <i>Texas Racing Act</i> (hereafter the “Act”). 2. Efficiency. Timely review and issue, deny, suspend, or revoke licenses issued under the Act; and reduce or eliminate paperwork, language, and increase accessibility to more effectively investigate and adjudicate suspected violations. 3. Effectiveness. Proactively conduct criminal investigations and provide expert advice on brush tracks to local, city, county, and state law enforcement organizations. 4. Excellence in Customer Service. Partner with educational, natural resource and public safety agencies to strengthen the public safety efforts in Texas. 5. Transparency. Enhance timely publication of agency procedures, rulings, and proposed rule-making changes. 	
Action Plan 2	Effectively Address Equine/Licensee Health & Safety
<ol style="list-style-type: none"> 1. Accountability. Conduct pre-race exams and training day observations on equine, canine, and human participants through health records and physical screening activities. 2. Efficiency. Adopt technology solutions to provide more effective diagnostic results for equine, canine, and licensed human conditions to prevent injuries during training or live racing events. 3. Effectiveness. Reduce scratches of entered equine, canine, and licensed humans through proactive recordkeeping and review as well as pre-race observation. 4. Excellence in Customer Service. Provide positive, accurate, timely responses to all customer inquiries and complaints. 5. Transparency. Seek opportunities to educate licensed participants to the reduce the number of injuries and illnesses for equine, canine, and licensed humans. 	

GOAL C: COMMUNICATE

Modernize Internal and External Agency Communication Platforms and Practices

Action Plan 1	Modernize Agency Technology Platforms to Enhance Cybersecurity and Transparency
IMPACT ON STATEWIDE OBJECTIVES	
<ol style="list-style-type: none"> 1. Accountability. Modernizing agency information technology allows for a secure and effective means for the agency to conduct enforcement operations. 2. Efficiency. The agency will transform from outdated, resource-constraining information technology services to a partnership with the Texas Department of Information Resources to create greater proficiency through the adoption of best practices, and increased cybersecurity for all agency internal and external communications. 3. Effectiveness. The agency will adopt technology and business practices that are diverse, secure, and increase access to licensing for all customers. 4. Excellence in Customer Service. Leveraging current and emerging technologies strengthens the agency's ability to ensure that the integrity of pari-mutuel wagering, as well as access to agency services, is available on numerous online platforms. 5. Transparency. Access to agency services and procedures will facilitate a growth in agency programs, effective customer feedback mechanisms, and accountability for all Texas taxpayers. 	
Action Plan 2	Increase Accessibility and Modernization of the Licensing Process
<ol style="list-style-type: none"> 1. Accountability. The agency should meet the requirements under the Texas Government Code to provide services to all eligible applicants and will be enabled to do so by modernizing the licensing process. 2. Efficiency. Providing accessible, multi-lingual application and testing materials, and translator services, will open doors to a more diverse applicant pool. 3. Effectiveness. The agency will increase its effectiveness to serve all Texas, and national and international applicants through implementation of accessibility, accommodation, and language translation initiatives. 4. Excellence in Customer Service. All customers should feel welcomed and included because the agency is prepared to meet their needs. 5. Transparency. Updating our business practices and conducting more outreach programs will support under-served populations having access to agency services. 	

GOAL D: PARTNER

Increase Agency Effectiveness through Stakeholder and Government Partnerships

Action Plan 1	Strengthen Inter-agency Partnerships to Gain Efficiencies and Reduce Resource-Constraining Practices
IMPACT ON STATEWIDE OBJECTIVES	
<ol style="list-style-type: none"> 1. Accountability. Invest in effective partnerships with fellow agencies and industry partners to perform the agency’s mission in a more efficient and effective manner while avoiding resource-constraining business models. 2. Efficiency. Seek opportunities to protect resources in the areas of facilities, information technology, and professional development. 3. Effectiveness. Increase agency professional staff growth through developmental partnerships and exchange programs. 4. Excellence in Customer Service. Model customer service best practices throughout Texas. 5. Transparency. Recognize and report on value-added internal initiatives and interagency partnerships. 	
Action Plan 2	Engage in Educational and Research Initiatives
<ol style="list-style-type: none"> 1. Accountability. Employ best practices in research and education to support safety programs for racing participants. 2. Efficiency. Recognize return on investment by using data gathered to prevent future injuries and promote equine, canine, and licensed human health and aftercare programs. 3. Effectiveness. Increase Texas citizenry understanding of the agency mission and contribution to the equine industry and Texas economy. 4. Excellence in Customer Service. Provide transparent data and access to agency operations and initiatives. 5. Transparency. Invite educational, government, and industry groups to participate in agency initiatives. 	

VIII. REDUNDANCIES AND IMPEDIMENTS

1. Agency Appropriations Article: Article V: Public Safety	
SERVICE STATUTE, RULE, OR REGULATION (WITH CITATION)	General Appropriations Act, 88 th Legislative Session. The agency is currently funded by appropriations in Article VIII (Regulatory), but as we are transforming into a specialized law enforcement agency, Article V (Public Safety) would be appropriate.
DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN AN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS	<p>EXCERPTS From 2021 Sunset Commission Staff Report²²:</p> <p>“Unsuccessful funding structure. When the Legislature created the commission in 1986, the Legislative Budget Board estimated racing would contribute about \$110 million annually to the General Revenue Fund through taxes on racetracks and revenue from wagers. However, racing has not become the economic driver once envisioned. Over the last five fiscal years, the contribution to general revenue from racing industry regulation has steadily decreased, from \$3 million in fiscal year 2015 to \$2.7 million in fiscal year 2019, as fewer patrons attended races. As the industry has declined, so has the funding for the commission to effectively regulate it. In 2019, the Legislature redirected tax revenue from simulcast wagers to fund the commission’s operations. However, the lack of anticipated simulcast tax revenue in 2020 due to the COVID-19 pandemic significantly reduced the commission’s revenue in March and almost forced the commission to close in July, jeopardizing the continued operation and regulation of the Texas racing industry.</p>
PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION	TXRC is required, by statute, to collect revenue to cover operational requirements. When there are economic or other (pandemic) factors that affect the agency's ability to collect revenue, TXRC as the regulatory agency, directly bills the licensees it regulates. Since TXRC is required a minimum level of sustainment as a state agency, a stable, transparent general revenue method of finance would be more appropriate to enforce the <i>Texas Racing Act</i> , while also being accountable to the citizens of Texas.
DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE	In the interest of transparency and public accountability, the agency should be able to demonstrate the true resources required to sustain its’ requirements to license and regulate activities under the <i>Texas Racing Act</i> and have legislative concurrence with the appropriations required to successfully achieve the agency mission.

2. Agency Fiscal Structure	
SERVICE STATUTE, RULE, OR REGULATION (WITH CITATION)	General Appropriations Act, 88 th Legislative Session. TXRC is requires a minimum level of sustainment as a state agency, a stable, transparent general revenue method of finance would be more appropriate to enforce the <i>Texas Racing Act</i> , while also being accountable to the citizens of Texas.
DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN AN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS	<p>EXCERPTS From 2021 Sunset Commission Staff Report²³:</p> <p>"Unsuccessful funding structure. When the Legislature created the commission in 1986, the Legislative Budget Board estimated racing would contribute about \$110 million annually to the General Revenue Fund through taxes on racetracks and revenue from wagers. However, racing has not become the economic driver once envisioned. Over the last five fiscal years, the contribution to general revenue from racing industry regulation has steadily decreased, from \$3 million in fiscal year 2015 to \$2.7 million in fiscal year 2019, as fewer patrons attended races. As the industry has declined, so has the funding for the commission to effectively regulate it. In 2019, the Legislature redirected tax revenue from simulcast wagers to fund the commission's operations. However, the lack of anticipated simulcast tax revenue in 2020 due to the COVID-19 pandemic significantly reduced the commission's revenue in March and almost forced the commission to close in July, jeopardizing the continued operation and regulation of the Texas racing industry.</p>
PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION	<p>TXRC is statutorily required to raise its own revenue, which is deposited into Account No. 597. All the Texas Bred Incentive Program funding is passed through the agency from racetracks to eligible recipients. If General Revenue–Dedicated Funds revenue falls short of the appropriations, no other funding provides the difference. The agency also is subject to a requirement in the Eighty-sixth Legislature, <i>General Appropriations Act, 2020–21 Biennium</i>, Article VIII, Special Provisions, Section 2, which limits the agency's appropriations to the amounts of actual revenue collected.</p> <p>The agency intends to request indirect administrative and overhead become funded through General Revenue, with reimbursable expenses remaining as General Revenue-Dedicated Funds.</p>
DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE	To effectively perform state agency functions, the agency needs to articulate its baseline operational requirements, request general appropriations, and track expenditures and efficiencies through the Texas budget process.

3. Agency Staffing Model Insufficient for Statewide Mission	
SERVICE STATUTE, RULE, OR REGULATION (WITH CITATION)	<i>General Appropriations Act for the 2022-2023 Biennium, 87th Texas Legislature, Regular Session, 2021, Senate Bill No. 1, May 25, 2021.</i>
DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN AN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS	The agency's current requirements-based estimate to support a day of live racing is \$3,501 for horse racing dates and \$2,564 for greyhound race dates based on the calculations provided in the agency rider language in the GAA. This projected amount falls short of capturing the actual expense now required in 2024 and beyond to recruit and retain a competitive, professional workforce. In addition, it does not account for the administrative workload of conducting pre-race exams, hearings, appellate procedures, policy changes, public meetings, employee development programs or leave. Also not included are the indirect requirements for state agency operations, which includes maintain facility space, ensuring transportation requirements are met, and information technology support.
PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION	Agency budget model needs to be comparable to sister state agencies in capturing annual, monthly, and recurring requirements, as well as anticipating market changes in the industry and economy.
DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE	As noted in the agency's strategic fiscal review and Sunset Commission report, the agency struggled to meet its requirements as a state enforcement agency charged with carrying out its statutory duties under the <i>Act</i> . The investment of a professionally trained staff, with the appropriate tools and technology will provide additional opportunities for industry and economic growth for Texas.

4. Drug & Evidence Forensic Laboratory	
SERVICE STATUTE, RULE, OR REGULATION (WITH CITATION)	Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL), created in 1991 by the Texas Legislature has been the designated medication and drug testing laboratory for the Texas Racing Commission for over thirty years. The relationship is codified in the Texas Racing Act and the interagency agreement between the two agencies is approved annually by the Commission. ²⁴
DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN AN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS	<p>TVMDL has taken the position that the Texas Racing Commission needs to seek another analytic chemistry laboratory in the near future. Modifying or concluding our statutory relationship without sufficient time and legislative guidance would be detrimental to the Texas Racing Commission and the industry it regulates because it would:</p> <ul style="list-style-type: none"> - Create regulatory uncertainty for over 16,000 business and occupational license holders. - Impair the agency ability to effectively address Sunset Commission concerns issued in 2021. - Require cancellation of approved live race dates if not appropriately coordinated to protect business interests.
PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION	<p>For the Commission to transition the current program, six steps are required:</p> <ol style="list-style-type: none"> 1) Submission of a legislative appropriations request for general revenue -- estimated at 5 – 10 million dollars; 2) Support from Texas A&M for a program and statutory change to the Racing Act during the next legislative session, 3) Legislative appropriations for the Racing Commission, and other potential Texas agencies as a new method of finance based on the cost estimate; 4) Initiation of a replacement analytical drug testing capability on September 1, 2025, including establishing an interagency agreement or contract at an organization who would need to build the capability (buildings, storage, staff, equipment, including RMTCC accreditation) or increase current capability to support the Texas drug testing program that we will continue to expand; 5) Revisions to the Texas Rules of Racing to appropriately notice licensees on the updated process; 6) identify a projected transition date no earlier than September 1, 2027.
DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE	Transitioning the program will not result in cost savings. We have all acknowledged that Texas A&M will need a have a sustainable model that can grow with the horseracing industry and support the agency's goals to expand both our drug and evidence testing. It would be appropriate to invest any additional resources, here in our own state, at Texas A&M as well as exploring expanding our testing program in partnership with Texas Tech University, to support their goals of increasing capability at their Veterinary School.

5. Equine Drug Research Council	
SERVICE STATUTE, RULE, OR REGULATION (WITH CITATION)	<i>General Appropriations Act for the 2022-2023 Biennium, 87th Texas Legislature, Regular Session, 2021, Senate Bill No. 1, May 25, 2021, Equine Research Account. Included in the appropriations above are fees collected in each year of the biennium beginning September 1, 2021, pursuant to the <i>Texas Racing Act</i>, for the Equine Research Account in support of the Equine Research Program, Page III-244.</i>
DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN AN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS	The agency has provided Texas Equine Research Funds (Two Percent of Texas Bred funds from horses) to first support Equine Research and then to Texas AgriLife since 2010. In 2012, the Equine Research Account Advisory Committee was discontinued by the 82nd Legislature, following the Sunset Commission's recommendation. Also of note, according to the Sunset Final Report dated July 2011, since 2005, the Legislature has not appropriated Equine Research Account funds. As a result, Texas AgriLife Research provided agency funds to award equine research proposals.
PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION	The agency recommends reinstatement of the Equine Research Model, renamed "Equine Research Drug Council" to facilitate: <ul style="list-style-type: none"> • Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL) modernization and sustainment of equipment and staff. • Funding the TXRC drug testing program. • Funding research projects and educational opportunities to use racehorse exams and testing to prevent injuries and provide a bridge to aftercare programs for retired racehorses.
DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE	Benefits of implementing this model is the investment in medical advances to protect Texas racing enforcement ability to conduct drug testing and exam as required to carry out the agency mission. In addition, TVMDL requires research projects to sustain its Racing Medication & Testing Consortium (RMTC).

6. Texas Racing Act, Chapter 2033, Criminal and Administrative Penalties; Cease and Desist Orders; and Disciplinary Powers	
SERVICE STATUTE, RULE, OR REGULATION (WITH CITATION)	The <i>Texas Racing Act</i> , TEX. OCC. CODE, Chapter 2033, deals with criminal and administrative penalties, cease-and-desist orders, and disciplinary powers. Additionally, Chapter 72, Texas Penal Code now enables the agency to use racketeering as a tool to pursue criminal activities occurring at brush tracks.
DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN AN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS	The chapter should include the criminal penalty for the felony offense of cruelty to animals, TEX. PENAL CODE §§42.09 and 42.092, in addition to the other criminal penalties listed in the chapter. TEX. OCC. CODE §2033.101 only permits issuance of a cease-and-desist order upon the reasonable belief a racetrack association or other license holder is engaging or likely to engage in conduct that violates this subtitle or a Commission rule. The objective of a cease-and-desist order should be to halt unlicensed activity, including the operation of illegal racetracks, known as brush tracks. In addition to promoting illegal wagering, brush tracks harbor vast amounts of secondary criminal activities, ranging from human and drug trafficking to animal cruelty. The brush tracks, operating outside of the <i>Act</i> and <i>Rules</i> , take economic benefits from properly licensed tracks in the state. The cease-and-desist section of the <i>Act</i> should cover all persons both licensed and unlicensed.
PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION	The agency recommends the addition of the Texas Penal Code's cruelty to animal provisions into the <i>Texas Racing Act</i> , Chapter 2033. The agency recommends the <i>Texas Racing Act</i> , §2033.101, be revised to include all persons not just licensees.
DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE	Although difficult to pinpoint an exact amount of illegal wagering, the estimated benefit to racetracks by the elimination of brush racetracks could easily approach millions of dollars, as well as increased public confidence in racing integrity by eliminating the opportunity for unscrupulous betters from negatively influencing wagering pools with ill-gotten knowledge gathered at these tracks. Additionally, the safety of race participants and race animals tested with prohibited substances to influence the outcome of a race on an illicit racetrack could be wholly prevented by shutting down these operations with increased criminal penalties and the seizure of compromised race animals and related equipment.

IX. SUPPLEMENTAL SCHEDULES

A. BUDGET STRUCTURE

PENDING LBB APPROVAL – MINOR CHANGES, LABORATORY STRATEGY ADDED

B. LIST OF MEASURE DEFINITIONS

PENDING LBB APPROVAL – NO CHANGES

C. HISTORICALLY UNDERUTILIZED BUSINESS PLAN

TXRC to complies with the rules for the Historically Underutilized Business (HUB) Program adopted by the Comptroller of Public Accounts (CPA) and Chapter 2161 of the Texas Government Code to encourage the use of historically underutilized businesses.

The goal of this program is to promote full and equal business opportunities for all businesses in the agency's contracting. This policy incorporates the adoption of CPA's HUB rules to implement a meaningful HUB program based on the State of Texas Disparity Study. TXRC will work diligently to work with HUBs in contracts for commodities, services, professional and consulting services, and construction by contracting directly or indirectly through subcontracting opportunities.

Additionally, TXRC will make a good faith effort to assist HUBs in receiving a portion of the total contract value of all contracts the agency expects to award in a fiscal year in accordance with the following percentages:

- 24% for professional services contracts
- 26% for all other services contracts
- 21% for commodities contracts

The agency will ensure it makes a good faith effort to work with HUBs and meet the agency goals by:

- ✓ Advanced planning of large purchases to ensure adequate time and preparation.
- ✓ Specifying reasonable, realistic delivery schedules consistent with the agency's actual requirements.
- ✓ Ensuring that specifications, terms, and conditions reflect TXRC's actual requirements, are clearly stated, and do not impose unreasonable or unnecessary contract requirements.

D. AGENCY WORKFORCE PLAN

TEXAS RACING COMMISSIONERS

The Commission is composed of nine members, seven of whom are appointed by the Governor with the advice and consent of the Senate. The Chair of the Public Safety Commission and the Commissioner of the Texas Department of Agriculture serve as ex-officio members of the Commission with full voting privileges. The seven non-salaried Commissioners serve overlapping six-year terms. Of the seven appointed Commissioners, five must be representatives of the public and have general knowledge of business or agribusiness. At least one of those appointed members may be a veterinarian and being licensed as a veterinarian satisfies the requirement that the person has general knowledge of business or agribusiness. The Governor designates the Chair. The nine members elect the vice-chairman for a term of two years.

AGENCY STAFF

The agency is modernizing its workforce planning systems to recruit and retain the professional staff required to carry out the agency mission.

AGENCY WORKFORCE ANALYSIS

The agency is currently allocated 57.3 Full-Time Equivalent (FTEs) employees, which is insufficient to address the requirements of the statewide mission to enforce the Texas Racing Act.

OUTDATED BUDGET MODEL

The agency budget model for what is a personnel-based budget for a professionally staffed team of regulators with the training, travel, tools, and technology required to effectively enforce the *Texas Racing Act* is outdated.

The salary, benefits, and compensation calculation from 1989 does not provide an effective means of recruiting, developing, and retaining an educated, well-trained, diverse workforce. For example, the base salary for a licensed Commission veterinarian was \$68,000 per year. This figure does not include the full encumbrance for the benefits, compensation, insurance, and retirement payments required this agency to fund the position. That same veterinarian is required to have an active professional license, maintain continuing education credits, have medical supplies, diagnostic tools, administrative support, technology tools, and transportation assets to perform his or her duties for the Commission.



The choices based on the limited staff allocated in 2021 were 26 FTE positions in Austin to conduct the indirect agency operations with 31 FTEs allocated for field operational positions in Houston, Grand Prairie, San Antonio, and Fredericksburg, with 10-15 contracted staff positions (veterinarians, veterinary technicians, and stewards-in-training to round out the field operations staffing needs). The agency staffing model will continue to prioritize field operations with 70 percent of the staffing dedicated to the field operations and 30 percent of the agency FTEs to the Headquarters staff that support field operations.

AGENCY WORKFORCE BUDGET MODEL FACTORS

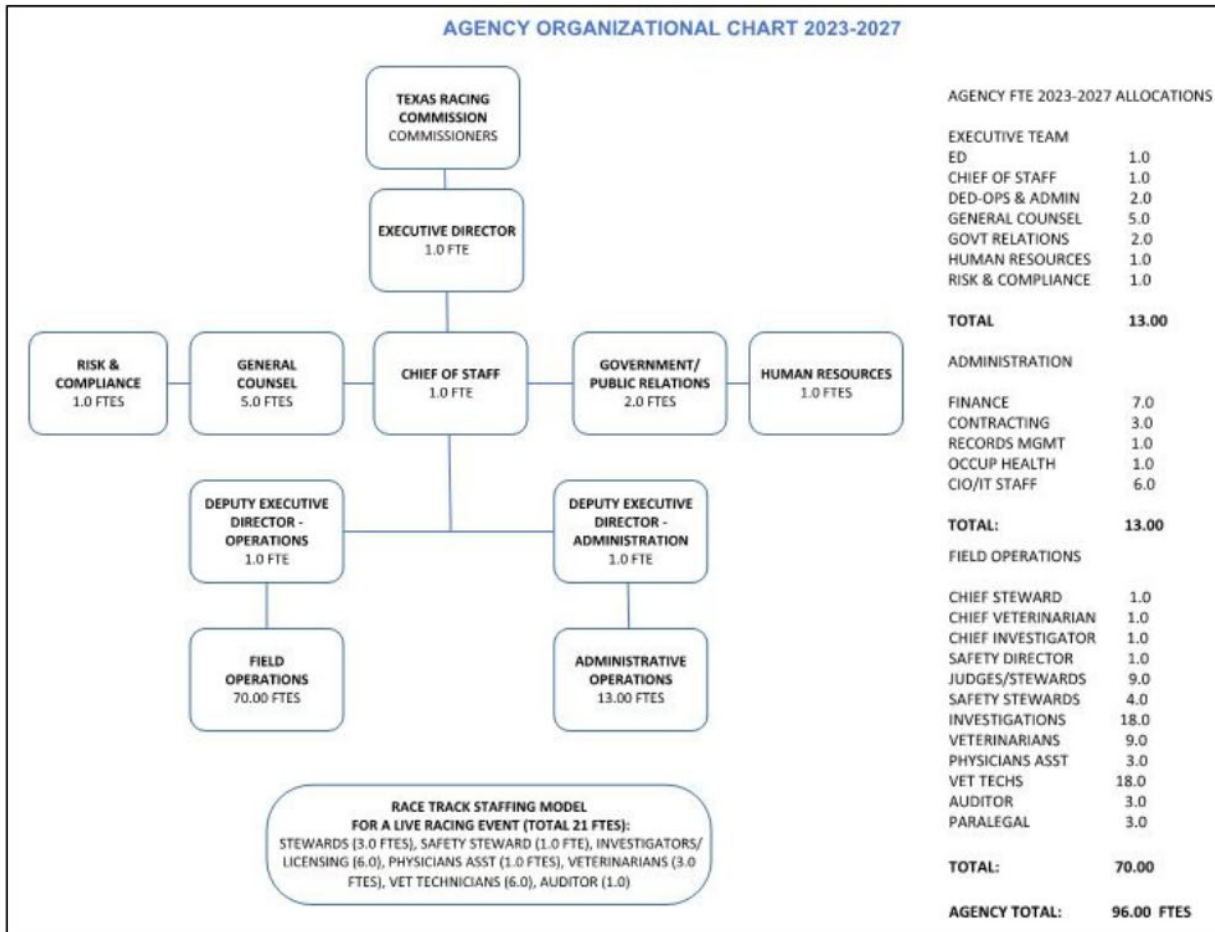
FTE employee calculations need to include:

- Effective, transparent, auditable state agency business practices.
- Competitive salary, benefits, leave, and training packages and programs.
- A probationary period with on-the-job training for specialized skill sets, such as stewards, investigators, veterinarians, test barn supervisors, veterinary technicians, and auditors.
- Professional development training and travel resources to update skill sets, as well as adapt to developing technological advances in the industry.

For purposes of addressing the workforce goals above, based on our current operational requirement, the estimated minimal staffing for a live racing day is: three stewards, one safety steward, six investigators/licensing staff members, three veterinarians; one physician assistant; six veterinary technicians; and one auditor for a total of 21 employees.

The agency organizational chart has been updated to reflect the changes required to effectively conduct the TXRC mission and meet industry standards under federal law.

E. AGENCY FULL-TIME EQUIVALENT RESOURCE ALLOCATION PLAN



F. REPORT ON CUSTOMER SERVICE

Given the serious concerns raised by the Sunset Advisory Commission in 2021, the agency has worked to increase customer engagement. To that end, we have held several public meetings around the state to address agency planning efforts, rules review and safety concerns.



The Commission intends to increase public input through continuing public meetings focused on modernizing the *Texas Rules of Racing* in response to Sunset Advisory Commission feedback as well as emerging standards being implemented in the United States. In May 2022, Chairman Robert C. Pate called on Dr. McNabb to review best practices in horseracing regulation from across the globe to ensure Texas remains “a premier state for horseracing.”²⁵

All TXRC customers can expect to be treated courteously and fairly. The agency website has a 2024 customer feedback survey or comments may be sent to our customer.service@txrc.texas.gov email address.

“Excellence Starts Here”

¹ <https://gov.texas.gov/initiatives/safer-texas>

² See Governor Abbott’s Initiatives, at <https://gov.texas.gov/initiatives>.

³ Texas State Library and Archives Commission, https://txarchives.org/tslac/finding_aids/15003.xml

⁴ Legislative Reference Library of Texas, <https://lrl.texas.gov/scanned/hroBillAnalyses/69-2/SB15.pdf>

⁵ Legislative Reference Library of Texas, https://lrl.texas.gov/LASDOCS/69CS2/SB15/SB15_69CS2.pdf#page=585

⁶ Texas Greyhound Association, <http://www.tgagreyhounds.com/about-us/>

⁷ The Pew Charitable Trusts, <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2019/10/29/once-one-of-americas-favorite-pastimes-greyhound-racing-eats-dust>

⁸ CT Insider, <https://www.ctinsider.com/connecticut/article/ct-dog-racing-greyhound-dogtracks-19306095.php>

⁹ Congress.gov, <https://www.congress.gov/bill/118th-congress/house-bill/3894/cosponsors>

¹⁰ Texas Horse Racing Hall of Fame, <https://txhof.com/hall-of-fame-history.html>

¹¹ Albany Law School, <https://www.albanylaw.edu/government-law-center/news/understanding-the-horseracing-integrity-and-safety-act-and-new-era>

¹² Liberty Justice Center, <https://libertyjusticecenter.org/media/ruling-challenge-to-hisa/>

¹³ Legislative Reference Library, <https://lrl.texas.gov/scanned/vetoes/81/hro/HCR252.pdf>

¹⁴ Texas Racing Commission

¹⁵ Sunset Advisory Commission, https://www.sunset.texas.gov/public/uploads/files/reports/Texas%20Racing%20Commission_Equine%20Staff%20Report%201995%2074%20leg.PDF

¹⁶ Sunset Advisory Commission, https://www.sunset.texas.gov/public/uploads/files/reports/Racing_Staff%20Report%20with%20Final%20Results.pdf

¹⁷ Texas Occupations Code § 2030.05

¹⁸ 15 USC Ch. 57: INTERSTATE HORSERACING,

<https://uscode.house.gov/view.xhtml?path=/prelim@title15/chapter57&edition=prelim>

¹⁹ Congress.gov, <https://www.congress.gov/bill/116th-congress/house-bill/1754/text>

²⁰ Tex. Occ. Code §2023.001, <https://statutes.capitol.texas.gov/Docs/OC/htm/OC.2023.htm>

²¹ Bloodhorse, www.bloodhorse.com/horse-racing/articles/256994/texas-proposes-joint-efforts-with-hisa

²² Sunset Advisory Commission,

https://www.sunset.texas.gov/public/uploads/files/reports/Racing_Staff%20Report%20with%20Final%20Results.pdf

²³ Ibid.

²⁴ See Texas Occupations Code Chapter § 2034.002.

²⁵ Texas Racing Commission,

https://static1.squarespace.com/static/61f1f682f08bd15f1e6a2d9f/t/629115ce5f3e223c03f75238/1653675471239/2022_05_27_TEXAS_RACING_COMMISSION_CHAIRMAN_DIRECTS_RULES_COMMITTEE_TO_DRAFT_SWEEPING_RULES_UPDATE.pdf

AGENDA ITEM VIII. REVISED PROPOSED RULE: APPEAL TO THE COMMISSION:

The Texas Racing Commission (TXRC) proposes rule amendments and a repeal of selected language in Texas Administrative Code, Title 16, Part 8, Chapter 307, Subchapter C, Proceedings by Stewards, and Racing Judges, § 307.67, Appeal to the Commission, concerning the timeline fine required by a licensee when appealing a ruling to the Commission.

(a) Right to Appeal. A person aggrieved by a ruling of the stewards [~~or racing judges~~] may appeal to the Commission. A person who fails to file an appeal by the deadline and in the form required by this section waives the right to appeal the ruling.

(b) Filing Procedure.

(1) An appeal must be in writing in a form prescribed by the executive director. [~~secretary~~] An appeal from a ruling of the stewards [~~or racing judges~~] must be filed not later than 5:00 p.m. of the thirtieth [~~third~~] calendar day after the day the person is informed by the stewards of the ruling. [~~or racing judges~~]. The completed appeal form must be post marked by the 30th day after the person is informed of the steward ruling and mailed to: Texas Racing Commission, 1801 N Congress, Suite 7.600, Austin, TX 78701. An appeal from the modification of a penalty by the executive director [~~secretary~~] must be filed not later than 5:00 p.m. of the tenth [~~fifth~~] calendar day after the person is informed of the penalty modification. The appeal must be filed and post marked by the tenth day after the person is informed of the penalty modification and mailed to: Texas Racing Commission, 1801 N Congress, Suite 7.600, Austin, TX 78701 ~~or with the stewards or~~ [~~or racing judges~~] at a Texas pari-mutuel racetrack where a live race meet is being conducted. The appeal must be accompanied by a cash bond in the amount of \$150, to defray the costs of the court reporter and transcripts required for the appeal. ~~The bond must be in the form of a cashier's check or money order.~~

(2) Record of Stewards' [~~Judges~~] hearing. On notification by the executive director [~~secretary~~] that an appeal has been filed, the stewards [~~or racing judges~~] shall forward to the Commission the record of the proceeding being appealed. A person appealing a stewards' [~~or judges~~] ruling may request a copy of the record of the hearing. ~~and the executive secretary may assess the cost of making to the copy to the requestor.~~

(c) Hearing Procedure. A hearing on an appeal from a ruling by the stewards [~~or racing judges~~] is a contested case and shall be conducted by SOAH in accordance with the Rules regarding contested cases. In an appeal, the appellant has the burden to prove that the stewards' [~~or racing judges~~] decision was clearly in error.

(d) Effect of Appeal on Fine Payment. If a person against whom a fine has been assessed appeals the ruling that assesses the fine, the person shall pay the fine in accordance with the Rules. The executive director shall place the fine amount into the agency suspense account until such time that the appeal is final. If the appeal is disposed of in favor of the appellant, the executive director [~~Commission~~] shall refund the amount of the fine.

(e) Effect of Appeal on Purse Payment. If a ruling that affects the outcome of a race is appealed, the portion of the purse that is involved in the appeal shall be withheld and not distributed. The stewards [~~or racing judges~~] may distribute the portion of the purse that is not involved in or affected by the outcome of the appeal.

(f) Effect of Appeal on Horse Eligibility. If an appeal involves the official order of finish in a horse race, all horses finishing first or declared to be the winner by the stewards carry all penalties of eligibility until the winner is determined through the final resolution of the appeal.