



TEXAS RACING COMMISSION

**P. O. Box 12080
Austin, TX 78711-2080
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Texas Racing Commission
Wednesday, February 9, 2022
1:30 p.m.
John H. Reagan Building, Room 120
1400 Congress Avenue
Austin, Texas 78701

AGENDA

I. CALL TO ORDER

Roll Call

II. PUBLIC COMMENT

III. GENERAL BUSINESS

A. Discussion and consideration of staff reports regarding administrative matters:

1. Executive Director's report
2. Horse Integrity and Safety Act Implementation
3. Budget and Finance Reports
4. Enforcement Reports

B. Discussion, consideration, and possible action on the following matters:

1. Designation by the Chair of a Rules Committee

IV. PROCEEDINGS ON RULES

A. Discussion and possible action to adopt propose amendments published in the January 7, 2022, Texas register to:

1. 16 TAC §313.110, Coupled Entries
2. 16 TAC §321.207, Betting Interests

V. PROCEEDINGS ON THE HORSE INDUSTRY ESCROW ACCOUNT

A. Staff report on breed registry requests for funding from the Horse Industry Escrow Account approved by the Executive Director, as of January 19, 2022.

B. Discussion and possible action to allocate funds in the Horse Industry Escrow Account to state horse breed registries for events to further the horse industry under 16 TAC Chapter 303, Subchapter G, as of January 19, 2022.

1. Requests by the Texas Paint Horse Breeders Association.
2. Requests by the Texas Quarter Horse Association.
3. Request by the Texas Arabian Breeders Association.

VI. 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 Texas Government Code § 551.071(1), the Commission may enter an executive session to seek the advice of its attorney regarding pending or contemplated litigation, or regarding a settlement offer.
- B. Under Texas Government Code § 551.071(2), the Commission may enter an executive session to discuss all matters identified in this agenda where the commission seeks the advice of its attorney as privileged communications under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas. This may include, but is not limited to, legal advice regarding the Open Meetings Act, the Administrative Procedures Act, and the Texas Racing Act.
- C. Under Tex. Occ. Code § 2025.005, the Commission may enter an executive session to review security plans and management, concession, and totalisator contracts.

VI. NEXT COMMISSION MEETING: WEDNESDAY, APRIL 13, 2022, 10:30 a.m.

VII. ADJOURN



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

December 20, 2021

The Honorable Greg Abbott
Governor of the State of Texas
P.O. Box 12428
Austin, Texas 78711-2428

Re: Federal Horse Racing Integrity and Safety Act of 2020 (HISA) Title XII HR 133¹.
<https://www.congress.gov/116/bills/hr133/BILLS-116hr133enr.pdf>

Dear Governor Abbott:

This letter is written in response to your direction to state agency heads dated December 13, 2021, to inform your office about federal legislation that may require an agency to implement federal policies that are contrary to the laws of the State of Texas.

As you know our agency's mission is to provide for the strict regulation of horse racing and greyhound racing and the control of pari-mutuel wagering and protection of racing participants health, safety, and welfare. I have had the opportunity to evaluate the impact of H.R. 1754, Horseracing Integrity and Safety Act (HISA), passed by Congress on September 30, 2020. This Act is scheduled for implementation nationwide on July 1, 2022 and is described as an interstate commerce approach to regulating horseracing in the United States, a duty traditionally reserved to state racing commissions.

As the new Executive Director, I have become aware of the pending litigation challenging the constitutionality of HISA, advanced by Plaintiffs in states including Arizona, Arkansas, Illinois, Louisiana, Nebraska, Oklahoma, Pennsylvania, West Virginia, Florida, and Washington.² After consultation with the Chair and Vice-Chair of our Commission, I recommend that Texas consider filing its own litigation challenging the constitutionality of the statute, in the pending litigation to protect the interests of Texas.

Many implications of the federal legislation are not covered here, however, four paramount issues of concern with respect to the HISA implementation are as follows:

¹ The Horse Racing Integrity and Safety Act (HISA), Pub. L. No. 116-260, 134 Stat. 1182 (2020).

² There are currently cases filed in Lubbock, Texas, and Oklahoma for injunctive and declaratory relief. Addressing the direct commands issued by the federal government to the states. See [2021-03-15-National-HBPA-v.-Black-Complaint.pdf](https://www.federalcourts.com/2021-03-15-National-HBPA-v.-Black-Complaint.pdf) ([lic-assets.s3.amazonaws.com](https://www.federalcourts.com/2021-03-15-National-HBPA-v.-Black-Complaint.pdf)). See also another case for a blueprint on litigation at https://www.americanfarriers.com/ext/resources/remote/2021/okla_hisa_complaint.pdf.

1. Congressional Delegation. The constitutionality of the Horse Racing Integrity and Safety Act. In Texas, the Governor appoints Commissioners to serve on the Texas Racing Commission. HISA effectively removes the state Commissioners' role in rulemaking³ and assumes the regulatory authority of horseracing in the State for "covered" breeds which will include only Thoroughbreds on the Act's effective date.⁴ By enacting HR 1754, Congress established the Horse Racing Integrity and Safety Authority (hereinafter, the "Authority"). This "Authority" will replace the Texas Racing Commissioners with a non-federal private entity, with minimal oversight by the Federal Trade Commission (FTC).⁵ This delegated extensive legislative and regulatory power to the "Authority" eliminates the intended accountability afforded by the Appointments Clause and inherent removal powers of the Executive branch. These concerns are the hallmarks of the Constitution's separation of powers principles, the Appointments Clause, and the non-delegation doctrine.

2. 10th Amendment – Anti-Commandeering. HISA is violative of the 10th Amendment anti-commandeering doctrine. HR 1754 effectively removes regulation of horseracing from the preview of the states. HISA contains federal mandates requiring state funding of the "Authority" and the United States Anti-Doping Agency (USADA), both private entities formed for rulemaking and enforcement of horseracing. See HISA §§ 1203(a) and 1205(e)(1)(A). HISA requires racing commissions to establish a mechanism to remit fees to the Authority.⁶ This creates a commandeering of state commissioners, staff, veterinarians, laboratories, racetracks, and breed associations to determine whether state or federal rules apply, absorb cost prohibitive mandates without state enabling authority and shifting standards with a proposed phased-in implementation timeline.⁷ The result of these changes is that Texas will have no authority within its borders to determine which rules will apply to horseracing or which horses are covered.

3. Disparate Impact. Under HISA, a "Covered Horserace" means any horserace involving covered horses that has a substantial relation to interstate commerce, including any Thoroughbred horserace that is the subject of interstate off-track or advance deposit wagers.⁸ HISA will have a disparate impact with shifting standards in two areas: First, enforcement of standards, if a mixed meet race is held, the standards enforced will vary based on the "Authority's" interpretation of a covered horserace. Second, adjudication of violation actions will be based on the same interpretation for covered person or licensees, and those who have been identified as in violation will either be subject to federal or state appellate procedures.⁹ Thus the Act will have a chaotic effect on the industry it purports to bring equitable standards to while also causing confusion over which rules will be enforced race by race.

³ *Free Enterprise Fund v. Public Company Accounting Oversight Board*, 561 U.S. 477 (2010) focusing on whether the board members' appointment and removal provisions were constitutional. The Court distinguished the PCAOB from other private organizations noting "the [PCAOB] is a government-created, Government-appointed entity, with expansive powers to govern an entire industry." *Id.* at 485. See also J. Kavanaugh dissent in the underlying appellate decision at 537 F.3d 667 (D.C. Cir. 2008).

⁴ HISA § 1205(b).

⁵ HISA § 1203(a).

⁶ See HISA § 1203(f).

⁷ On December 7, 2021, HISA issued a press release stating the Authority was going to phase in Thoroughbred drug testing by starting out-of-competition testing on the July 1, 2022, effective date. Thoroughbred race day drug testing will purportedly remain with the states.

<https://static1.squarespace.com/static/604f6ab712afe14e11227976/t/61afbfa218db67245b1c8cba/1638907810893/HISA+Proposed+ADMC+Implementation+Date+Release+12.7.21.pdf>.

⁸ HISA § 1202(4) and (5).

⁹ 15 U.S.C.A. § 3058 entitled "Review of Final Decision of the Authority" violates both the substantive and procedural due process rights of veterinarians as "covered persons" under the Act.

4. Economic Impact. In 2019, Texas HB 2463 diverted funds from sales taxes on horse feed, tack and other horse-related products and services from the state's general fund to an escrow account established by the Texas Racing Commission. In addition, the Horse Industry Escrow Account (HIEA), has had a positive effect on the Texas horseracing and breed industry. These two legislative changes grants intended to boost the economic viability of the racing industry are now at great risk of being diverted to fund unclear federal funding mandates because sanctions under this Act for non-compliance include removal of a racetrack association's simulcast rights.¹⁰

In summary, the Texas Racing Commission staff are in a difficult position with respect to the federal legislation that within the next six months essentially pre-empts the authority of the Commission appointed by you, as our Governor and replaces them with a private entity. Your assistance in determining how the agency and Commissioners should respond to the federal government's actions while also preparing for the implementation is greatly appreciated.

Very truly yours,

Amy F. Cook

Amy F. Cook
Executive Director
Texas Racing Commission

cc: Judge Robert C. Pate, Commission Chairman
Connie McNabb DVM, Commission Vice-Chair

¹⁰ See HISA § 1205(i) and (j).

IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS LUBBOCK DIVISION

INTRODUCTION

NATIONAL HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, ARIZONA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, ARKANSAS HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, INDIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, ILLINOIS HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, MOUNTAINEER PARK HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, NEBRASKA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, OKLAHOMA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, OREGON HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, PENNSYLVANIA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, TAMPA BAY HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, and WASHINGTON HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION,

No. 5:21-cv-00071-H

FIRST AMENDED COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF

Plaintiffs,

v.

JERRY BLACK; KATRINA ADAMS; LEONARD COLEMAN, JR.; NANCY COX; JOSEPH DUNFORD; FRANK KEATING; KENNETH SCHANZER; the HORSERACING INTEGRITY AND SAFETY AUTHORITY, INC.; the FEDERAL TRADE COMMISSION; REBECCA KELLY SLAUGHTER, in her official capacity as Acting Chair of the Federal Trade Commission; ROHIT CHOPRA, in his official capacity as Commissioner of the Federal Trade Commission; NOAH JOSHUA PHILLIPS, in his official capacity as Commissioner of the Federal Trade Commission; and CHRISTINE S. WILSON, in her official capacity as Commissioner of the Federal Trade Commission,

Defendants

1. Thousands of owners and trainers of Thoroughbred racehorses represented by Plaintiffs bring this action to challenge the recently enacted federal Horseracing Integrity and Safety Act ("HISA"), which, among other things, unconstitutionally delegates to a private entity the legislative authority to regulate Plaintiffs.

2. "Federal lawmakers cannot delegate regulatory authority to a private entity" Ass'n of Am. R.R. v. U.S. Dep't of Transp., 721 F.3d 666, 670 (D.C. Cir. 2013) (vacated and remanded on other grounds by Dep't of Transp. v. Ass'n of Am. R.R., 135 S. Ct. 1225 (2015)). Under the private nondelegation doctrine, granting regulatory authority to a private entity violates Article I, Section 1 of the United States Constitution, which states that, "All legislative Powers herein granted shall be vested in a Congress of the United States"

3. This Court should declare HISA unconstitutional and preliminarily and permanently enjoin Defendants from implementing and enforcing the law.

PARTIES

4. Plaintiff National Horsemen's Benevolent and Protective Association ("National HBPA") is a not-for-profit corporation with its principal place of business in Lexington, Kentucky. Since 1940 it has represented the interests of Thoroughbred racehorse owners and trainers in the United States and Canada. The National HBPA

has close to 30,000 members in 30 affiliate organizations throughout the United States and Canada. It is the largest representation group of Thoroughbred owners and trainers in the United States. Membership is open without restriction to all owners and trainers licensed by state racing authorities.

5. Plaintiff National HBPA's purpose, as set forth in its by-laws, includes co-operating with governmental authorities charged with regulating horse racing; making recommendations in the best interest of racing and its participants, including medication and safety rules; and representing owners and trainers before state and federal governmental entities, national industry organizations, and trade associations. Its principal goals are providing a representative voice for all Thoroughbred horsemen on matters integral to the advancement of Thoroughbred racing in the United States and Canada and encouraging the highest standards of horsemanship to continuously improve the care, health, and safety of the horse.

6. Plaintiff Arizona Horsemen's Benevolent and Protective Association ("Arizona HBPA") is a not-for-profit corporation with its principal place of business in Phoenix, Arizona. It is an affiliate of the National HBPA. The Arizona HBPA Thoroughbred owner and trainer members are licensed by the Arizona Racing Commission, the state agency with regulatory authority over all aspects of racing in Arizona, including promulgating and enforcing equine medication and safety rules.

7. Plaintiff Arizona HBPA negotiates contracts on behalf of its members with racetrack ownership that include terms and conditions under which racing

occurs, consistent with applicable state laws and regulations of the Arizona Racing Commission, including those governing equine medication and safety.

8. Plaintiff Arkansas Horsemen's Benevolent and Protective Association ("Arkansas HBPA") is a not-for-profit corporation with its principal place of business in Hot Springs, Arkansas. It is an affiliate of the National HBPA. The Arkansas HBPA Thoroughbred owner and trainer members are licensed by the Arkansas Racing Commission, the state agency with regulatory authority over all aspects of racing in Arkansas, including promulgating and enforcing equine medication and safety rules.

9. Plaintiff Arkansas HBPA negotiates contracts on behalf of its members with racetrack ownership that include terms and conditions under which racing occurs, consistent with applicable state laws and regulations of the Arkansas Racing Commission, including those governing equine medication and safety.

10. Plaintiff Indiana Horsemen's Benevolent and Protective Association ("Indiana HBPA") is a not-for-profit corporation with its principal place of business in Shelbyville, Indiana. It is an affiliate of the National HBPA. The Indiana HBPA Thoroughbred owner and trainer members are licensed by the Indiana Racing Commission, the state agency with regulatory authority over all aspects of racing in Indiana, including promulgating and enforcing equine medication and safety rules.

11. Plaintiff Indiana HBPA negotiates contracts on behalf of its members with racetrack ownership that include terms and conditions under which racing

occurs, consistent with applicable state laws and regulations of the Indiana Racing Commission, including those governing equine medication and safety.

12. Plaintiff Illinois Horsemen's Benevolent and Protective Association ("Illinois HBPA") is a not-for-profit corporation with its principal place of business in Caseyville, Illinois. It is an affiliate of the National HBPA. The Illinois HBPA Thoroughbred owner and trainer members are licensed by the Illinois Racing Commission, the state agency with regulatory authority over all aspects of racing in Illinois, including promulgating and enforcing equine medication and safety rules.

13. Plaintiff Illinois HBPA negotiates contracts on behalf of its members with racetrack ownership that include terms and conditions under which racing occurs, consistent with applicable state laws and regulations of the Illinois Racing Commission, including those governing equine medication and safety.

14. Plaintiff Louisiana Horsemen's Benevolent and Protective Association ("Louisiana HBPA") is a not-for-profit corporation with its principal place of business in New Orleans, Louisiana. It is an affiliate of the National HBPA. The Louisiana HBPA Thoroughbred owner and trainer members are licensed by the Louisiana Racing Commission, the state agency with regulatory authority over all aspects of racing in Louisiana, including promulgating and enforcing equine medication and safety rules.

15. Plaintiff Louisiana HBPA negotiates contracts on behalf of its members with racetrack ownership that include terms and conditions under which racing

occurs, consistent with applicable state laws and regulations of the Louisiana Racing Commission, including those governing equine medication and safety.

16. Plaintiff Mountaineer Park Horsemen's Benevolent and Protective Association ("Mountaineer Park HBPA") is a not-for-profit corporation with its principal place of business in Newell, West Virginia. It is an affiliate of the National HBPA. The Mountaineer Park HBPA Thoroughbred owner and trainer members are licensed by the West Virginia Racing Commission, the state agency with regulatory authority over all aspects of racing in West Virginia, including promulgating and enforcing equine medication and safety rules.

17. Plaintiff Mountaineer Park HBPA negotiates contracts on behalf of its members with racetrack ownership that include terms and conditions under which racing occurs, consistent with applicable state laws and regulations of the West Virginia Racing Commission, including those governing equine medication and safety.

18. Plaintiff Nebraska Horsemen's Benevolent and Protective Association ("Nebraska HBPA") is a not-for-profit corporation with its principal place of business in Lincoln, Nebraska. It is an affiliate of the National HBPA. The Nebraska HBPA Thoroughbred owner and trainer members are licensed by the Nebraska Racing Commission, the state agency with regulatory authority over all aspects of racing in Nebraska, including promulgating and enforcing equine medication and safety rules.

19. Plaintiff Nebraska HBPA negotiates contracts on behalf of its members

with racetrack ownership that include terms and conditions under which racing occurs, consistent with applicable state laws and regulations of the Nebraska Racing Commission, including those governing equine medication and safety.

20. Plaintiff Oklahoma Horsemen's Benevolent and Protective Association ("Oklahoma HBPA") also does business as the Thoroughbred Racing Association of Oklahoma and is a not-for-profit corporation with its principal place of business in Oklahoma City, Oklahoma. It is an affiliate of the National HBPA. The Oklahoma HBPA Thoroughbred owner and trainer members are licensed by the Oklahoma Racing Commission, the state agency with regulatory authority over all aspects of racing in Oklahoma, including promulgating and enforcing equine medication and safety rules.

21. Plaintiff Oklahoma HBPA negotiates contracts on behalf of its members with racetrack ownership that include terms and conditions under which racing occurs, consistent with applicable state laws and regulations of the Oklahoma Racing Commission, including those governing equine medication and safety.

22. Plaintiff Oregon Horsemen's Benevolent and Protective Association ("Oregon HBPA") is a not-for-profit corporation with its principal place of business in Portland, Oregon. It is an affiliate of the National HBPA. The Oregon HBPA Thoroughbred owner and trainer members are licensed by the Oregon Racing Commission, the state agency with regulatory authority over all aspects of racing in Oregon, including promulgating and enforcing equine medication and safety rules.

23. Plaintiff Oregon HBPA negotiates contracts on behalf of its members with racetrack ownership that include terms and conditions under which racing occurs, consistent with applicable state laws and regulations of the Oregon Racing Commission, including those governing equine medication and safety.

24. Plaintiff Pennsylvania Horsemen's Benevolent and Protective Association ("Pennsylvania HBPA") is a not-for-profit corporation with its principal place of business in Grantville, Pennsylvania. It is an affiliate of the National HBPA. The Pennsylvania HBPA Thoroughbred owner and trainer members are licensed by the Pennsylvania Racing Commission, the state agency with regulatory authority over all aspects of racing in Pennsylvania, including promulgating and enforcing equine medication and safety rules.

25. Plaintiff Pennsylvania HBPA negotiates contracts on behalf of its members with racetrack ownership that include terms and conditions under which racing occurs, consistent with applicable state laws and regulations of the Pennsylvania Racing Commission, including those governing equine medication and safety.

26. Plaintiff Tampa Bay Horsemen's Benevolent and Protective Association ("Tampa Bay HBPA") is a not-for-profit corporation with its principal place of business in Oldsmar, Florida. It is an affiliate of the National HBPA. The Tampa Bay HBPA Thoroughbred owner and trainer members are licensed by the Florida Department of Business and Professional Regulation, the state agency with

regulatory authority over all aspects of racing in Florida, including promulgating and enforcing equine medication and safety rules.

27. Plaintiff Tampa Bay HBPA negotiates contracts on behalf of its members with racetrack ownership that include terms and conditions under which racing occurs, consistent with applicable state laws and regulations of the Florida Department of Business and Professional Regulation, including those governing equine medication and safety.

28. Plaintiff Washington Horsemen's Benevolent and Protective Association ("Washington HBPA") is a not-for-profit corporation with its principal place of business in Auburn, Washington. It is an affiliate of the National HBPA. The Washington HBPA Thoroughbred owner and trainer members are licensed by the Washington Racing Commission, the state agency with regulatory authority over all aspects of racing in Washington, including promulgating and enforcing equine medication and safety rules.

29. Plaintiff Washington HBPA negotiates contracts on behalf of its members with racetrack ownership that include terms and conditions under which racing occurs, consistent with applicable state laws and regulations of the Washington Racing Commission, including those governing equine medication and safety.

30. Defendant Jerry Black is a member of the Nominating Committee for the Horseracing Integrity and Safety Authority, Inc. and a Visiting Professor at the

Texas Tech University School of Veterinary Medicine. On information and belief, he resides in Lubbock, Texas, in the Northern District of Texas.

31. Defendant Katrina Adams is a member of the Nominating Committee for the Horseracing Integrity and Safety Authority, Inc. and a past President of the United States Tennis Association. On information and belief, she resides in White Plains, New York.

32. Defendant Leonard Coleman, Jr. is a co-chair of the Nominating Committee for the Horseracing Integrity and Safety Authority, Inc. and a former President of the National League of Major League Baseball. On information and belief, he resides in Atlantic Highlands, New Jersey.

33. Defendant Nancy Cox is a co-chair of the Nominating Committee for the Horseracing Integrity and Safety Authority, Inc. and Vice President for Land Grant Engagement and the Dean of the College of Agriculture, Food, and Environment at the University of Kentucky. On information and belief, she resides in Lexington, Kentucky.

34. Defendant Joseph Dunford is a member of the Nominating Committee for the Horseracing Integrity and Safety Authority, Inc. and a former Chairman of the Joint Chiefs of Staff. On information and belief, he resides in Marshfield, Massachusetts.

35. Defendant Frank Keating is a member of the Nominating Committee for the Horseracing Integrity and Safety Authority, Inc. and a former Governor of the

State of Oklahoma. On information and belief, he resides in McLean, Virginia.

36. Defendant Kenneth Schanzer is a member of the Nominating Committee for the Horseracing Integrity and Safety Authority, Inc. and a former President of NBC Sports. On information and belief, he resides in Avon, Colorado.

37. Defendant Horseracing Integrity and Safety Authority, Inc. (the "Authority") is a nonprofit Delaware corporation. HISA gives it the authority to draft rules to develop and implement a horseracing anti-doping and medication control program and a racetrack safety program.

38. Defendant Federal Trade Commission is the federal agency given limited authority by HISA to approve or disapprove rules promulgated by the Authority. Its headquarters are in Washington, D.C.

39. Defendant Rebecca Kelly Slaughter is sued in her official capacity as Acting Chair of the Federal Trade Commission.

40. Defendant Rohit Chopra is sued in his official capacity as Commissioner of the Federal Trade Commission.

41. Defendant Noah Joshua Phillips is sued in his official capacity as Commissioner of the Federal Trade Commission.

42. Defendant Christine S. Wilson is sued in her official capacity as Commissioner of the Federal Trade Commission.

JURISDICTION AND VENUE

43. This case presents claims arising under the United States Constitution. Therefore, the Court has subject-matter jurisdiction under 28 U.S.C. § 1331 and may grant injunctive relief pursuant to Fed. R. Civ. P. 65. The Court also has jurisdiction pursuant to 28 U.S.C. § 1337 because HISA purports to regulate commerce. The Court has jurisdiction pursuant to 28 U.S.C. §§ 2201-2202 and Fed. R. Civ. P. 57 to grant a declaratory judgment because an actual controversy exists among the parties. Jurisdiction is proper over Defendants Slaughter, Chopra, Phillips, and Wilson under *Larson v. Domestic and Foreign Commerce Corp.*, 337 U.S. 682 (1949).

44. Venue is appropriate under 28 U.S.C. § 1391(b)(3) because Defendant Black resides in the Northern District of Texas and is subject to this Court's personal jurisdiction. Venue is also appropriate under 28 U.S.C. § 1391(e) because Defendant Federal Trade Commission is an agency of the United States, and Defendants Slaughter, Chopra, Phillips, and Wilson are officers of the Federal Trade Commission.

FACTUAL ALLEGATIONS

Plaintiffs

45. Plaintiffs Arizona HBPA, Arkansas HBPA, Indiana HBPA, Illinois HBPA, Louisiana HBPA, Mountaineer Park HBPA, Nebraska HBPA, Oklahoma HBPA, Oregon HBPA, Pennsylvania HBPA, Tampa Bay HBPA, and Washington

HBPA and are all affiliates of Plaintiff National HBPA (collectively, "Plaintiffs" or "Horsemen"). They have as their members thousands of men and women who own, train, and race Thoroughbred horses in the United States.

46. HBPA's grew out of the time-honored tradition of passing the hat to provide for burial services, medical attention, feeding, and housing for the many needy families in the industry.

47. For over 125 years, Thoroughbred racing has been regulated by the States. State laws establish a statutory framework, which is then administered and enforced by State Racing Commissions, whose members are appointed by the governor of each state. All owners and trainers must be licensed by their State Racing Commissions and are subject to rules and regulations promulgated by those Commissions, including rules and regulations regarding equine medication and racetrack safety.

48. Plaintiffs work to advance and protect the interests of their members by participating in State Racing Commission rule-making and enforcement procedures. They also negotiate, on behalf of their members, horsemen's contracts with racetrack management covering terms and conditions of racing consistent with state law, rules, and regulations.

49. Plaintiff National HBPA advises and assists its state affiliates in carrying out their responsibilities. On the national level, it participates in model rulemaking by the Association of Racing Commissioners International, a trade

members of the Board of the Horseracing Integrity and Safety Authority.

54. Defendants Black, Adams, Coleman, Cox, Dunford, Keating, and Schaner (collectively, the "Nominating Committee") were appointed to the Nominating Committee; therefore, they have the authority to select the members of the Board of the Horseracing Integrity and Safety Authority.

55. On December 21, 2020, Congress enacted House Resolution 133, the 2,000-page Consolidated Appropriations Act, 2021, which was signed into law on December 27, 2020 as Public Law No. 116-260. Title XII of Division FF of the Consolidated Appropriations Act, 2021, constitutes the Horseracing Integrity and Safety Act of 2020 ("HISA" or the "Act"). Public Law No. 116-260, §§ 1201-1212, 134 Stat. 1182, 3252-75.

HISA

56. HISA unconstitutionally grants to the Authority, a non-governmental private, independent, self-regulatory, non-profit corporation, power to develop and enforce a horseracing medication control and racetrack safety program that preempts existing state regulation. The Authority has regulatory control over owners and trainers, among others, who compete in races having a substantial relation to interstate commerce, or virtually all Thoroughbred horse racing in the United States. The Authority is charged with developing programs and promulgating rules covering all facets of equine medication and horseracing safety. Further, the Authority is given investigatory powers of the sort possessed by State

association of state regulators, and assists with the work of the Racing Medication & Testing Consortium, an organization of scientists, veterinarians, and racing industry stakeholders, in establishing equine medication and testing standards. In its advocacy, Plaintiff National HBPA makes recommendations in the best interest of racing and its participants, including proposed medication and safety rules, to foster safe and honest horse racing and to provide for the well-being of racehorses and those who care for them.

Legislative History

50. On September 8, 2020 the Horseracing Integrity and Safety Authority Inc. ("the Authority"), filed a Certificate of Incorporation in Delaware.

51. The Certificate of Incorporation, at ¶ Seventh, directs that a sole private individual shall appoint temporary Directors to the Authority, who shall then appoint a Nominating Committee, who shall then appoint the Board of Directors of the Authority.

52. On September 29, 2020, the Horseracing Integrity and Safety Act of 2020, H.R. 1764, passed the U.S. House of Representatives on a voice vote with no debate. It was never discussed either in committee or on the floor of the U.S. Senate. It would have unconstitutionally delegated regulatory authority over the horseracing industry to the newly incorporated Authority.

53. On October 6, 2020, the Horseracing Integrity and Safety Authority, Inc. selected and publicized the members of the Nominating Committee to select the

Racing Commissions and the right to enforce alleged rule violations with fines, suspensions, and civil lawsuits brought in its own name.

57. According to HISA, the Authority is governed by a nine member Board of Directors appointed by a non-governmental Nominating Committee of seven private citizen members. Those seven individuals are identified and named in their official capacity as Defendants in this action.

58. The Nominating Committee consists of private citizens who are "independent members selected from business, sports, and academia." Public Law No. 116-260, § 1203(d), 134 Stat. at 3255.

59. The Nominating Committee is a private entity and not a governmental body.

60. HISA did not give any governmental entity the authority to approve, disapprove, or modify the decision of the private individual appointing temporary Directors to the Authority or the decision of the temporary Directors of the Authority appointing the Nominating Committee.

61. HISA delegates legislative authority to the Nominating Committee to "select the initial members of the Board" of the Authority. § 1203(d), 134 Stat. at 3255.

62. HISA does not give any governmental entity the authority to approve, disapprove, or modify the selection of the initial Board members of the Authority by the Nominating Committee.

63. The Nominating Committee has already solicited names of individuals for it to consider as initial Board members of the Authority.

64. On information and belief, the Nominating Committee expects to appoint initial members of the Board of the Authority in April 2021.

65. The Authority is a "private, independent, self-regulatory, nonprofit corporation." § 1203(a), 134 Stat. at 3263.

66. HISA delegates legislative authority to regulate the horseracing industry to the Authority, including the power to "develop [] and implement [] a horseracing anti-doping and medication control program and a racetrack safety program." § 1203(a), 134 Stat. at 3253.

67. HISA delegates legislative authority to the Authority to collect revenue from those it regulates. § 1203(f), 134 Stat. at 3255-57.

68. The Authority may charge state racing commissions their proportionate share of the fees needed to operate the Authority. § 1203(f)(1)(C), 134 Stat. at 3255-56.

69. If a state racing commission declines to raise funds for the Authority, HISA gives the Authority the power to charge fees directly to horsemen, including the members of Plaintiffs. § 1203(f)(3), 134 Stat. at 3257.

70. HISA delegates to the Authority federal regulatory authority over horseracing activities throughout the country. § 1205, 134 Stat. at 3259-63.

71. HISA delegates legislative authority to the Authority to implement a

horseracing anti-doping and medication control program and a racetrack safety program. § 1205(a)(1), 134 Stat. at 3259.

72. HISA delegates legislative authority to the Authority to "exercise independent and exclusive national authority over all horseracing safety, performance, and anti-doping and medication control matters for covered horses, covered persons, [and] covered horseraces." § 1205(a)(2), 134 Stat. at 3259.

73. HISA defines "covered" horses, persons, and horseraces initially to include only Thoroughbreds—the breed of horses that Plaintiffs members own, train, and race. § 1202, 134 Stat. at 3252.

74. HISA delegates legislative authority to state and private organizations to expand the Authority's regulatory jurisdiction to other breeds: "A State racing commission or a breed governing organization for a breed of horses other than Thoroughbred horses may elect to have such breed be covered by this Act." § 1205(l)(1), 134 Stat. at 3263.

75. HISA delegates to the Authority federal subpoena and investigatory authority to pursue civil violations within its jurisdiction. § 1205(h), 134 Stat. at 3262.

76. HISA does not give any governmental entity the authority to approve, disapprove, or modify decisions of the Authority regarding issuing subpoenas and exercising its investigatory authority.

77. HISA delegates legislative authority to the Authority to establish its own civil penalties for violations of the rules it promulgates. § 1205(i), 134 Stat. at

3262.
78. HISA delegates legislative authority to the Authority to bring civil enforcement actions, asserting the power of the federal government to enforce its rules. § 1205(j), 134 Stat. at 3262.

79. HISA delegates legislative authority to the Authority to draft its own governmental rules. § 1204(a), 134 Stat. at 3257-58.

80. The rules drafted by the Authority are published in the Federal Register for public comment, as if they had been drafted by a governmental agency. §§ 1204(b)(1), (c)(1), and (d)(2), 134 Stat. at 3258.

81. HISA attempts to justify this unconstitutional delegation of legislative authority to a private entity by providing that the rules promulgated by the Authority must be submitted for oversight to Defendants the Federal Trade Commission and Commissioners Slaughter, Chopra, Phillips, and Wilson (collectively, the "FTC") § 1204, 134 Stat. at 3257-58.

82. But the FTC role in this process is purely ministerial. It does not develop or implement federal regulatory authority but, instead, publishes the Authority's regulations for notice and comment rulemaking. § 1204, 134 Stat. at 3257-58.

83. Under HISA, the FTC may not draft rules to regulate horse racing, nor may it modify rules drafted by the Authority. § 1204(c)(1), 134 Stat. at 3258.

84. The FTC may only "approve or disapprove" rules that have already been drafted by the Authority. § 1204(c)(1), 134 Stat. at 3258.

85. If the FTC wants to modify a rule, it must make recommendations to the Authority to do so. § 1204(c)(3), 134 Stat. at 3258.

86. The only instruction given to the Authority for its rulemaking authority is to "develop [] and implement [] a horseracing anti-doping and medication control program and a racetrack safety program . . ." § 1203(a), 134 Stat. at 3253.

87. HISA provides the Authority a list of topics for rulemaking, but the list is non-exhaustive, and the Authority may or may not choose to draft rules on those topics. § 1204(a), 134 Stat. at 3257-58.

88. The only guidance given to the FTC on whether to approve a rule that has been drafted by the Authority is that it "shall approve a proposed rule . . . if [it] finds that the proposed rule . . . is consistent with—(A) this Act; and (B) applicable rules approved by the [FTC]." § 1204(c)(2), 134 Stat. at 3258.

89. In summary, HISA gives tremendous power to a private entity, the Authority, to regulate many facets of the Horsemen's business and relegates the FTC to a minor role in the process.

CLAIM I

HISA violates Article I, Section 1 of the United States Constitution because it delegates legislative authority to a private entity.

90. The allegations in all preceding paragraphs are incorporated herein by reference.

91. "The nondelegation doctrine is rooted in the principle of separation of

powers that underlies our tripartite system of Government.” *Mistretta v. United States*, 488 U.S. 361, 371 (1989).

92. The doctrine dates back to the founding generation, with Chief Justice Marshall pointing out that “[i]t will not be contended that Congress can delegate to the courts, or to any other tribunals, powers which are strictly and exclusively legislative.” *Wayman v. Southard*, 23 U.S. (10 Wheat.) 1, 42–43 (1825).

93. The basic principle is so well acknowledged that some years later the Court described it as self-evident: “That Congress cannot delegate legislative power . . . is a principle universally recognized as vital to the integrity and maintenance of the system of government ordained by the Constitution.” *Marshall Field & Co. v. Clark*, 143 U.S. 649, 692 (1892).

94. Even more objectionable is delegating authority to a private entity, which represents “legislative delegation in its most obnoxious form.” *Carter v. Carter Coal Co.*, 56 S. Ct. 855, 873 (1936); see also *Washington ex rel. Seattle Title Trust Co. v. Roberge*, 278 U.S. 116, 118–19, 49 S. Ct. 50 (1928); *Eubank v. City of Richmond*, 226 U.S. 137, 140–41, 33 S. Ct. 76 (1912).

95. Put simply, “Federal lawmakers cannot delegate regulatory authority to a private entity.” *Ass’n of Am. R.R. v. U.S. Dep’t of Transp.*, 721 F.3d 666, 670 (D.C. Cir. 2013).

96. With HISA, Congress has delegated regulatory authority over the horseracing industry to the Authority, a private, nongovernmental entity.

97. This unlawful delegation of authority includes, among other things, the right to draft governmental rules on equine medication and safety, to assess millions of dollars in fees on horse owners and trainers to finance the operations of the Authority, to assess civil penalties, civil sanctions, and rule violations, including levying fines and ordering suspensions of owners and trainers for alleged violations of Authority rules, to issue subpoenas and otherwise investigate purported violations, and to commence civil actions in federal court to enforce Authority rules.

98. Congress has subjugated Plaintiffs to this entire regulatory scheme, which is unlawfully run by a private entity.

99. The delegation of legislative authority to a private entity in HISA constitutes a violation of the private nondelegation doctrine found in Article I, Section I of the Constitution.

100. The limited oversight given to the FTC over the Authority is not sufficient to cure the constitutional violation. Because the FTC may not draft rules on its own initiative, may only recommend modifications to Authority rules, and has virtually no say in enforcement proceedings, HISA places it in a subservient role to the Authority, and thus, violates the private nondelegation doctrine.

101. In addition, HISA unlawfully delegates to the Nominating Committee the unconstitutional authority to select this federal regulatory body, and there is no FTC oversight whatsoever over the decision.

102. The Horsemen are harmed by the unconstitutional delegations because

they are subject to a regulatory process that they are forced to finance with fees imposed on them by the Authority. Also, the Horsemen are harmed because they are subject to new and onerous Authority rules on equine medication and safety that change and supersede the State Racing Commission rules on which their training and racing businesses have long relied.

CLAIM II

HISA violates Article I, Section I of the United States Constitution because it delegates legislative authority to a public entity without an intelligible principle.

103. The allegations in all preceding paragraphs are incorporated herein by reference.

104. When Congress delegates legislative authority to a public agency without giving it an “intelligible principle” to guide its discretion, it violates the public nondelegation doctrine found in Article I, Section I of the United States Constitution. *Gundy v. U.S.*, 139 S. Ct. 2116, 2123 (2019).

105. In the alternative, HISA’s delegation of oversight powers to the FTC violates the public nondelegation doctrine because Congress failed to give it an “intelligible principle” to guide its discretion.

106. HISA gives the FTC no standards upon which to base its decision to approve or disapprove rules proposed by the Authority. § 1204(c)(2), 134 Stat. at 3258. Its guidance is completely circular and unintelligible: it is told to look to rules

proposed by the Authority and approved by the FTC to determine whether to approve rules proposed by the Authority. It is also told to look at the Act, itself, but that guidance is also unintelligible. It does not point to a specific section of the Act. In Section 1204(a), HISA gives a list of topics on which the Authority may draft rules, but it provides no direction about what principles the FTC should follow in deciding whether to approve the proposed rules. 134 Stat. at 3257–58.

107. This unlawful delegation of legislative authority to the FTC subjects the Horsemen to onerous fees and regulations without any Congressional or meaningful governmental oversight. It, thus, violates the public nondelegation doctrine and harms the Horsemen.

108. In addition, if the Authority were considered a public, governmental entity, HISA’s delegation of authority to it still would be unconstitutional because Congress also failed to give it an “intelligible principle” to guide its discretion.

109. HISA contains no “statement of purpose” and no “findings” provision. In Section 1204(a), HISA gives a list of topics on which the Authority may draft rules, but it provides no direction about what principles the Authority should follow in doing so. 134 Stat. at 3257–58. The only instruction given to the Authority for its rulemaking authority is to “develop [] and implement [] a horseracing anti-doping and medication control program and a racetrack safety program . . .” § 1203(a), 134 Stat. at 3253. But the Authority is given no “intelligible principle” to guide its discretion in creating the two programs.

110. Therefore, HISA violates the public nondelegation doctrine, subjects the Horsemen to onerous fees and regulations, and harms the Horsemen.

CLAIM III

HISA violates the Appointments Clause found in Article II, Section 2, Clause 2 of the United States Constitution because the Authority is appointed by a private Nominating Commission.

111. The allegations in all preceding paragraphs are incorporated herein by reference.

112. In the alternative, if a court were to conclude that the grant of power to the Authority was sufficient to render it a public entity, it would still be unconstitutional because appointment of its Board of Directors violates the Appointments Clause of the United States Constitution.

113. Under the Appointments Clause, only the president, a head of a department, or a court of law may appoint an officer of the United States. U.S. Const. Art. II, Sec. 2, Cl. 2.

114. If it were deemed public, the members of the Board of the Authority would be "Officers of the United States" because they "occupy a continuing position established by law" and "exercise[] significant authority pursuant to the laws of the United States" *Lucia v. SEC*, 138 S. Ct. 2044, 2051 (2018) (internal quotation marks omitted).

115. But the Authority Board members are not appointed by the president, a

be economically self-interested actors, and they are given authority to regulate their competitors. § 1203(b)(1)(B), 134 Stat. at 3263-64.

121. More importantly, under HISA the entire Board of the Authority is selected by a private Nominating Committee. On information and belief, this private Nominating Committee was hand-picked by a small group of owners and trainers within the horseracing industry who supported passage of HISA, over the objections of thousands of owners and trainers represented by Plaintiffs, who will be regulated by HISA.

122. On information and belief, the businesses of the small group of owners and trainers will thrive as a result of HISA. Meanwhile, HISA will harm thousands of horsemen and drive many of them out of the industry by artificially increasing the costs and fees of participation and by eliminating the use of therapeutic medication prescribed by veterinarians for the health and safety of horses.

123. By granting these self-interested actors the authority to regulate their competitors, Congress violated the Due Process Clause and harmed Plaintiffs by creating a regulatory body that will increase their fees, diminish the value of many of their horses, and otherwise subject them to onerous regulations.

PRAYER FOR RELIEF

Plaintiffs respectfully request that this Court:

a. Declare that HISA's delegation of legislative authority to the Horseracing

head of a department, or a court of law. Instead, they are appointed by a private Nominating Committee, which was also selected privately, with no governmental oversight, even before HISA was passed into law.

116. Therefore, in the alternative, the appointment of the Authority violates the Appointments Clause.

117. The Horsemen are harmed by the unconstitutional appointment of the Authority because they are subject to a regulatory process that they are forced to finance with fees imposed on them by the Authority. Also, the Horsemen are harmed because they are subject to new and onerous Authority rules on equine medication and safety that change and supersede the State Racing Commission rules on which their training and racing businesses have long relied.

CLAIM IV

HISA violates the Due Process Clause of the Fifth Amendment because interested participants in the horseracing industry are given regulatory power over their competitors in the industry.

118. The allegations in all preceding paragraphs are incorporated herein by reference.

119. When Congress gives an "economically self-interested actor [the power] to regulate its competitors," it violates the Due Process Clause found in the Fifth Amendment. *Ass'n of Am. R.Rs. v. Dep't of Transp.*, 821 F.3d 19, 23 (D.C. Cir. 2016).

120. HISA designates four of the members of the Board of the Authority to

Integrity and Safety Authority is unconstitutional because it violates the private nondelegation doctrine;

b. In the alternative, declare that HISA's delegation of legislative authority to the Horseracing Integrity and Safety Authority violates the public nondelegation doctrine;

c. Declare that delegating legislative authority to the private Nominating Committee to select the Board members of the Authority violates the private nondelegation doctrine;

d. In the alternative, declare that delegating authority to the private Nominating Committee to select the Board members of the Authority violates the Appointments Clause of the Constitution;

e. In the alternative, declare that the delegation of legislative authority to the Federal Trade Commission and its Commissioners to oversee the Horseracing Integrity and Safety Authority violates the public nondelegation doctrine;

f. Declare that HISA violates the Due Process Clause of the Constitution because it gives economically self-interested actors the power to regulate their competitors;

g. Enjoin Defendants, preliminarily and permanently, from taking any action to implement the Horseracing Integrity and Safety Act of 2020;

h. Enjoin Defendants Black, Adams, Coleman, Cox, Dunford, Keating, and Schanzer, preliminarily and permanently, from appointing the Board of the

Horsereading Integrity and Safety Authority;

- i. Award Plaintiffs nominal damages of \$1 each for suffering a violation of their constitutional rights;
- j. Award Plaintiffs compensatory damages in the amount of any fees charged to them by Defendant the Horsereading Integrity and Safety Authority, Inc.; and
- k. Award any further relief to which Plaintiffs may be entitled, including attorneys' fees and costs.

Dated: April 2, 2021

Respectfully Submitted,

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TEXAS RACING COMMISSION
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January 19, 2022

FTC
Office of Secretary
600 Pennsylvania Ave. NW
Ste. CC-5610 (Annex B)
Washington, DC 20580

Re: HISA Racetrack Safety (FTC-2021-0076)

Ladies and Gentlemen:

OBJECTIVE OF FEDERAL LEGISLATION

The Texas Racing Commission agrees protection of the integrity of the sport of horse racing as well as the health and safety of its participants are the paramount objectives for all industry stakeholders. However, protecting participants and the integrity of the sport cannot be attained by violating Constitutional tenets or targeting specific States' breeds who are pressured to acquiesce through hastily passed federal legislation. Given that the intent of the law is to protect horse racing, the rules, that currently address some, not all states and some, not all breeds, fall short of this goal.

Initially these proposed rules are intended to only regulate certain Thoroughbred horse races but not all. The Act itself delegates the Authority's discretion to expand its regulatory scope encompassing other breeds without any intelligible principle. After the effective date, the proposed rules will also regulate other States' breeds such as Quarter Horses while some States can opt for other breeds to continue under the States' regulatory scheme with funding to the federal government. These rules are costly and fail to achieve any uniform application.¹

If the federal government wants to strengthen the protective posture of regulation in the horse racing industry, it should do so through public safety grants or cooperative agreements. Such partnership models encourage nationwide standards and collaboration while providing a funding source that will not imperil current state operations by realigning funds from currently effective State regulatory programs. Public safety grants and cooperative agreements would strengthen State regulatory programs without dismantling the States' longstanding ability to regulate its licensees.

¹ In Gillespie County, Texas, Thoroughbred horse racing does not have a substantial relation to interstate commerce and is not the subject of interstate off-track or advance deposit wagers. Therefore, Gillespie County, Texas, Thoroughbred horse racing falls outside federal jurisdiction and the proposed definition of a "Covered Horserace" as defined in the Act. The resulting proposed rules are arbitrary and capricious, promote disparate treatment of racing participants and only weaken, not strengthen, the integrity of the sport of Kings.

APA ARGUMENT

The proposed rules are promulgated by the auspices of an unconstitutional law and, therefore, outside the limitations of the APA. The Act violates the private nondelegation doctrine in Article 1, Section 1 of the US Constitution by granting regulatory authority to private entities. HISA grants the Authority broad regulatory power, including warrantless searches, yet the Authority is unaccountable to any political actor. No federal official can remove members of the Authority's Board of Directors. After creating this vast regulatory scheme and delegating rulemaking and enforcement to private corporations, Congress also waived any mechanism for funding. Instead, HISA forces the States to fund the federal scheme by imposing a choice between States funding the Authority with State money or, if a State refuses, the State is banned from collecting similar fees itself, and the Authority collects its funds directly from that States' racing participants. HISA unconstitutionally commandeers the legislative and executive branches of State government by forcing States to either fund the Authority or abandon its ability to impose or collect taxes or fees to fund similar State activities.

The rules published by the FTC and proposed by the private corporation fail to advise the public that the rules were first proposed on November 11, 2021, on the HISA website with a press release stating those rules were not final and would be revised before submission to the FTC. Unsaid in the background statement was the fact that these rules were initially released on the HISA website, then changed intermittently removing older versions without any public notification. The list of proposed rules by date are no longer available to establish the revisions from original proposed rules. On November 11, 2021, the proposed regulations were 66 pages.

The website's rules grew without notice from 66 pages to 154 pages, then overnight to 158 pages. The changes appeared to be adding on to the racetrack safety rules, adding rules on accreditation of racetracks which increased business costs with burdensome regulations, and adding rules on disciplinary hearings. Also undisclosed by the private entity was the requirement that those revising proposed rules were to execute non-disclosure agreements. These are outside the purview of open records requirements. The private entity's ad hoc rulemaking process, refusing to publicly account for its full rulemaking process, and insufficient FTC oversight clearly run afoul of the federal Administrative Procedure Act.

CONSTITUTIONAL ISSUES

Requiring States to help enforce HISA's regulatory program violates the Tenth Amendment and the Constitution's foundation that the federal government cannot commandeer the States as instruments to achieve federal ends and, when exercising its enumerated powers, must act directly on citizens. The Act violates the Due Process Clause of the Fifth Amendment requiring economically self-interested members from the Thoroughbred industry to be involved in the Authority's decision-making and sanctioning processes. Even if the Authority were a governmental body, the members of the Authority's Board of Directors would be officers of the United States, but they are not appointed by the President, a court of law, a department head, or nominated by the President and confirmed by the Senate, as required in the Constitution's Appointments Clause. Finally, if the Authority were a governmental entity, Congress created an entity unaccountable to the President, in whom the Constitution vests all executive power, and whose Board members cannot be removed by either the President, or any federal employee, in violation of Article II and the Constitution's separation of powers.

Forgotten in the promulgation of these rules are the voices of the regulated. In the event the FTC fails to heed those voices and rules are approved, the Texas Racing Commission has other concerns as follows:

1. Funding of the proposed federal regulatory scheme. Congress cannot force State legislatures to appropriate funds for a private entity.
2. The private entity's ability to contract with State Racing Commissions.
3. The private entity's ability to contract with another self-regulatory organization to enforce the rules and sanction private citizens, laboratories, and associations with a grant of police power.
4. The private entity's ability to research the use of furosemide in racing seeking to ban the future use in racing including, but not limited to, cost.
5. Mechanisms ensuring compliance of proposed racetrack safety rules other than removal of racetrack accreditation, burdening associations by interfering with their simulcast revenue, and placing undue burdens on interstate commerce.

Overall, these rules fail to justify federal intervention in state regulation as a matter of interstate commerce. There is no national interest to protect when regulating only Thoroughbreds or only the 38 States that conduct racing. There is no controversy between States as to how racing should be conducted for which federal intervention is required. Specific rule objections are as follows:

1. The definition of "covered horserace" does not include all Thoroughbred racing just those races the subject of substantial interstate commerce, interstate off-track or advance deposit wagers. Dividing the regulation of racing between Federal and State rules does not protect the integrity of the sport.
2. The definition of "covered person" does not include breeders.
3. The rules on provisional suspensions skirt constitutional due process requirements. There are no provisions for cure of an unintended default.
4. The rules on testing laboratories are unduly burdensome requiring the laboratories only test samples from racetracks. Samples are submitted to laboratories anonymously. Therefore, laboratories should be able to test for trainers who want to ensure the condition of their racehorse before participating in racing as a best practice.
5. The rules on testing laboratories blind testing are costly and sanctions are punitive. Many laboratories perform internal blind testing and can make those available for any accreditation. This requirement is like many others simply unduly burdensome, costly and without intelligible principle.
6. Rule Series 2100 Racetrack Safety Accreditation Program existing standards for accreditation purport to rely heavily on the NTRA Code of Standards. The cost/benefit analysis is on the NTRA website which states, "According to the latest figures from the Equine

Injury Database, the 21 tracks accredited by the NTRA Safety and Integrity Alliance reported 1.32 racing fatalities per 1,000 starts versus 1.48 for the 62 non-accredited tracks that raced in 2020 and reported to the EID.² In 2020, Texas racetracks reported 1.05 racehorse fatalities per 1000 starts.

7. Rule 2110 accreditation is designed to put State racetracks out of business. The accreditation process allows the Authority sole ability to account for State regional differences and the character of differing States' racetracks by providing various levels of accreditation and adequate time for racetrack compliance. This is clearly within the purview of State regulatory authority. There is no national interest served by the federal government intervening in the States' jurisdiction. The rule is cost prohibitive, unduly burdensome and without intelligible principle.
8. Rule 2121 states accreditation requires injury assessment and risk management protocols be in place to "investigate", to identify contributing factors, to educate participants and to identify risk prevention and management. There is no evidence that racehorse attrition will be reduced and, therefore, no national interest in only Thoroughbred attrition. The rule is cost prohibitive, unduly burdensome and without intelligible principle.
9. Rule 2130 for a Safety Director is redundant to state legislation as most States have a Safety Director or Equine Medical Director. State legislatures have enabled their Racing Commissions with this rulemaking authority without necessity of federal jurisdiction.
10. Rules 2141-2142 Veterinary inspections are currently adopted rules of the States or part of the States' regulatory schemes. State legislatures have enabled their Racing Commissions with this rulemaking authority without necessity of federal jurisdiction.
11. Rule 2143 Racehorse monitoring is currently an adopted rule of the States. The Texas Animal Health Commission issues a health certificate for racehorses traveling from state to state and entering a Texas racetrack. State legislatures have enabled their Racing Commissions with this rulemaking authority without necessity of federal jurisdiction. The rule is cost prohibitive, unduly burdensome and without intelligible principle.
12. Rule 2150 Racetrack surface design purports to improve racetrack welfare by reducing racehorse injury and enhancing "social perception of racing." This rule fails to recognize that most racehorse injury is due to factors outside the racetrack itself and fails to assess valid factors in a cost/benefit analysis. The rule is cost prohibitive, unduly burdensome and without intelligible principle.
13. Rule 2160 for emergencies are protocols currently adopted in the States' regulatory schemes. State legislatures have enabled their Racing Commissions with this rulemaking authority without necessity of federal jurisdiction.

² <https://www.ntra.com/safety-integrity-alliance/>

14. Rule 2170 necropsies is unduly burdensome and fails to recognize the costs to racetracks associated with refrigerated transport of large animals for the procedure or refrigerated storage costs and space available on laboratories. State legislatures have enabled their Racing Commissions with this rulemaking authority without necessity of federal jurisdiction. This information like most reported information to the Authority will not be available to States. The rule is cost prohibitive, unduly burdensome and without intelligible principle.
15. Rule 2180 is the subject of States' reciprocity agreements and the respective States' racing commissions rulemaking authority. The rule is cost prohibitive, unduly burdensome and without intelligible principle.
16. Rule 2190 on jockey drug testing is either a currently adopted rule of the States or part of the States' regulatory schemes. State legislatures have enabled their Racing Commissions with this rulemaking authority without necessity of federal jurisdiction.
17. Rules 2220-2230 attending veterinarian rules are currently adopted in the States' regulatory schemes. State legislatures have enabled their Racing Commissions and/or State Veterinary Medical Boards with this rulemaking authority without necessity of federal jurisdiction.
18. Rule 2240 on Vet lists are currently adopted in the States' regulatory schemes. State legislatures have enabled their Racing Commissions and/or State Veterinary Medical Boards with this rulemaking authority without necessity of federal jurisdiction. Vet lists are currently shared among States without necessity of federal intervention. The rule is cost prohibitive, unduly burdensome and without intelligible principle.
19. Rule 2250 on veterinarian and trainer medication reporting is currently within the States' rulemaking authority. State legislatures have enabled their Racing Commissions and/or State Veterinary Medical Boards with this rulemaking authority without necessity of federal intervention.
20. Rule 2260 on claiming races proposes that title to a claimed horse be vested at the time the horse leaves the starting gate. The current rule in Texas is that title transfers when the horse steps on the racetrack. The Texas rule is the preferred rule, as it is more protective of the betting public and better promotes the safety of the racehorses and riders. If title transfers when horses leave the gate, it creates an incentive to the riders to get a horse of questionable soundness out of the gate. Jockeys know that they can be fired by trainers if the rider brings the horse to a vet's attention. In a jurisdiction where title transfers after the start of a race there is an incentive for riders to keep an unsound horse out of the track vet's line of vision, and then pull it up after the start, and say the horse felt funny. When this happens, those who wager on the racehorse will lose money. Voiding claims after the fact because the racehorse was unsound would protect prospective owners and trainers but does not protect the public. Although it is unstated, the claimant appears to be responsible for any veterinary costs associated with the voided claim.

21. Rule 2271 on prohibited practices currently within each States' rulemaking authority. State legislatures have enabled their Racing Commissions and/or State Veterinary Medical Boards with this rulemaking authority without necessity of federal intervention.
22. Rule 2272 on shock wave therapy reduces the time off from racing and sanction for prohibited use. This rule fails to protect the racehorse, riders, or betting public from the "social perceptions of racing." This rule is currently within the States' rulemaking authority. State legislatures have enabled their Racing Commissions and/or State Veterinary Medical Boards with this rulemaking authority without necessity of federal intervention.
23. Rules 2273-2275 on devices are currently within the States' rulemaking authority. This rule is vague: Does it refer to only what jockeys can use in a race? As it is written, the rule prohibits pony riders from using spurs. While spurs are inappropriate for use during races, they are appropriate for use while riding in other circumstances. Pony people and outriders often ride with spurs. Those riders have better control of their horses because of these legitimate aids. Prohibiting spurs in all circumstances would create new safety issues.
24. State legislatures have enabled their Racing Commissions and/or State Veterinary Medical Boards with this rulemaking authority without necessity of federal intervention. Most States recognize by reciprocity the sanctions imposed by other States as a detrimental practice.
25. Rule 2276 on horseshoes purports to enhance racetrack welfare by having a greater racehorse inventory to fill races, larger race fields, and consequently greater pari-mutuel betting. However, there is no empirical research data on differing turfs to justify a federal rule. Horseshoe technology is a rapidly changing in the sport of racing and is within the States' rulemaking authority. State legislatures have enabled its Racing Commissions with this rulemaking authority without necessity of federal intervention.
26. Rule 2280 on the riding crop is unreasonable because it requires racehorses to be disqualified based on the way a rider uses the crop. Owners are punished by a loss of purse for a circumstance over which owners have no control. Fines and suspensions will be sufficient to control crop use. Also, if a horse is supposed to be disqualified when a rider misuses the crop, would that be done before the goes official? Or after the fact, and after a hearing? Disqualifying racehorses because a jockey misuses the crop is a poor idea.
27. Rule 2290 on jockey physical examinations is currently within the States rulemaking authority. State legislatures have enabled their Racing Commissions with this rulemaking authority without necessity of federal intervention.

For more than a century, States have regulated racing while also respecting the powers granted to States by the Constitution particularly within each States' respective borders. The Texas Racing Act enables the Texas Racing Commission to "provide for the strict regulation of horse racing and greyhound racing and the control of pari-mutuel wagering in connection with that racing." The Texas statute covers all racehorses within its borders. HISA will place the States, industries, laboratories, and racetrack associations in financial and social ruin by dissecting State Commissions' rulemaking

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authority, breed participation, and accreditation with limited governmental oversight by the FTC of these private self-regulatory non-profit corporations.

For all these reasons, the FTC should not approve these rules. The proposed rules are not the result of a constitutionally-sound statute. Further, the FTC should not approve the rules under the established broader considerations because the rules are not uniform in application; the rules fail to protect the health and safety of "all" covered horses; and the rules fail to protect the integrity of racing participants and the wagering public on "covered horse races". To perfect sound legislation with resulting rules under the established broader considerations, the FTC should not approve these rules and should instead return them to the starting gate to develop uniform rules that protect the health and safety of all racehorses and all racing participants as an executive branch of government exercising its enumerated oversight.

Very truly yours,



Virginia S. Fields
General Counsel
Texas Racing Commission



Fiscal Year 2022 Operational Budget

Updated: January 20, 2022
Thru: December 31, 2021

Summary of Operating Revenue

By Revenue Type:	Budget	Collected	Suspended	Uncollected Balance	%
Account 597 & 327 Racing Commission - GRD	\$ 8,603,691	\$ 2,864,909	\$ -	\$ 5,738,782	67%
Account 1 - State of Texas - GR	\$ -	\$ -	\$ -	\$ -	
TOTAL - ALL REVENUES	\$ 8,603,691	\$ 2,864,909	\$ -	\$ 5,738,782	67%

Summary of Appropriated Operating Expenses

	Budget	Expended	Encumbered	Unexpended Balance	%
1001 - Salaries and Wages:	\$ 2,585,021	\$ 714,130	\$ -	\$ 1,870,891	72%
1002 - Other Personnel Cost:	\$ 50,120	\$ 22,060	\$ -	\$ 28,060	56%
2001 - Professional Fees and Services:	\$ 282,575	\$ 172,660	\$ -	\$ 109,915	39%
2003 - Consumable Supplies:	\$ 12,000	\$ 4,845	\$ -	\$ 7,155	60%
2004 - Utilities:	\$ 37,000	\$ 15,869	\$ -	\$ 21,131	57%
2005 - Travel:	\$ 184,664	\$ 32,931	\$ -	\$ 151,733	82%
2006 - Rent Building:	\$ 89,436	\$ 44,408	\$ -	\$ 45,028	50%
2007 - Rent Machine and Other:	\$ 4,350	\$ 3,066	\$ -	\$ 1,284	30%
2009 - Other Operating Expense:	\$ 470,083	\$ 117,039	\$ -	\$ 353,044	75%
4000 - Grants	\$ 3,130,000	\$ 743,361	\$ -	\$ 2,386,639	76%
5000 - Capital Expenditures:	\$ -	\$ -	\$ -	\$ -	0.00%
TOTAL - ALL APPROPRIATED EXPENDITURES	\$ 6,845,249	\$ 1,870,369	\$ -	\$ 4,974,880	73%

Unappropriated Operating Expenses

Type:	Budget	Expended	Encumbered	Unexpended Balance	%
TOTAL - ALL UNAPPROPRIATED EXPENDITURES	\$ 1,070,133	\$ 333,558	\$ -	\$ 736,575	69%
TOTAL - ALL EXPENDITURES	\$ 7,915,382	\$ 2,203,926	\$ -	\$ 5,711,455	72%
OPERATING SURPLUS / (DEFICIT)	\$ 688,309	\$ 660,982			

Summary of FTE's

By Fiscal Quarter:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Authorized FTE's	39.30	39.30	39.30	39.30
Budgeted FTE's	39.30	39.30	39.30	39.30
Actual FTE's	35.30	0.00	0.00	0.00
Actual FTE's Over / (Under) Budget	n/a	n/a	n/a	n/a
Actual FTE's Over / (Under) Authorization	n/a	n/a	n/a	n/a

Texas Racing Commission

FYE 08/31/2022
Operating Budget Status
by LBB Expenditure Object/Codes

OBS-1

Strategy	Program Description	FY 2022 Annual Budget	FY 2022 Expended Thru 12/31/2021	FY 2022 Unexpended Bal 12/31/2021	With 33.3% of Year Lapsed % of Budget Expended
<i>Appropriated</i> A.1.1.	FTE's = 4.00 <u>Regulate Racetrack Owners</u>				
Base Appr =	1001 Salaries and Wages	349,384.58	83,534.84	265,849.74	23.91%
\$ 370,563.00	1002 Other Personnel Cost	5,740.00	1,720.00	4,020.00	29.97%
Sup Appr =	2001 Prof Fees and Services	-	80.00	(80.00)	
\$ -	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 370,563.00	2005 Travel	3,730.00	1,870.80	1,859.20	50.16%
Budgeted =	2006 Rent Building	-	-	-	
\$ 366,729.58	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	7,875.00	2,294.71	5,580.29	29.14%
(3,833.42)	CB Computer Equipment	-	-	-	
-1.03%	Total Strategy A.1.1.	366,729.58	89,500.35	277,229.23	24.40%
<i>Appropriated</i> A.2.1.	0 FTE's = 0 <u>Texas Bred Incentive</u>				
\$ 3,130,000.00	ATB Money Expended	3,130,000.00	743,360.74	2,386,639.26	23.75%
	Total Strategy A.2.1.	3,130,000.00	743,360.74	2,386,639.26	23.75%
<i>Appropriated</i> A.3.1.	(0.49) FTE's = 5.06 <u>Supervise Racing and Licensees</u>				
Base Appr =	1001 Salaries and Wages	374,412.90	88,235.00	286,177.90	23.57%
\$ 436,021.00	1002 Other Personnel Cost	7,420.00	2,400.00	5,020.00	32.35%
Sup Appr =	2001 Prof Fees and Services	40,575.00	-	40,575.00	0.00%
\$ -	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 436,021.00	2005 Travel	67,074.00	8,829.00	58,245.00	13.16%
Budgeted =	2006 Rent Building	-	-	-	
\$ 504,517.49	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	15,035.59	2,693.74	12,341.85	17.92%
68,496.49	CB Computer Equipment	-	-	-	
15.71%	Total Strategy A.3.1.	504,517.49	102,157.74	402,359.75	20.25%
<i>Appropriated</i> A.3.2.	0.94 FTE's = 4.54 <u>Monitor Occupational Licensee Act.</u>				
Base Appr =	1001 Salaries and Wages	255,008.53	86,849.10	168,159.43	34.06%
\$ 317,637.00	1002 Other Personnel Cost	1,140.00	9,020.00	(7,880.00)	791.23%
Sup Appr =	2001 Prof Fees and Services	5,500.00	-	5,500.00	0.00%
\$ -	2003 Consumables	500.00	-	500.00	0.00%
Total Appr =	2004 Utilities	-	-	-	
\$ 317,637.00	2005 Travel	30,000.00	4,207.81	25,792.19	14.03%
Budgeted =	2006 Rent Building	-	-	-	
\$ 306,327.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	14,178.47	5,901.66	8,276.81	41.62%
\$ (11,310.00)	CB Computer Equipment	-	-	-	
-3.56%	Total Strategy A.3.2.	306,327.00	105,978.57	200,348.43	34.60%
<i>Appropriated</i> A.4.1.	FTE's = 3.00 <u>Inspect and Provide Emerg. Care</u>				
Base Appr =	1001 Salaries and Wages	226,800.12	44,433.37	182,366.75	19.59%
\$ 339,577.00	1002 Other Personnel Cost	7,340.00	1,280.00	6,060.00	17.44%
Sup Appr =	2001 Prof Fees and Services	70,000.00	27,726.27	42,273.73	39.61%
\$ -	2003 Consumables	300.00	-	300.00	
Total Appr =	2004 Utilities	-	-	-	
\$ 339,577.00	2005 Travel	30,000.00	4,632.24	25,367.76	15.44%
Budgeted =	2006 Rent Building	-	-	-	
\$ 340,777.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	6,336.88	1,166.50	5,170.38	18.41%
\$ 1,200.00	CB Computer Equipment	-	-	-	
0.35%	Total Strategy A.4.1.	340,777.00	79,238.38	261,538.62	23.25%

Texas Racing Commission

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Operating Budget Status
by LBB Expenditure Object/Codes

OBS-2

Strategy	Program Description	FY 2022 Annual Budget	FY 2022 Expended Thru 12/31/2021	FY 2022 Unexpended Bal 12/31/2021	With 33.3% of Year Lapsed % of Budget Expended
<i>Appropriated</i> A.4.2.	- FTE's = 2.60				
	<u>Administer Drug Testing</u>				
Base Appr =	1001 Salaries and Wages	147,698.36	45,066.12	102,632.24	30.51%
\$ 197,327.00	1002 Other Personnel Cost	1,100.00	320.00	780.00	29.09%
Sup Appr =	2001 Prof Fees and Services	20,000.00	-	20,000.00	0.00%
\$ -	2003 Consumables	200.00	-	200.00	0.00%
Total Appr =	2004 Utilities	-	-	-	
\$ 197,327.00	2005 Travel	20,560.00	8,537.22	12,022.78	41.52%
Budgeted =	2006 Rent Building	-	-	-	
\$ 197,327.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	7,768.64	4,730.50	3,038.14	60.89%
\$ 0.00	CB Computer Equipment	-	-	-	
0.00%	Total Strategy A.4.2.	197,327.00	58,653.84	138,673.16	29.72%
<i>Appropriated</i> B.1.1.	- FTE's = 5.00				
	<u>Occupational Licensing</u>				
Base Appr =	1001 Salaries and Wages	215,251.32	58,012.73	157,238.59	26.95%
\$ 342,871.00	1002 Other Personnel Cost	6,200.00	1,340.00	4,860.00	21.61%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ -	2003 Consumables	2,500.00	2,917.80	(417.80)	116.71%
Total Appr =	2004 Utilities	-	-	-	
\$ 342,871.00	2005 Travel	19,400.00	2,165.52	17,234.48	11.16%
Budgeted =	2006 Rent Building	-	-	-	
\$ 345,300.99	2007 Rent Machine	1,500.00	-	1,500.00	0.00%
Difference	2009 Other Operating Cost	100,449.67	20,699.77	79,749.90	20.61%
\$ 2,429.99	CB Computer Equipment	-	-	-	
0.71%	Total Strategy B.1.1.	345,300.99	85,135.82	260,165.17	24.66%
<i>Appropriated</i> B.1.2.	- FTE's = 0				
	<u>Texas OnLine</u>				
Base Appr =	1001 Salaries and Wages	-	-	-	
\$ 13,323.00	1002 Other Personnel Cost	-	-	-	
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ -	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 13,323.00	2005 Travel	-	-	-	
Budgeted =	2006 Rent Building	-	-	-	
\$ 13,323.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	13,323.00	2,213.00	11,110.00	16.61%
\$ -	CB Computer Equipment	-	-	-	
0.00%	Total Strategy B.1.2.	13,323.00	2,213.00	11,110.00	16.61%
<i>Appropriated</i> C.1.1.	- FTE's = 4.00				
	<u>Monitor Wagering and Audit</u>				
Base Appr =	1001 Salaries and Wages	256,486.84	84,206.32	172,280.52	32.83%
\$ 280,866.00	1002 Other Personnel Cost	7,500.00	2,480.00	5,020.00	33.07%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ -	2003 Consumables	-	-	-	0.00%
Total Appr =	2004 Utilities	-	-	-	
\$ 280,866.00	2005 Travel	4,500.00	903.96	3,596.04	20.09%
Budgeted =	2006 Rent Building	-	-	-	
\$ 290,366.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	21,879.16	6,713.82	15,165.34	30.69%
\$ 9,500.00	CB Computer Equipment	-	-	-	
3.38%	Total Strategy C.1.1.	290,366.00	94,304.10	196,061.90	32.48%

Texas Racing Commission

FYE 08/31/2022
Operating Budget Status
by LBB Expenditure Object/Codes

OBS-3

Strategy	Program Description	FY 2022 Annual Budget	FY 2022 Expended Thru 12/31/2021	FY 2022 Unexpended Bal 12/31/2021	With 33.3% of Year Lapsed % of Budget Expended
<i>Appropriated</i> D.1.1.	1.30 FTE's = 7.30 <u>Central Administration</u>				
Base Appr = \$ 870,243.00	1001 Salaries and Wages	509,407.91	143,367.14	366,040.77	28.14%
	1002 Other Personnel Cost	9,160.00	2,240.00	6,920.00	24.45%
Sup Appr = \$ -	2001 Prof Fees and Services	36,500.00	33,620.02	2,879.98	92.11%
	2003 Consumables	8,000.00	1,927.17	6,072.83	24.09%
Total Appr = \$ 870,243.00	2004 Utilities	37,000.00	15,869.02	21,130.98	42.89%
	2005 Travel	7,000.00	1,621.20	5,378.80	23.16%
Budgeted = \$ 893,896.16	2006 Rent Building	88,936.00	44,408.00	44,528.00	49.93%
	2007 Rent Machine	2,850.00	3,065.60	(215.60)	107.56%
Difference \$ 23,653.16	2009 Other Operating Cost	195,042.25	32,888.71	162,153.54	16.86%
	CB Computer Equipment	-	-	-	0.00%
2.72%	Total Strategy D.1.1.	893,896.16	279,006.86	614,889.30	31.21%
<i>Appropriated</i> D.1.2.	- FTE's = 3.80 <u>Information Resources</u>				
Base Appr = \$ 546,821.00	1001 Salaries and Wages	250,570.70	80,425.54	170,145.16	32.10%
	1002 Other Personnel Cost	4,520.00	1,260.00	3,260.00	27.88%
Sup Appr = \$ -	2001 Prof Fees and Services	110,000.00	111,234.07	(1,234.07)	101.12%
	2003 Consumables	500.00	-	500.00	0.00%
Total Appr = \$ 546,821.00	2004 Utilities	-	-	-	0.00%
	2005 Travel	2,400.00	163.52	2,236.48	6.81%
Budgeted = \$ 456,684.77	2006 Rent Building	500.00	-	500.00	0.00%
	2007 Rent Machine	-	-	-	-
Difference \$ (90,136.23)	2009 Other Operating Cost	88,194.07	37,736.33	50,457.74	42.79%
	CB Computer Equipment	-	-	-	-
-16.48%	Total Strategy D.1.2.	456,684.77	230,819.46	225,865.31	50.54%
\$ 3,715,249	Regulatory Program Operating Budget	3,715,249.00	1,127,008.12	2,238,109.28	30.33%
\$ 3,130,000	TX Bred Program Operating Budget	3,130,000.00	743,360.74	2,386,639.26	23.75%
\$ 6,845,249	Total M.O.F. (TXRC Acct. 597 & 327)	6,845,249.00	1,870,368.86	4,624,748.54	27.32%
	Total All Programs Operating Budget				

Texas Racing Commission

FYE 08/31/2022
Operating Budget Status
by LBB Expenditure Object/Codes

OBS-4

Strategy	Program Description	FY 2022 Annual Budget	FY 2022 Expended Thru 12/31/2021	FY 2022 Unexpended Bal 12/31/2021	With 33.3% of Year Lapsed % of Budget Expended
\$ -	1.75 FTE's = 39.30				
<i>Appropriated</i>	<u>Direct Expense of Regulatory Programs</u>				
	1001 Salaries and Wages	2,585,021.25	714,130.16	1,870,891.09	27.63%
	1002 Other Personnel Cost	50,120.00	22,060.00	28,060.00	44.01%
	2001 Prof Fees and Services	282,575.00	172,660.36	109,914.64	61.10%
	2003 Consumables	12,000.00	4,844.97	7,155.03	40.37%
	2004 Utilities	37,000.00	15,869.02	21,130.98	42.89%
	2005 Travel	184,664.00	32,931.27	151,732.73	17.83%
	2006 Rent Building	89,436.00	44,408.00	45,028.00	49.65%
	2007 Rent Machine	4,350.00	3,065.60	1,284.40	70.47%
	2009 Other Operating Cost	470,082.74	117,038.74	353,044.00	24.90%
	CB Computer Equipment	-	-	-	0.00%
\$ 3,715,249	Total Direct Expense of Regulatory Program	3,715,249.00	1,127,008.12	2,588,240.88	30.33%
	FTE's =				
\$ 3,130,000	<u>Direct Expense of TX Bred Program</u>	3,130,000.00	743,360.74	2,386,639.26	23.75%
\$ 6,845,249	Total Direct Expense of All Programs	6,845,249.00	1,870,368.86	4,974,880.14	27.32%
\$ -					
<i>Un-Appropriated</i>	<u>Indirect Expense of All Programs</u>				
	OASI Match	197,754.13	54,576.49	143,177.64	27.60%
	Group Insurance	260,000.00	79,071.98	180,928.02	30.41%
	State Retirement	195,435.28	53,681.29	141,753.99	27.47%
	Benefit Replacement	1,026.86	395.67	631.19	38.53%
	ERS Retiree Insurance	415,000.00	145,832.16	269,167.84	35.14%
	SWCAP GR Reimburse	-	-	-	0.00%
	Unemployment Cost	916.49	-	916.49	0.00%
	Other	-	-	-	0.00%
\$ 1,070,133	Total Indirect Expense of All Programs	1,070,132.76	333,557.59	736,575.17	31.17%
\$ 7,915,382	Total Direct and Indirect Expense of All Programs	7,915,381.75	2,203,926.45	5,711,455.30	27.84%

Source Of Funds	Agency Method Of Finance	FY 2022 Projected Revenue	FY 2022 Actual Revenue Thru 12/31/2021	N/A	With 33.3% of Year Lapsed % of Revenue Collected
	Regulatory Program MOF:				
Acct. 597	Cash Balance Carry Forward	\$ 750,000.00	\$ 750,000.00		n/a
Acct. 597	Live Race Day Fees	\$ -	\$ -		
Acct. 597	Simulcast Race Day Fees	\$ 2,780,433.00	\$ 730,222.49		
Acct. 597	Annual License Fees (Active & Inactive)	\$ 1,330,008.00	\$ 443,336.00		33.33%
Acct. 597	Outs	\$ -	\$ -		
Acct. 597	Occupational License Fees and Fines	\$ 595,250.00	\$ 191,599.00		32.19%
Acct. 597	Other Revenue	\$ 18,000.00	\$ 6,390.68		35.50%
Acct. 1	GR Funds	\$ -	\$ -		
	Sub-Total Regulatory Prgm. MOF	\$ 5,473,691.00	\$ 2,121,548.17		38.76%
	Texas Bred Program MOF:				
Acct. 327	Cash Balance Carry Forward	\$ -	\$ -		
Acct. 327	Breakage and 1% Exotic	\$ 3,130,000.00	\$ 743,360.74		23.75%
Acct. 327	Other	\$ -	\$ -		
	Sub-Total Texas Bred Prgm. MOF	\$ 3,130,000.00	\$ 743,360.74		23.75%
All Sources	Total MOF	\$ 8,603,691.00	\$ 2,864,908.91		33.30%
	MOF Estimated to Exceed or (Fall-Short of Covering) Direct & Indirect Expenses of Operating Budget	\$ 688,309.25	\$ 660,982.46		

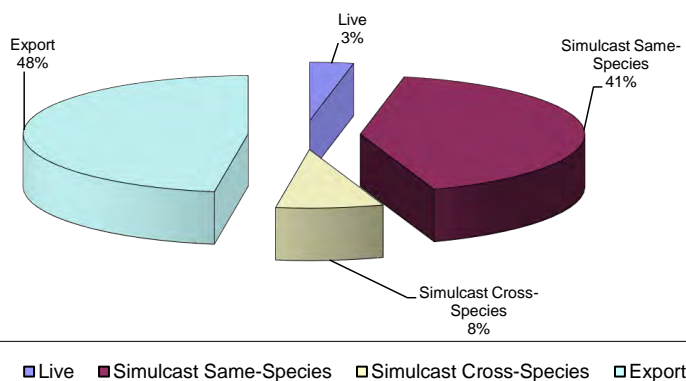


Texas Pari-Mutuel Racetracks Wagering Statistics Comparison Report on Total Wagers Placed in Texas & on Texas Races

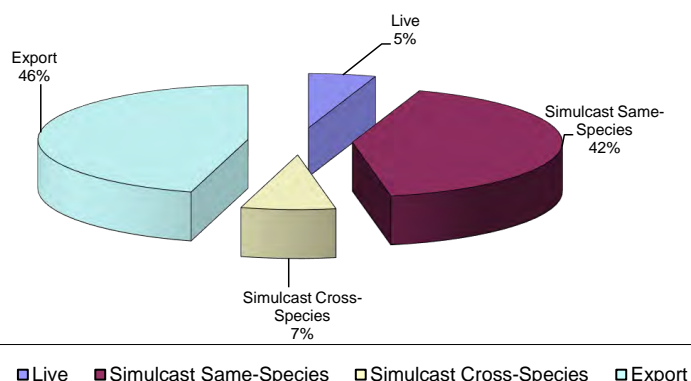
For the Period of January 1 through December 31

	Year 2020			Year 2021			Percentage Change	
	# Days	Wagers (Handle)*		# Days	Wagers (Handle)*		Wagers (Handle)	
Total		Average per day	Total		Average per day	Total	Average per day	
Greyhound Racetracks								
Live	36	\$ 483,574	\$ 13,433	0	\$ -	\$ -	-100.00%	-100.00%
Simulcast Same-Species	357	\$ 7,944,051	\$ 22,252	256	\$ 5,435,714	\$ 21,233	-31.58%	-4.58%
Simulcast Cross-Species	359	\$ 6,032,985	\$ 16,805	256	\$ 5,207,020	\$ 20,340	-13.69%	21.04%
Export	36	\$ 1,167,765	\$ 32,438	0	\$ -	\$ -	-100.00%	-100.00%
Total Wagers		\$ 15,628,375			\$ 10,642,734		-31.90%	
Horse Racetracks								
Live	130	\$ 10,468,780	\$ 80,529	171	\$ 23,323,893	\$ 136,397	122.79%	69.38%
Simulcast Same-Species	907	\$ 137,203,018	\$ 151,271	1,066	\$ 183,497,455	\$ 172,136	33.74%	13.79%
Simulcast Cross-Species	901	\$ 20,888,440	\$ 23,184	1,060	\$ 27,513,342	\$ 25,956	31.72%	11.96%
Export	122	\$ 165,136,541	\$ 1,353,578	163	\$ 205,812,299	\$ 1,262,652	24.63%	-6.72%
Total Wagers		\$ 333,696,779			\$ 440,146,989		31.90%	
All Racetracks								
Live	166	\$ 10,952,354	\$ 65,978	171	\$ 23,323,893	\$ 136,397	112.96%	106.73%
Simulcast Same-Species	1,264	\$ 145,147,069	\$ 114,832	1,322	\$ 188,933,169	\$ 142,915	30.17%	24.46%
Simulcast Cross-Species	1,260	\$ 26,921,425	\$ 21,366	1,316	\$ 32,720,362	\$ 24,863	21.54%	16.37%
Export	158	\$ 166,304,306	\$ 1,052,559	163	\$ 205,812,299	\$ 1,262,652	23.76%	19.96%
Total Wagers		\$ 349,325,155			\$ 450,789,722		29.05%	
Total Wagers Placed in Texas		\$ 183,020,849			\$ 244,977,424		33.85%	
Total Wagers Placed on Texas Races		\$ 177,256,660			\$ 229,136,191		29.27%	

2020 Wagers by Source



2021 Wagers by Source



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

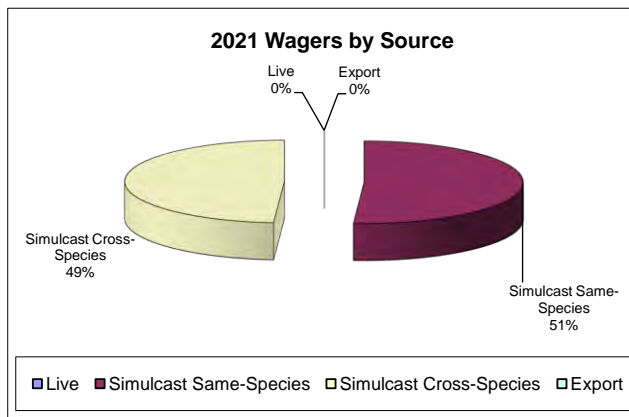
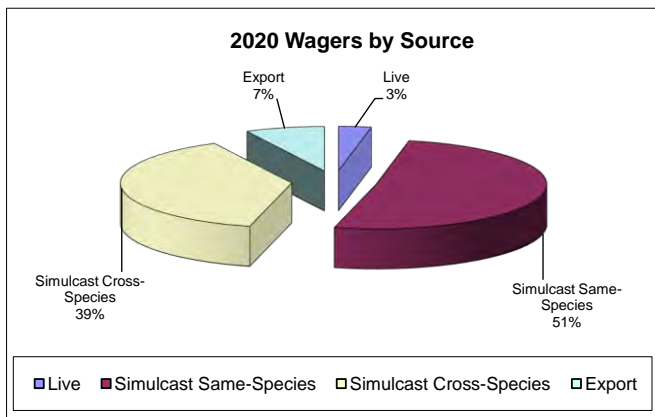
Due to COVID-19 Pandemic orders, all tracks ceased operations as of March 21, 2020. Lone Star Park reopened May 22, 2020, with Sam Houston Race Park following on June 3, 2020. All other tracks resumed operations on June 5, 2020. Valley Race Park has not yet reopened. Gulf Greyhound Park permanently ceased operations on June 30, 2020.



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

For the Period of January 1 through December 31

	Year 2020			Year 2021			Percentage Change	
	# Days	Wagers (Handle)*		# Days	Wagers (Handle)*		Wagers (Handle)	
Total		Average per day	Total		Average per day	Total	Average per day	
Gulf Coast Racing								
Live	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Simulcast Same-Species	194	\$ 4,780,754	\$ 24,643	256	\$ 5,435,714	\$ 21,233	13.70%	-13.84%
Simulcast Cross-Species	194	\$ 2,924,614	\$ 15,075	256	\$ 5,207,020	\$ 20,340	78.04%	34.92%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Total Wagers		\$ 7,705,367			\$ 10,642,734		38.12%	
Gulf Greyhound Park								
Live	36	\$ 483,574	\$ 13,433	0	\$ -	\$ -	-100.00%	-100.00%
Simulcast Same-Species	96	\$ 2,177,198	\$ 22,679	0	\$ -	\$ -	-100.00%	-100.00%
Simulcast Cross-Species	96	\$ 2,120,604	\$ 22,090	0	\$ -	\$ -	-100.00%	-100.00%
Export	36	\$ 1,167,765	\$ 32,438	0	\$ -	\$ -	-100.00%	-100.00%
Total Wagers		\$ 5,949,140			\$ -		-100.00%	
Valley Race Park								
Live	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Simulcast Same-Species	67	\$ 986,100	\$ 14,718	0	\$ -	\$ -	-100.00%	-100.00%
Simulcast Cross-Species	69	\$ 987,768	\$ 14,315	0	\$ -	\$ -	-100.00%	-100.00%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Total Wagers		\$ 1,973,868			\$ -		-100.00%	
All Greyhound Tracks								
Live	36	\$ 483,574	\$ 13,433	0	\$ -	\$ -	-100.00%	-100.00%
Simulcast Same-Species	357	\$ 7,944,051	\$ 22,252	256	\$ 5,435,714	\$ 21,233	-31.58%	-4.58%
Simulcast Cross-Species	359	\$ 6,032,985	\$ 16,805	256	\$ 5,207,020	\$ 20,340	-13.69%	21.04%
Export	36	\$ 1,167,765	\$ 32,438	0	\$ -	\$ -	-100.00%	-100.00%
Total Wagers		\$ 15,628,375			\$ 10,642,734		-31.90%	
Total Wagers Placed in Texas		\$ 14,460,611			\$ 10,642,734		-26.40%	
Total Wagers Placed on Texas Races		\$ 1,651,339			\$ -		-100.00%	



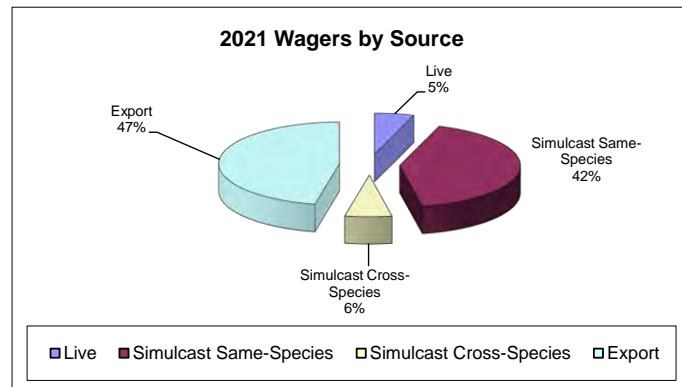
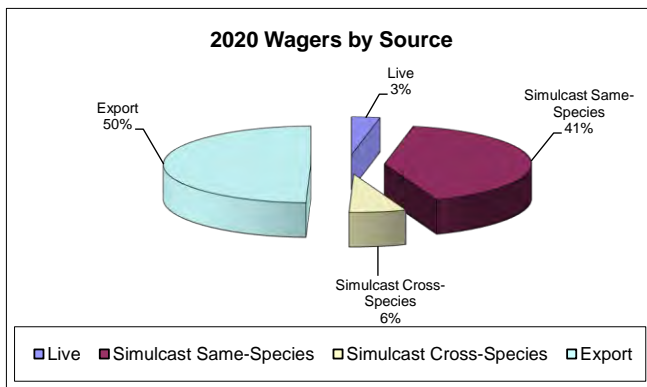
*NOTE: All figures are based on data available at the time the report was compiled and are subject to being audited and revised.

Due to COVID-19 Pandemic orders, all tracks ceased operations as of March 21, 2020. Lone Star Park reopened May 22, 2020, with Sam Houston Race Park following on June 3, 2020. All other tracks resumed operations on June 5, 2020. Valley Race Park has not yet reopened. Gulf Greyhound Park permanently ceased operations on June 30, 2020.



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

	Year 2020			Year 2021			Percentage Change	
	# Days	Wagers (Handle)*		# Days	Wagers (Handle)*		Wagers (Handle)	
		Total	Average per day		Total	Average per day	Total	Average per day
Gillespie County Fair								
Live	8	\$ 952,025	\$ 119,003	8	\$ 1,489,977	\$ 186,247	56.51%	56.51%
Simulcast Same-Species	158	\$ 3,545,902	\$ 22,442	206	\$ 5,295,374	\$ 25,706	49.34%	14.54%
Simulcast Cross-Species	156	\$ 466,906	\$ 2,993	206	\$ 1,096,544	\$ 5,323	134.85%	77.85%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Total Wagers		\$ 4,964,833			\$ 7,881,895		58.75%	
Lone Star Park								
Live	63	\$ 5,290,747	\$ 83,980	78	\$ 14,721,331	\$ 188,735	178.25%	124.74%
Simulcast Same-Species	298	\$ 69,673,763	\$ 233,805	356	\$ 91,873,642	\$ 258,072	31.86%	10.38%
Simulcast Cross-Species	296	\$ 5,696,911	\$ 19,246	351	\$ 6,486,658	\$ 18,481	13.86%	-3.98%
Export	63	\$ 97,585,985	\$ 1,548,984	78	\$ 89,842,380	\$ 1,151,825	-7.94%	-25.64%
Total Wagers		\$ 178,247,406			\$ 202,924,011		13.84%	
Retama Park								
Live	24	\$ 1,154,574	\$ 48,107	0	\$ -	\$ -	-100.00%	-100.00%
Simulcast Same-Species	227	\$ 20,552,623	\$ 90,540	241	\$ 25,349,045	\$ 105,183	23.34%	16.17%
Simulcast Cross-Species	226	\$ 3,760,608	\$ 16,640	240	\$ 4,385,245	\$ 18,272	16.61%	9.81%
Export	24	\$ 9,205,840	\$ 383,577	0	\$ -	\$ -	-100.00%	-100.00%
Total Wagers		\$ 34,673,645			\$ 29,734,290		-14.25%	
Sam Houston Race Park								
Live	35	\$ 3,071,434	\$ 87,755	85	\$ 7,112,585	\$ 83,677	131.57%	-4.65%
Simulcast Same-Species	224	\$ 43,430,730	\$ 193,887	263	\$ 60,979,394	\$ 231,861	40.41%	19.59%
Simulcast Cross-Species	223	\$ 10,964,015	\$ 49,166	263	\$ 15,544,895	\$ 59,106	41.78%	20.22%
Export	35	\$ 58,344,716	\$ 1,666,992	85	\$ 115,969,919	\$ 1,364,352	98.77%	-18.15%
Total Wagers		\$ 115,810,896			\$ 199,606,793		72.36%	
All Horse Tracks								
Live	130	\$ 10,468,780	\$ 80,529	171	\$ 23,323,893	\$ 136,397	122.79%	69.38%
Simulcast Same-Species	907	\$ 137,203,018	\$ 151,271	1,066	\$ 183,497,455	\$ 172,136	33.74%	13.79%
Simulcast Cross-Species	901	\$ 20,888,440	\$ 23,184	1,060	\$ 27,513,342	\$ 25,956	31.72%	11.96%
Export	122	\$ 165,136,541	\$ 1,353,578	163	\$ 205,812,299	\$ 1,262,652	24.63%	-6.72%
Total Wagers		\$ 333,696,779			\$ 440,146,989		31.90%	
Total Wagers Placed in Texas		\$ 168,560,238			\$ 234,334,690		39.02%	
Total Wagers Placed on Texas Races		\$ 175,605,321			\$ 229,136,191		30.48%	



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

Due to COVID-19 Pandemic orders, all tracks ceased operations as of March 21, 2020. Lone Star Park reopened May 22, 2020, with Sam Houston Race Park following on June 3, 2020. All other tracks resumed operations on June 5, 2020. Valley Race Park has not yet reopened. Gulf Greyhound Park permanently ceased operations on June 30, 2020.

PROPOSED RULES

Proposed rules include new rules, amendments to existing rules, and repeals of existing rules. A state agency shall give at least 30 days' notice of its intention to adopt a rule before it adopts the rule. A state agency shall give all interested persons a reasonable opportunity to submit data, views, or arguments, orally or in writing (Government Code, Chapter 2001).

Symbols in proposed rule text. Proposed new language is indicated by underlined text. ~~square brackets and strikethrough~~ indicate existing rule text that is proposed for deletion. "(No change)" indicates that existing rule text at this level will not be amended.

TITLE 16. ECONOMIC REGULATION

PART 8. TEXAS RACING COMMISSION

CHAPTER 313. OFFICIALS AND RULES OF HORSE RACING

SUBCHAPTER B. ENTRIES, SCRATCHES, AND ALLOWANCES

DIVISION 1. ENTRIES

16 TAC §313.110

The Texas Racing Commission ("the Commission") proposes amendments to 16 TAC §313.110, Coupled Entries. The proposed amendments would allow certain entries that would previously have been coupled as a single wager to race as separate betting interests.

FISCAL IMPLICATIONS FOR STATE AND LOCAL GOVERNMENT

Amy F. Cook, Executive Director, has determined that for the first five-year period the amendments are in effect, there will be no fiscal implications for local or state government enforcing the amendments. Enforcing or administering the amendments does not have foreseeable implications relating to cost or revenues of the state or local governments.

ANTICIPATED PUBLIC BENEFIT AND COST

Amy F. Cook, Executive Director, has determined that for each year of the first five years that the amendments are in effect, the anticipated public benefit will be more wagering options. There is no probable economic cost to persons required to comply with the amendments.

LOCAL EMPLOYMENT IMPACT STATEMENT

Amy F. Cook, Executive Director, has determined that the proposed amendments will not adversely affect the local economy, so the agency is not required to prepare a local employment impact statement under Government Code §2001.022.

GOVERNMENT GROWTH IMPACT STATEMENT

For each year of the first five years that the proposed amendments are in effect, the government growth impact is as follows: the amendments do not create or eliminate a government program; the amendments do not create any new employee positions or eliminate any existing employee positions; implementation of the amendments does not require an increase or decrease in future legislative appropriations to the agency; the amendments do not require an increase or decrease in fees paid

to the agency; the amendments do not create new regulations; the amendments do not expand existing regulations; the amendments do not repeal existing regulations; the amendments do not increase or decrease the number of individuals subject to the rule's applicability; and the amendments are not expected to have an adverse effect on this state's economy.

EFFECT ON SMALL AND MICRO-BUSINESSES

The proposed amendments will have no adverse economic effect on small or micro-businesses, and therefore preparation of an economic impact statement and a regulatory flexibility analysis is not required.

IMPACT ON EMPLOYMENT CONDITIONS

There are no negative impacts upon employment conditions in this state as a result of the proposed amendments.

ADVERSE ECONOMIC EFFECT ON RURAL COMMUNITIES

There will be no adverse effect on rural communities as a result of the proposed amendments. Because the agency has determined that the proposed amendments will have no adverse economic effect on rural communities, preparation of an Economic Impact Statement and a Regulatory Flexibility Analysis, as detailed under Texas Government Code §2006.002, is not required.

REGULATORY ANALYSIS OF MAJOR ENVIRONMENTAL RULES

Amy F. Cook, Executive Director, has determined that these proposed amendments do not constitute a "major environmental rule" as defined by Government Code, §2001.0225. Accordingly, an environmental impact analysis is not required.

TAKINGS IMPACT STATEMENT

Amy F. Cook, Executive Director, has determined that the proposed amendments will not affect private real property and will not restrict, limit, or impose a burden on an owner's right to his or her private real property and, therefore, will not constitute a taking. As a result, a takings impact assessment is not required, as provided by Government Code §2007.043.

EFFECT ON AGRICULTURAL, HORSE, AND GREYHOUND INDUSTRIES

The proposed amendments will not have an adverse effect on the state's agricultural, horse breeding, horse training, greyhound breeding, or greyhound training industries.

PUBLIC COMMENTS

All comments or questions regarding the proposed amendments may be submitted in writing within 30 days following publication of this notice in the *Texas Register* by mail to Robert Elrod, Public Information Officer for the Texas Racing Commission, at P.O. Box 12080, Austin, Texas 78711-2080, by e-mail to

info@txrc.texas.gov, by telephone to (512) 833-6699, or by fax to (512) 833-6907.

STATUTORY AUTHORITY

The amendments are proposed under Tex. Occ. Code § 2023.004, which authorizes the Commission to adopt rules to administer the Act.

No other statute, code, or article is affected by the proposed amendments.

§313.110. Coupled Entries.

(a) (No change.)

(b) In overnight races, the stewards may allow no more than two horses owned in whole or in part by the same individual or entity to race as separate wagering interests.

~~[(b) Except as provided by subsection (e) of this section, if two horses entered in a race are owned in whole or in part by the same individual or entity, the entry shall be coupled as a single wagering interest.]~~

(c) (No change.)

Filed with the Office of the Secretary of State on December 21, 2021.

TRD-202105191

Virginia Fields

General Counsel

Texas Racing Commission

Earliest possible date of adoption: February 6, 2022

For further information, please call: (512) 490-4009



CHAPTER 321. PARI-MUTUEL WAGERING SUBCHAPTER C. REGULATION OF LIVE WAGERING

DIVISION 1. GENERAL PROVISIONS

16 TAC §321.207

The Texas Racing Commission ("the Commission") proposes amendments to 16 TAC §321.207, Betting Interests. The proposed amendments would allow certain entries that would previously have been coupled to race as separate betting interests.

FISCAL IMPLICATIONS FOR STATE AND LOCAL GOVERNMENT

Amy F. Cook, Executive Director, has determined that for the first five-year period the amendments are in effect, there will be no fiscal implications for local or state government enforcing the amendments. Enforcing or administering the amendments does not have foreseeable implications relating to cost or revenues of the state or local governments.

ANTICIPATED PUBLIC BENEFIT AND COST

Amy F. Cook, Executive Director, has determined that for each year of the first five years that the amendments are in effect, the anticipated public benefit will be more wagering options. There is no probable economic cost to persons required to comply with the amendments.

LOCAL EMPLOYMENT IMPACT STATEMENT

Amy F. Cook, Executive Director, has determined that the proposed amendments will not adversely affect the local economy, so the agency is not required to prepare a local employment impact statement under Government Code §2001.022.

GOVERNMENT GROWTH IMPACT STATEMENT

For each year of the first five years that the proposed amendments are in effect, the government growth impact is as follows: the amendments do not create or eliminate a government program; the amendments do not create any new employee positions or eliminate any existing employee positions; implementation of the amendments does not require an increase or decrease in future legislative appropriations to the agency; the amendments do not require an increase or decrease in fees paid to the agency; the amendments do not create new regulations; the amendments do not expand existing regulations; the amendments do not repeal existing regulations; the amendments do not increase or decrease the number of individuals subject to the rule's applicability; and the amendments are not expected to have an adverse effect on this state's economy.

EFFECT ON SMALL AND MICRO-BUSINESSES

The proposed amendments will have no adverse economic effect on small or micro-businesses, and therefore preparation of an economic impact statement and a regulatory flexibility analysis is not required.

IMPACT ON EMPLOYMENT CONDITIONS

There are no negative impacts upon employment conditions in this state as a result of the proposed amendments.

ADVERSE ECONOMIC EFFECT ON RURAL COMMUNITIES

There will be no adverse effect on rural communities as a result of the proposed amendments. Because the agency has determined that the proposed amendments will have no adverse economic effect on rural communities, preparation of an Economic Impact Statement and a Regulatory Flexibility Analysis, as detailed under Texas Government Code §2006.002, is not required.

REGULATORY ANALYSIS OF MAJOR ENVIRONMENTAL RULES

Amy F. Cook, Executive Director, has determined that these proposed amendments do not constitute a "major environmental rule" as defined by Government Code, §2001.0225. Accordingly, an environmental impact analysis is not required.

TAKINGS IMPACT STATEMENT

Amy F. Cook, Executive Director, has determined that the proposed amendments will not affect private real property and will not restrict, limit, or impose a burden on an owner's right to his or her private real property and, therefore, will not constitute a taking. As a result, a takings impact assessment is not required, as provided by Government Code §2007.043.

EFFECT ON AGRICULTURAL, HORSE, AND GREYHOUND INDUSTRIES

The proposed amendments will not have an adverse effect on the state's agricultural, horse breeding, horse training, greyhound breeding, or greyhound training industries.

PUBLIC COMMENTS

All comments or questions regarding the proposed amendments may be submitted in writing within 30 days following publication of this notice in the *Texas Register* by mail to Robert El-

rod, Public Information Officer for the Texas Racing Commission, at P.O. Box 12080, Austin, Texas 78711-2080, by e-mail to info@txrc.texas.gov, by telephone to (512) 833-6699, or by fax to (512) 833-6907.

STATUTORY AUTHORITY

The amendments are proposed under Tex. Occ. Code § 2023.004, which authorizes the Commission to adopt rules to administer the Act.

No other statute, code, or article is affected by the proposed amendments.

§321.207. Betting Interests.

(a) Except as otherwise provided by the Rules, if the stewards or racing judges determine that two or more race animals entered in a race have common ties through ownership, the stewards or judges may [~~shall~~] join the animals as a coupled entry.

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

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on December 21, 2021.

TRD-202105192

Virginia Fields

General Counsel

Texas Racing Commission

Earliest possible date of adoption: February 6, 2022

For further information, please call: (512) 490-4009

<full rule to be adopted>

313.110. Coupled Entries.

- (a) Not more than two horses that have common interests through ownership, training, or lease may be entered in an overnight race, unless the race is divided.
- (b) In overnight races, the stewards may allow no more than two horses owned in whole or in part by the same individual or entity to race as separate wagering interests.
- (c) In stakes races, the stewards may allow two or more horses owned in whole or in part by the same individual or entity to race as separate wagering interests.

<full rule to be adopted>

321.207. Betting Interests

- (a) Except as otherwise provided by the Rules, if the stewards or racing judges determine that two or more race animals entered in a race have common ties through ownership, the stewards or judges may join the animals as a coupled entry.
- (b) If the number of race animals competing in a race exceeds the numbering capacity of the totalisator system, the highest numbered race animal and any animals grouped with that animal constitute the mutuel field.
- (c) A coupled entry or a mutuel field is a single betting interest. A wager on one animal in a coupled entry or mutuel field is a wager on all animals in the coupled entry or mutuel field.
- (d) In a race with a coupled entry or a mutuel field, the racing secretary may assign wagering numbers to entries that are different from the post position numbers.



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: Texas Paint Horse Breeders Association

Mailing Address: PO Box 895 Street Address

Decatur TX 76234 Wise City State Zip Code County

Physical Address: 510 W. Walnut St. Street Address

Decatur TX 76234 Wise City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Lex Smurthwaite Mr. Dr. Ms. Other

Position Title: Executive Secretary

Email Address: lex@tphba.com

Phone: (817) 781 - 5980 Ext. Alt #:() -

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Holly Slaughter Mr. Dr. Ms. Other

Position Title: Sr. Director of APHA Events

Email Address: hslaughter@apha.com

Phone: (817) 222 - 6446 Ext. Alt #:() -

(3) Name of Authorized Official *(This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)*

Full Name: Lex Smurthwaite Mr. Dr.
First Last Ms. Other _____

Position Title: Executive Secretary

Email Address: lex@tphba.com

Phone: (817) 781 - 5980 Ext. _____ Alt #:(_____) - _____

Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: *(Person listed in Section B.3)*

x		11/26/2021
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Signature

Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT

1 of 2

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form HIEA-1, General Information)APPLICANT NAME: Texas Paint Horse Breeders Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): 2022 APHA World Championship Show**Event Date(s) or Approximate Date(s):** June 24 - July 10, 2022**Total Amount Requested For this Event:** \$200,000**When Are Funds Needed?** *If funding can be provided in multiple phases, please explain.*
June 1, 2022**Project Background****Project Summary**

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

The APHA World Championship Show is the title event for the American Paint Horse Association (APHA) held at the Will Rogers Memorial Center in Fort Worth, Texas. In 2021, 212 World Championship titles were awarded to Open and Amateur competitors exhibiting a total of 1,349 horses. We anticipate approximately 100 more horses to participate in 2022.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

To be awarded in its entirety at the 2022 APHA World Championship Show:

\$126,000 - to be used as prizes/awards in Open/Amateur World Championship classes

\$31,000 - Ranch and Roping Sweepstakes and Sidepot added purse money

\$19,000 - Reining Challenge added purse money with Texas-Bred incentive

\$7,500 - Cutting Challenge added purse money with Texas-Bred incentive

\$7,500 - Working Cow Horse Challenge added purse money with Texas-Bred incentive

\$4,000 - Mounted Shooting added purse money

\$5,000 - All-breed cutting added purse money

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

With over 1,349 horses participating in the 2021 APHA World Championship Show and an estimated increase of approximately 100 horses for 2022, the estimated increase in economic impact for 2022 due to this funding is \$506,000. The total estimated economic impact of the 2022 APHA World Championship Show is \$6,838,853 of direct expenditures subject to eligible Texas taxes as projected by the City of Fort Worth.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Holly Slaughter - Senior Director of APHA Events

Dave Dellin - Senior Director of Judges, Shows & Education

Both Holly & Dave will be onsite daily managing the show and will ensure payouts are promoted and paid out as outlined.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements;*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;*
- (6) expenses related to litigation;*
- (7) professional association fees or dues for the breed registry or an individual;*

- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- (9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Purse Supplements/Prizes	\$200,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$200,000.00

Event Production Costs (\$ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Purse Supplements/Prizes (\$200000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

1. \$126,000 - to be used as additional prizes awarded to the top 15 finalists in each of 210 Open and Amateur World Championship classes. Each World Championship class will receive \$600 of additional HIEA funding towards the purchase of awards that include but are not limited to buckles, jackets, vests, halters, tack, gear, neck sashes, medallions and ribbons.
2. \$31,000 - added purse money to Ranch and Roping Sweepstakes and Sidepots

3. \$19,000 - added purse money to Reining Challenge purses including \$4,000 Texas-Bred incentive* (*\$1,000 per challenge class x 4 to be paid to the top 3 placing horses foaled in Texas in each 1st \$500/2nd \$300/3rd \$200)
4. \$7,500 - added purse money to Cutting Challenge purses including \$4,000 Texas-Bred incentive* (*\$1,000 per challenge class x 4 classes to be paid to the top 3 placing horses foaled in Texas in each 1st \$500/2nd \$300/3rd \$200)
5. \$7,500 - added purse money to Working Cow Horse Challenge purses including \$3,000 Texas-Bred incentive* (*\$1,000 per challenge class x 3 classes to be paid to the top 3 placing horses foaled in Texas in each 1st \$500/2nd \$300/3rd \$200)
6. \$4,000 - added purse money to Mounted Shooting classes
7. \$5,000 - added purse money to all-breed cutting classes

All money to be paid in accordance with the 2022 APHA World Show Premium Book.

Advertising (\$ _____ **total**) *Provide an explanation of advertising costs.*

Donations (\$ _____ **total**) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _____ (\$ _____ **total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – second category _____ (\$ _____ **total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – third category _____ (\$ _____ **total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (\$ _____ **total; may not exceed 5% of total**) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: Texas Paint Horse Breeders' Association

Mailing Address: PO Box 895 Street Address

Decatur TX 76234 USA City State Zip Code County

Physical Address: 510 W Walnut St Street Address

Decatur TX 76234 USA City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Lex Smurthwaite Mr. Dr. Ms. Other

Position Title: Executive Secretary

Email Address: lex@tphba.com

Phone: (817) 781 - 5980 Ext. Alt #:() -

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Francisco (Pancho) Villarreal Mr. Dr. Ms. Other

Position Title: President

Email Address: panchov@gvlaw.net

Phone: (956) 227 - 2431 Ext. Alt #:() -

(3) Name of Authorized Official *(This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)*

Full Name: Lex Smurthwaite Mr. Dr.
First Last Ms. Other _____

Position Title: Executive Secretary

Email Address: lex@tphba.com

Phone: (817) 781 - 5980 Ext. _____ Alt #:(_____) - _____


Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: *(Person listed in Section B.3)*

x	Lex Smurthwaite		1-18-2022
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Signature

Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

17 of 17

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNTPROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form HIEA-1, General Information)**APPLICANT NAME:** Texas Paint Horse Breeders Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): 2022 Battle of the Breeds 870 Claiming Stakes - Purse Supplement**Event Date(s) or Approximate Date(s):** December 17, 2022**Total Amount Requested For this Event:** \$60,000**When Are Funds Needed?** *If funding can be provided in multiple phases, please explain.*
October 2022**Project Background****Project Summary**

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

A Three-year-old and older race which includes trials and finals. Features highly competitive claiming Thoroughbreds, Quarter Horse and Paint Horses running for a claiming price of \$7,500. This Claiming Championship will provide opportunity for new owners that will breed, raise and race Thoroughbred, Quarter Horse and Paint Horses in Texas. 2022 will be the 3rd running of the Battle of the Breeds 870 Claiming Stakes.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

The Battle of the Breeds 870 Claiming Stakes will be held at Lone Star Park Racetrack with \$35,000 added to the Finals and \$25,000 evenly allocated to the trials making a total of \$60,000 to purse money. The purpose of this incentive is to increase interest in the 870 yard horse with the spirit of fun breed competition. Rarely do you see a race with Thoroughbred, Quarter Horse and Paint Horse competing together. This All-Breed Event will provide additional interest because of the opportunity of new ownership. Last year's event created a lot of participation and

saw several horses being claimed. Many horsemen feel concept of the Battle of the Breeds 870 Claiming Stakes is needed, since most Stakes are for the upper class horses.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

Our assessment of the net increase in spending as a result of this event is: 32 horses x 4 people per horse x \$230 (estimated money spent on hotels, food and fuel) x 3 days equals \$88,320. In addition, it is estimated that each dollar spent "rolls over" or changes hands an average of four times in the Grand Prairie area. In addition, Texas will benefit from the direct and indirect costs related to participate in the Agriculture and Equine Industry, in particular rural Texans. Funds will be put back into the Texas economy through such purchases as horse feed, bedding, equipment, grooming products, insurance, facility expenses, veterinary services farrier services, labor and fuel etc.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Pancho Villarreal, President TPHBA and Lex Smurthwaite, Executive Secretary TPHBA will be overseeing the activities and management of this event.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements;*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;*
- (6) expenses related to litigation;*
- (7) professional association fees or dues for the breed registry or an individual;*

- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- (9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Purse Supplements/Prizes	\$60,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$60,000.00

Event Production Costs (\$ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Purse Supplements/Prizes (\$60000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

TPHBA will pay Lone Star Park \$60,000 of which \$35,000 will be for added money for the finals and \$25,000 which will be used toward Trail purse money. The added money and all fees (minus 15%) collected by TPHBA will be divided 38% to the owner of the winner, 17% to second, 11% to third, 8% to fourth, 6% to fifth, 5% to sixth, 4.5% to seventh, 4% to eighth, 3.5% to ninth and 3% to tenth.

Advertising (\$ total) Provide an explanation of advertising costs.

Donations (\$ _____ **total**) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _ _____ (\$ _____ **total**) Provide a detailed description of any other category of direct expenses.

Other direct expenses – second category _ _____ (\$ _____ **total**) Provide a detailed description of any other category of direct expenses.

Other direct expenses – third category _ _____ (\$ _____ **total**) Provide a detailed description of any other category of direct expenses.

Administrative Expenses/Capital Assets (\$ _____ **total; may not exceed 5% of total**) Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: Texas Quarter Horse Association

Mailing Address: 14 N. Main Street Suite B Street Address

Elgin TX 78621 City State Zip Code County

Physical Address: same as above Street Address

City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Rob Werstler Mr. Dr. Ms. Other

Position Title: Executive Director

Email Address: rwerstler@tqha.com

Phone: (512) 458 - 5202 Ext. Alt #:() -

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Scott Sherwood Mr. Dr. Ms. Other

Position Title: Director of Racing

Email Address: ssherwood@tqha.com

Phone: (512) 458 - 5202 Ext. Alt #:() -

(3) Name of Authorized Official *(This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)*

Full Name: Rob Werstler Mr. Dr.
First Last Ms. Other _____

Position Title: Executive Director

Email Address: rwerstler@tqha.com

Phone: (512) 458 - 5202 Ext. _____ Alt #:(_____) - _____


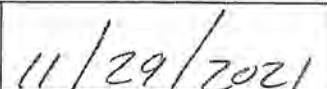
Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: *(Person listed in Section B.3)*

x		
	Signature	Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

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APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNTPROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form HIEA-1, General Information)**APPLICANT NAME:** Texas Quarter Horse Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): 2022 QH Meet @ SHRP - Accredited Texas Bred (ATB) Owners, Breeders & Stallion Owner Awards**Event Date(s) or Approximate Date(s):** 2022 Texas Pari-mutual races - April 22 - June 18**Total Amount Requested For this Event:** \$543,500.00**When Are Funds Needed?** *If funding can be provided in multiple phases, please explain.*
April 2022**Project Background****Project Summary**

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

TQHA proposes increasing incentive money to the owners, breeders and stallion owners of accredited Texas-bred horses that finish first, second or third in a Texas pari-mutuel race during the 2022 Sam Houston QH meet (April 22- June 18). These funds will supplement the current accredited Texas-bred incentive award payouts, mandated by the Texas Racing Act Sec. 2030.004.

In an effort to increase national exposure and increase simulcast handle to these races, TQHA will partner with SHRP with promotions geared toward American Quarter Horse racing for increased media exposure and marketing during the meet to attract patrons.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

Texas- bred horses finishing within the top 3 places in a Texas pari-mutual race at SHRP will be eligible for the following enrollment incentive breakdown:

\$500,000 ATB Awards:

40% Owner Award
40% Breeder Award
20% Stallion Owner Award

Daily Racing Form promotion (DRF) (based on # of days racing):
TVG and other opportunities for increased exposure for live and simulcast wagering (150 racetracks worldwide); Added coverage for big race day events

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

By increasing Accredited Texas Bred awards to owners, breeders, and stallions of Accredited Texas Bred horses, Texas will be in a much better position to be able to compete with surrounding states where state bred awards are supplemented by Slot machine revenue.

The addition of the Accredited Texas Bred Owner, Breeder and Stallion Owner Awards will incentivize the increase of ATB horses over the next breeding cycle and beyond. The increased ATB awards will attract new breeders to Texas as well as see the return of many breeders who left the state for larger purses. Texas will benefit from the direct and indirect costs related to participate in the Agriculture and Equine industry, in particular rural Texans. Funds will be put back into the Texas economy through such purchases as horse feed, bedding, equipment, grooming products, insurance, facility expenses, veterinary services, farrier services, and labor, fuel etc.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Project oversight will be provided by Rob Werstler, Executive Director of the Texas Quarter Horse Association along with Scott Sherwood, Director of Racing.

Reports will be provided to the TQHA Board of Directors, TQHA's independent auditing firm and TRC's Quarterly & Annual Performance Measures.

TQHA's Scott Sherwood will work directly with SHRP to oversee all promotional activities. SHRP will provide reports to TQHA as funds are expended and interim reports on the said affect of.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

(1) capital improvements;

- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;
- (6) expenses related to litigation;
- (7) professional association fees or dues for the breed registry or an individual;
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- (9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Purse Supplements/Prizes	\$500,000.00
Advertising	\$40,000.00
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$3,500.00
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$0.00
Total	\$543,500.00

Event Production Costs (\$ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Purse Supplements/Prizes (\$ _____ total) *Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.*

Advertising (\$40000 total) *Provide an explanation of advertising costs.*

\$10,000 TQHA Direct costs:

Advertisements - magazines - TRACK, Speedhorse, Stallionsearch.com

Online - Constant Contact, use of advertising platforms on FaceBook

\$30,000 - Daily Racing Form promotion (DRF) (based on # of days racing):

Added coverage for big race day events

Donations (\$ _____ total) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _____ (\$3500 total) *Provide a detailed description of any other category of direct expenses.*

Applied Information Sciences (AIS) -Software for ATB pay-out specific to HIEA grant & reporting. Envelopes, IRS Reporting, copier paper, postage for checks; postage for letters to ATB recipients who need additional paperwork to complete transaction such as SS#, etc
Cost related to TQHA annual audit completed by CPA firm.P

Other direct expenses – second category _____ (\$ _____ total)
Provide a detailed description of any other category of direct expenses.

Other direct expenses – third category _____ (\$ _____ total) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (\$ _____ total; may not exceed 5% of total) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: Texas Quarter Horse Association

Mailing Address: 14 N. Main Street Suite B Street Address

Elgin TX 78621 Bastrop City State Zip Code County

Physical Address: same Street Address

City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Rob Werstler Mr. Dr. First Last Ms. Other

Position Title: Executive Director

Email Address: rwerstler@tqha.com

Phone: (512) 458 - 5202 Ext. Alt #: (512) 468 - 5566

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Scott Sherwood Mr. Dr. First Last Ms. Other

Position Title: Director of Racing

Email Address: ssherwood@tqha.com

Phone: (512) 458 - 5202 Ext. Alt #: () -

(3) Name of Authorized Official *(This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)*

Full Name: Rob Werstler Mr. Dr.
First Last Ms. Other _____

Position Title: Executive Director

Email Address: rwerstler@hotmail.com

Phone: (512) 458 - 5202 Ext. _____ Alt #:(_____) - _____

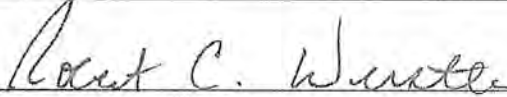
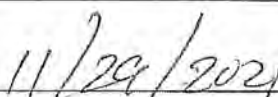
Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: *(Person listed in Section B.3)*

X		
	Signature	Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

2 of 13

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form HIEA-1, General Information)

APPLICANT NAME: Texas Quarter Horse Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): Sam Houston Race Park (SHRP) Stakes

Event Date(s) or Approximate Date(s): April 22- June 18, 2022

Total Amount Requested For this Event: 240,000

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
April 2022

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

The 2022 Quarter Horse meet at SHRP will be the first QH race meet this year. TQHA is providing opportunities to attract more horsemen and horses to the state by providing increased purses with focus on the stakes program and an emphasis on Texas-bred horses. The increase stake purse structure will allow SHRP to sell their simulcast signal to an increased number of outlets, which will increase handle.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

Improving stakes program with an emphasis on Texas-bred races through signature race days:
\$50,000 Jesse Yoakum Memorial 870
\$50,000 Houston Stakes 400
\$40,000 Houston Starter
\$50,000 Houston 550
50,000 Houston 250

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

The primary driver of all events is to bring exposure to Texas racing and increase the breeding & raising of horses in Texas. Fiscal measurements for all proposed elements will be demonstrated in the racing product via entries and handle increases

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Project oversight will be provided by Scott Sherwood, Director of Racing.

Reports will be provided to the TQHA Board of Directors, TQHA's independent auditing firm and TRC's Quarterly & Annual Performance Measures.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements;*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;*
- (6) expenses related to litigation;*
- (7) professional association fees or dues for the breed registry or an individual;*
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or*
- (9) fundraising.*

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Purse Supplements/Prizes	\$240,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$240,000

Event Production Costs (\$ _____ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Purse Supplements/Prizes (\$240000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

- \$50,000 Jesse Yoakum Memorial -870
- \$50,000 Houston Stakes 400
- \$40,000 Houston Starter
- \$50,000 Houston 550
- \$50,000 Houston 250

Advertising (\$ _____ total) Provide an explanation of advertising costs.

Donations (\$ _____ total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _____ (\$ _____ total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – second category _____ (\$ _____ total)
Provide a detailed description of any other category of direct expenses.

Other direct expenses – third category _____ (\$ _____ total) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (\$ _____ total; may not exceed 5% of total) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: Texas Quarter Horse Association

Mailing Address: 14 N. Main St - Suite B Street Address

Elgin TX 78261 Bastrop City State Zip Code County

Physical Address: 14 N. Main St - Suite B Street Address

Elgin TX 78621 Bastrop City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Michelle Tidwell Mr. Dr. Ms. Other

Position Title: The Classic Chairman

Email Address: michelletidwell@gmail.com

Phone: (936) 348 - 0277 Ext. Alt #:() -

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Mr. Dr. Ms. Other

Position Title:

Email Address:

Phone: () - Ext. Alt #:() -

(3) Name of Authorized Official *(This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)*

Full Name: Rob Werstler Mr. Dr.
First Last Ms. Other _____

Position Title: Executive Director - TQHA

Email Address: rwerstler@tqha.com

Phone: (512) 458 - 5202 Ext. _____ Alt #:(_____) _____

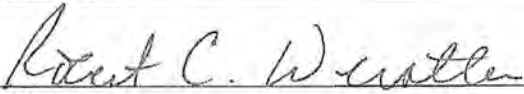
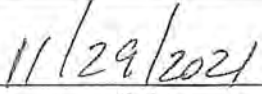
Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: *(Person listed in Section B.3)*

x		
	Signature	Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

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**APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT**

**PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form HIEA-1, General Information)**

APPLICANT NAME: Texas Quarter Horse Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): The Classic

Event Date(s) or Approximate Date(s): August 31 - September 4, 2022

Total Amount Requested For this Event: \$75,000

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
Feb 2022

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

The Classic is a horse show produced by Texas Quarter Horse Association. With funding from HIEA, The Classic will be able to offer cash payouts to all members of Texas Quarter Horse Association who place in the top ten in over 170 classes in all divisions and events. This will be the only event in Texas that recognises exhibitors through 10th place, encouraging more participation in The Classic. Additionally, a cash award will be presented to the highest Texas Bred horses in 6 divisions. Offering these awards encourages Texas horse owners and riders to stay in Texas and out of state owners to travel to Texas to participate in The Classic.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

Funds will be used to create a new incentive to all Texas Quarter Horse Association members competing at The Classic. Payouts will be awarded to the top ten places in over 170 classes reaching all equine disciplines. Upon completion of The Classic, show management will determine the Texas Bred winners and awards will be presented at the show. Payouts to TQHA members will be calculated after The Classic and checks will be mailed out to all winners.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

The impact of this award program will be increased participation in The Classic, giving our Texas Bred horses and riders an opportunity to earn AQHA points and a cash award. The incentive of cash payouts will encourage our Texas participants to stay here in Texas, staying in local hotels, eating in local restaurants and enjoy local retail opportunities. In addition, there will be nationwide appeal to Texas Bred horse owners to come to Texas and spend their dollars in Texas. Each horse competing has a support group of a minimum of three people, including trainers and family members.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Texas Quarter Horse Association Halter & Performance Committee will be directly involved in The Classic overseeing all aspects of The Classic. A show management company will be hired to handle all details regarding schedules, judges, results and points. At the conclusion of The Classic, TQHA will receive all documentation and determine cash payouts. TQHA will cut checks payable to recipients and mail them out to the exhibitors. A detailed accounting of all monies awarded will be provided to the TQHA Directors.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements;*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;*
- (6) expenses related to litigation;*
- (7) professional association fees or dues for the breed registry or an individual;*

- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- (9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$19,500.00
Purse Supplements/Prizes	\$50,000.00
Advertising	\$5,000.00
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$74,500.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$500.00
Total	\$75,000.00

Event Production Costs (\$19500 total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

With increased participation, more arenas and facilities will be needed. Additional staff will be required to allow the schedule to run smoothly. An AQHA approved Show management will record and calculate AQHA points to be used by TQHA staff to calculate payouts to horse owners.

Purse Supplements/Prizes (\$50000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

A dollar amount for each circuit point won by TQHA exhibitors will be calculated at the conclusion of The Classic. Cash awards will be mailed from TQHA to all top ten placing horses in over 170 classes. Classic Cash will also be awarded to the highest placing Texas Bred horse owners in all divisions.

Advertising (\$5000 total) *Provide an explanation of advertising costs.*

Nationwide advertising is essential to attract Texas Bred horses back to Texas to compete. Advertising will be placed in the Quarter Horse Journal (published in Amarillo, Texas), Quarter Horse News (published in Fort Worth, Texas) and the Equine Chronicle. Social media will be used to reach out across the country.

Donations (\$ _____ total) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _____ (\$ _____ total) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – second category _____ (\$ _____ total) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – third category _____ (\$ _____ total) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (\$500 total; may not exceed 5% of total) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

\$500 Cost related to Annual TQHA Audit Performed by CPA Firm

(3) Name of Authorized Official *(This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)*

Full Name: Rob Werstler Mr. Dr.
First Last Ms. Other _____

Position Title: TQHA Executive Director

Email Address: rwerstler@tqha.com

Phone: (512) 458 - 5202 Ext. _____ Alt #:(_____) - _____

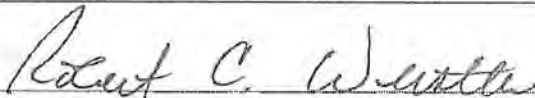
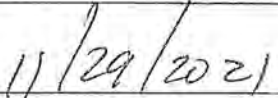
Section C. Certifications

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- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: *(Person listed in Section B.3)*

X		
	Signature	Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

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**APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT****PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)**
(Must be accompanied by Form HIEA-1, General Information)**APPLICANT NAME:** Texas Quarter Horse Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): TQHA State Championship Year-End Awards**Event Date(s) or Approximate Date(s):** 2022 Show Point-Year (December 1 - November 30)**Total Amount Requested For this Event:** \$ 60,000**When Are Funds Needed?** *If funding can be provided in multiple phases, please explain.*

Approval is needed immediately to announce and market the program to exhibitors to increase the amount of shows they attend in anticipation of Year End Award program. To adequately plan award items according to budget with the up-front cost of ordering the prizes and awards, Funding is needed by September 2022.

Project Background**Project Summary**

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

The TQHA Championship Award program recognizes year-end high point winners that show at TQHA Horse Show Series Approved Shows.

In order to be eligible, owners and riders must be TQHA members to accumulate points. Points are accumulated when exhibitors show and place in their respective classes and divisions throughout the showing calendar year (December 1 – November 30) at approved shows in Texas. A list of eligible shows can be found at www.tqha.com. On average, over 400 TQHA members actively participate in this program with division awards being given to 1st and 2nd place.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

The leadership of TQHA recognizes the substantial financial commitment of owners and riders who wish to show Quarter Horses. It can be estimated that an average participant spends approximately \$141 per day of their horse show between food, lodging, and other taxable purchases (Highland Market Research, LLC 2019). TQHA wishes to recognize and encourage the members that are committed to showing their Quarter Horses on the TQHA circuit. It is anticipated that the expansion of the program would increase the number of participants and incentivize people to keep their dollars recirculating in the Texas economy, as opposed to driving to other States for their horse show experience.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

Statewide approved shows that are in Texas and approved by the TQHA will benefit from increased entries & exhibitors within all divisions. The ripple effect of this increase will flow into the local horse clubs hosting and managing the event and thus local economies through increased purchases on items eligible for sales, hotel/motel and mixed beverage taxes.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Project management will be provided by the Chairman of the TQHA Halter & Performance Committee and Project oversight will be provided by Rob Werstler, Executive Director of the TQHA.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements;*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;*
- (6) expenses related to litigation;*
- (7) professional association fees or dues for the breed registry or an individual;*

- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- (9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$3,000
Purse Supplements/Prizes	\$53,500.
Advertising	\$3,000
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$59,500.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$500
Total	\$60,000.00

Event Production Costs (\$3000 total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

\$1300 for costs associated with Year End Award Banquet - invitation & information mail-out for banquet, awards magazine for recipients at dinner (250 - 300 count), name badges for attendees
 \$500 for contract labor to categorize & organize awards for recipients at Award Banquet; set up display; assist with awards ceremony
 \$1200 for Equitek Point Program Software used to calculate point allocations

Purse Supplements/Prizes (\$53500 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

May include, but not limited to, monogrammed championship jackets, trophies, buckles, other championship memorabilia to be determined by the Texas Quarter Horse Association.

Advertising (\$3000 total) Provide an explanation of advertising costs.

Print Ads,
Paid FB ads,
Constant Contact Enews Blasts
Website Point Standings
Mail-out fliers to each show member

Donations (\$ _____ total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _____ (\$ _____ total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – second category _____ (\$ _____ total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – third category _____ (\$ _____ total) Provide a detailed description of any other category of direct expenses.

Administrative Expenses/Capital Assets (\$500 total; may not exceed 5% of total) Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.

\$500 Cost related to Annual TQHA Audit Performed by CPA Firm



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: Texas Quarter Horse Association

Mailing Address: 14 N. Main St - Suite B Street Address

Elgin TX 78261 Bastrop City State Zip Code County

Physical Address: 14 N. Main St - Suite B Street Address

Elgin TX 78261 Bastrop City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Jay Winborn Mr. Dr. Ms. Other

Position Title: Executive Director - NCHA

Email Address: jwinborn@nchacutting.com

Phone: (817) 244 - 6188 Ext. 110 Alt #: () -

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Mr. Dr. Ms. Other

Position Title:

Email Address:

Phone: () - Ext. Alt #: () -

(3) Name of Authorized Official *(This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)*

Full Name: Rob Werstler Mr. Dr.
First Last Ms. Other _____

Position Title: TQHA Executive Director

Email Address: rwerstler@tqha.com

Phone: (512) 458 - 5202 Ext. _____ Alt #:(_____) - _____

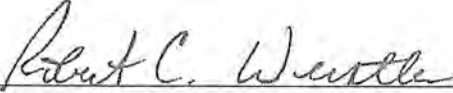
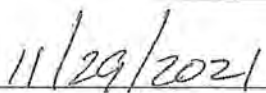
Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: *(Person listed in Section B.3)*

x		
	Signature	Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

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**APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT****PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)**
(Must be accompanied by Form H1EA-1, General Information)**APPLICANT NAME:** Texas Quarter Horse Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): National Cutting Horse Association (NCHA) Super Stakes & Super Stakes Classic**Event Date(s) or Approximate Date(s):** March 24 - April 16, 2022**Total Amount Requested For this Event:** \$100,500**When Are Funds Needed?** *If funding can be provided in multiple phases, please explain.*
March 1, 2022**Project Background****Project Summary**

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

The National Cutting Horse Association (NCHA) is one of the largest single-discipline equine organizations in the world. Boasting over 15,000, the NCHA has been promoting the sport of cutting since its inception in 1946.

In addition to serving as the governing body and official record keeper of all member and horse earnings, the NCHA itself produces three shows annually that together comprise the Triple Crown of Cutting. Each leg of the Triple Crown is approximately 25 days long and is hosted in the prestigious Will Rogers Memorial Center in Fort Worth. All three shows within the Triple Crown are designed to promote the breeding, owning and showing of some of the best young equine athletes in the world.

The second leg of the Triple Crown is the Super Stakes & Super Stakes Classic. In 2022, the Super Stakes will be held again in Fort Worth, Texas from March 24 - April 16, 2022. The Super Stakes is the showcase for stallion owners and breeders. All horses competing in the Super Stakes must be eligible to compete by being nominated through the NCHA Stallion Foal Program. Visitors to the Super Stakes come from all over the world and generate approximately \$4.8 in direct economic impact to the State of Texas.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

The NCHA requests \$100,000 in added money to highlight and promote Texas-Bred cutting horses competing in the 2022 Super Stakes & Super Stakes Classic. All administration work necessary for enrollments as well as payouts will be managed in-house by NCHA staff resulting in maximum promotion of additional funds. Owners and riders will be required to be current TQHA members to be eligible to participate in the program.

Highest placings Texas-Bred horses in the 5/6 year-old Open, Non-Pro and Amateur divisions will be eligible to receive an additional purse.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

The anticipated goal of this project on the horse industry in Texas is twofold:

1. Increase the number of cutting horses bred within the State of Texas
2. Increase the interest of the cutting horse owners to continue to show their horses as they advance in years.

With breeding costs averaging \$6,500 - \$20,000, incentive programs like this one are vital to encouraging Quarter Horse owners to continue to breed and show cutting horses.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Project activities will be overseen by the NCHA. At the conclusion of the event, proof of payouts and a project summary will be provided to Texas Quarter Horse Association to validate that the project was delivered as outlined above.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements;*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;*

- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;
- (6) expenses related to litigation;
- (7) professional association fees or dues for the breed registry or an individual;
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- (9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Purse Supplements/Prizes	\$100,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$100,000.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$500.00
Total	\$100,500.00

Event Production Costs (\$ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Purse Supplements/Prizes (\$100000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.
 \$100,000 Incentive Breakdown

Open Division - \$50,000 Total Prize Money
Highest Placing - \$25,000
Second Placing - \$15,000
Third Placing - \$10,000

Non-Pro Division - \$25,000 Total Prize Money
Highest Placing - \$12,500
Second Placing - \$7,500
Third Placing - \$5,000

Amateur Division - \$25,000 Total Prize Money
Highest Placing - \$12,500
Second Placing - \$7,500
Third Placing - \$5,000

Advertising (\$ _____ total) *Provide an explanation of advertising costs.*

Donations (\$ _____ total) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _ _____ (\$ _____ total) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – second category _ _____ (\$ _____ total) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – third category _ _____ (\$ _____ total) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (\$500 total; may not exceed 5% of total) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

\$500 Cost related to Annual TQHA Audit Performed by CPA Firm



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: TEXAS ARABIAN BREEDERS ASSOCIATION

Mailing Address: PO Box 215 Street Address

Forney Texas 75126 Kaufman City State Zip Code County

Physical Address: 10051 Wilson Lane Street Address

Forney Texas 75126 Kaufman City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Ed Wilson Mr. Dr. First Last Ms. Other

Position Title: President

Email Address: wetaba@swbell.net

Phone: (972) 564 - 9430 Ext. Alt #: (972) 523 - 7870

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Jon Henningsgard Mr. Dr. First Last Ms. Other

Position Title: Vice President

Email Address: jon.uptownranch@yahoo.com

Phone: (713) 624 - 6306 Ext. Alt #: (505) 367 - 6890



APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form HIEA-2, Project Narrative)

APPLICANT NAME: TEXAS ARABIAN BREEDERS ASSOCIATION

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): Arabian Stakes Night at Sam Houston Race Park 2022

Event Date(s) or Approximate Date(s): February 27, 2022

Total Amount Requested For this Event: \$63,440.00

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*

January 15, 2022

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

\$60,000 will be used for Purses for the Arabian Stakes. \$30,000 for the Arabian Yellow Rose Stakes for Filly and Mare, 4 & 5 yr olds, \$30,000 for the Arabian Six Shooter Stakes for 4 & 5 yr old. \$1,000 for rent of Suite for the Annual meeting of TABA membership. This will be the first meeting for several new members from 2021. \$2,000 for promotional activities managed by TABA Promotion Manager.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

The Promotional Manager will use Social media blast, e-blast, advertisement to get owners and racing enthusiast to the track and to promote the Event. Participation at these events demonstrates the effect of our promotional effort. \$60,000 will be used for purse fund for two \$30,000 Stakes.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

We expect to bring new and old owner to the track to enjoy an evening of racing. The fellowship of meeting with other Arabian Owner attracts new Horse owners and new fans to racing, this is essential to grow the horse industry.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Ed Wilson

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements;*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;*
- (6) expenses related to litigation;*
- (7) professional association fees or dues for the breed registry or an individual;*
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or*
- (9) fundraising.*

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to*

borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
 (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$1,000.00
Purse Supplements/Prizes	\$60,000.00
Advertising	\$2,000.00
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (Itemize below):	\$
	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$63,000.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$440.00
Total	\$63,440.00

Event Production Costs (\$1000 total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Rental of a Suite for holding our Annual membership meeting for new and old enthusiast.
 Recognize new Board members and discussion of plans for the 2022 race season.

Purse Supplements/Prizes (\$60000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

\$30,000 for the Arabian Yellow Rose Stakes for Filly and Mare , \$30,000 for the Arabian Six Shooter Stakes Open

Advertising (\$2000 total) Provide an explanation of advertising costs.

TABA has hired a Promotional Manager for our promotions which include Social media blast, e-mail, advertising, and other means of promotion. Funds are paid thru the manager or directly to the provider with verification from the manager.

Donations (\$0 total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _____ (\$0 total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – second category _____ (**\$0 total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – third category _____ (**\$0 total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (\$440 total; may not exceed 5% of total) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

Share of the Audit: 1/6 of the projected Audit expense	\$400
Secretarial help: 2 hrs @ \$20.	40



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: TEXAS ARABIAN BREEDERS ASSOCIATION

Mailing Address: PO Box 215
Street Address

Forney Texas 75126 Kaufman
City State Zip Code County

Physical Address: 10051 Wilson Lane
Street Address

Forney Texas 75126 Kaufman
City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Ed Wilson Mr. Dr.
First Last Ms. Other _____

Position Title: President

Email Address: wetaba@swbell.net

Phone: (972) 564 - 9430 Ext. _____ Alt #: (972) 523 - 7870

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Jon Henningsgard Mr. Dr.
First Last Ms. Other _____

Position Title: Vice President

Email Address: jon.uptownranch@yahoo.com

Phone: (713) 624 - 6306 Ext. _____ Alt #: (505) 367 - 6890

(3) Name of Authorized Official *(This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)*

Full Name: Ed Wilson Mr. Dr.
First Last Ms. Other _____

Position Title: President

Email Address: wetaba@swbell.net

Phone: (972) 564 - 9430 Ext. _____ Alt #: (972) 523 - 7870

Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: *(Person listed in Section B.3)*

x Ed Wilson 1/10/22

Signature **Date**
This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

FORM HIEA-2

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form HIEA-2, Project Narrative)

APPLICANT NAME: TEXAS ARABIAN BREEDERS ASSOCIATION

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): Arabian Darley Awards

Event Date(s) or Approximate Date(s): March 19, 2022

Total Amount Requested For this Event: 72,930.00

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
February 15, 2022

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

TABA will be joining with the Arabian Racing Cup to host the prestigious Arabian Darley Awards at Sam Houston Race Park. The Darleys bring together the largest number of Arabian racing enthusiasts of any event each year. TABA will be promoting Breeding and Racing Arabians in Texas. The Annual Darley Awards will be presented at this Event.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

There are two Stakes races scheduled that night. SHRP's largest Suite has been reserved for gathering. There will be a Banquet (each attendant must purchase a ticket to cover the cost of the meal and drinks) at which the Annual Darley Awards will be presented. There will be a Stallion Auction and other activities planned.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

With the increase of the Purse funds beginning in 2020 there are more Arabians available to race and there has been an increase in the number of Breeders, trainers, and owners in Texas. We expect these promotional activities to continue to bring mares to Texas for breeding and racing in Texas.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Jon Henningsgard TABA Vice President is President of the Arabian Racing Cup and is overseeing this activity. Ed Wilson President of TABA will also be in attendance.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements;*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;*
- (6) expenses related to litigation;*
- (7) professional association fees or dues for the breed registry or an individual;*
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or*
- (9) fundraising.*

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$10,000.00
Purse Supplements/Prizes	\$60,000.00
Advertising	\$2,500.00
Donations (include most recent IRS Form 990 for any non-profit)	\$0.00
Other Direct Expenses (Itemize below):	\$0.00
	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$430.00
Total	\$72,930.00

Event Production Costs (\$10000 total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

TABA sponsorship of the Darley Awards includes a share of the cost of Awards, cost of suite, live streaming of the Stakes and Awards presentation across US.

Purse Supplements/Prizes (\$60,000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

Two Stakes Races with a purse of \$30,000 each

Advertising (\$2500 total) Provide an explanation of advertising costs.

Cost for promotional manager, advertising, E-blast, other media outlets, Continued promotions will continue under this agreement thru the meet at SHRP.

Donations (\$0 total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _____ (\$0 total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – second category _____ (\$0 total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – third category _____ (\$0 total) Provide a detailed description of any other category of direct expenses.

Administrative Expenses/Capital Assets (\$430 total; may not exceed 5% of total) Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.

1/6 share of the Audit	\$400
Secretarial assistance 2 hrs. \$15	30



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: **TEXAS ARABIAN BREEDERS ASSOCIATION**

Mailing Address: **PO Box 215**
Street Address

Forney Texas **75126** **Kaufman**
City State Zip Code County

Physical Address: **10051 Wilson Lane**
Street Address

Forney Texas **75126** **Kaufman**
City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: **Ed** **Wilson** Mr. Dr.
First Last Ms. Other _____

Position Title: **President**

Email Address: **wetaba@swbell.net**

Phone: **(972) 564 - 9430** Ext. Alt #: **(972) 523 - 7870**

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: **Jon** **Henningsgard** Mr. Dr.
First Last Ms. Other _____

Position Title: **Vice President**

Email Address: **jon.uptownranch@yahoo.com**

Phone: **(713) 624 - 6306** Ext. Alt #: **(505) 367 - 6890**

(3) Name of Authorized Official (This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)

Full Name: Ed Wilson Mr. Dr.
First Last Ms. Other _____

Position Title: President

Email Address: wetaba@swbell.net

Phone: (972) 564 - 9430 Ext. _____ Alt #: (972) 523 - 7870

Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: (Person listed in Section B.3)

x Ed Wilson 11/11/22

Signature **Date**
This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

FORM HIEA-2

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form HIEA-2, Project Narrative)

APPLICANT NAME: TEXAS ARABIAN BREEDERS ASSOCIATION

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): Arabian Stakes Night at Retama Park

Event Date(s) or Approximate Date(s): August 6, 2022

Total Amount Requested For this Event: \$62,440.00

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
July, 15, 2022

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

The Texas Arabian Oaks with a purse of \$30,000 and the Texas Arabian Derby with a purse of \$30,000 will be run that night. Total \$60,000 will be used for Purses and the Promotional Manager will use \$2,000 to promote Arabian racing including promotion of the Stakes at Retama Park.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

The Texas Arabian Breeders Association has hired an experienced Promotional Manager to manage the social media blast, advertisement, e-mail blast, etc. to get Arabian Owners or racing enthusiasts to the track. Will also be promoting Texas Racing thru use of promotional outlets on race night. \$60,000 will be used to provide purse funds for the two Arabian Stakes that night (\$30,000 for each Stakes).

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

We expect to introduce Arabian Racing to some that are not familiar with it. Bringing Arabian Owners to the track and meeting other owners helps them realize the enjoyment of having their own race horse. Thus enveloping new owner or race enthusiast to the track.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Ed Wilson

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements;*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;*
- (6) expenses related to litigation;*
- (7) professional association fees or dues for the breed registry or an individual;*
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or*
- (9) fundraising.*

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to*

borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
 (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Purse Supplements/Prizes	\$60,000.00
Advertising	\$2,000.00
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$62,000.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$440.00
Total	\$62,440.00

Event Production Costs (\$ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Purse Supplements/Prizes (\$60000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.
 \$30,000 for Texas Arabian Oaks, \$30,000 for the Texas Arabian Derby

Advertising (\$2000 total) Provide an explanation of advertising costs.
 Will be paying our Promotional Manager for providing publicity and promotional activities.

Donations (\$0 total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _____ (\$0 total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – second category _____ (\$0 total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – third category _____ **(\$0 total)** Provide a detailed description of any other category of direct expenses.

Administrative Expenses/Capital Assets (\$440 total; may not exceed 5% of total) Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.

Share of the Audit: 1/6 of the projected Audit expense	\$400
Secretarial help: 2 hrs @ \$20.	40



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: **TEXAS ARABIAN BREEDERS ASSOCIATION**

Mailing Address: **PO Box 215**
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Physical Address: **10051 Wilson Lane**
Street Address

Forney Texas **75126** **Kaufman**
City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: **Ed** **Wilson** Mr. Dr.
First Last Ms. Other _____

Position Title: **President**

Email Address: **wetaba@swbell.net**

Phone: **(972) 564 - 9430** Ext. Alt #: **(972) 523 - 7870**

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: **Jon** **Henningsgard** Mr. Dr.
First Last Ms. Other _____

Position Title: **Vice President**

Email Address: **jon.uptownranch@yahoo.com**

Phone: **(713) 624 - 6306** Ext. Alt #: **(505) 367 - 6890**

(3) Name of Authorized Official (This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)

Full Name: Ed Wilson Mr. Dr.
First Last Ms. Other _____

Position Title: President

Email Address: wetaba@swbell.net

Phone: (972) 564 - 9430 Ext. _____ Alt #: (972) 523 - 7870

Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

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- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: (Person listed in Section B.3)

x Ed Wilson 1/1/22

Signature

Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

FORM HIEA-2

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form HIEA-2, Project Narrative)

APPLICANT NAME: TEXAS ARABIAN BREEDERS ASSOCIATION

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): Arabian Juvenal Stakes Night at Lone Star Park

Event Date(s) or Approximate Date(s): October 29, 2022

Total Amount Requested For this Event: \$62,440.00

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*

September 1, 2022

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

\$60,000 will be used for Purses for the Juvenal Stakes. \$30,000 for the Juvenal Distaff for 3yr. old fillies and \$30,000 for the Juvenal Sprint for 3yr olds. These are the only restricted Stakes for 3yr olds ran each year. This encourages owners to race their 3yr olds to prepare for these Stakes.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

The Promotional Manager will use Social media blast, e-blast, advertisement to get owners and racing enthusiast to the track and to promote the Juvenal Stakes. Two \$30,000 Stakes for 3yr. olds Arabians.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

We expect to introduce Arabian Racing to some that are not familiar with it. Bringing Arabian Owners to the track and meeting other owners helps them realize the enjoyment of having their own race horse. Thus developing new owner or race enthusiast to the track. These activities are essential to grow the Horse and Racing industry.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Ed Wilson

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements;*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;*
- (6) expenses related to litigation;*
- (7) professional association fees or dues for the breed registry or an individual;*
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or*
- (9) fundraising.*

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to*

borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
 (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Purse Supplements/Prizes	\$60,000.00
Advertising	\$2,000.00
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$62,000.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$440.00
Total	\$62,440.00

Event Production Costs (\$ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Purse Supplements/Prizes (\$60000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.
 \$30,000 for the Arabian Juvenal Distaff, \$30,000 for the Arabian Sprint

Advertising (\$2000 total) Provide an explanation of advertising costs.
 Will be paying our Promotional Manager for providing publicity and promotional activities.

Donations (\$0 total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _____ (\$0 total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – second category _____ (\$0 total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – third category _____ (**\$0 total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (\$440 total; may not exceed 5% of total) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

Share of the Audit: 1/6 of the projected Audit expense	\$400
Secretarial help: 2 hrs @ \$20.	40



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: **TEXAS ARABIAN BREEDERS ASSOCIATION**

Mailing Address:

PO Box 215
Street Address

Forney Texas **75126** **Kaufman**
City State Zip Code County

Physical Address:

10051 Wilson Lane
Street Address

Forney Texas **75126** **Kaufman**
City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: **Ed** **Wilson** Mr. Dr.
First Last Ms. Other

Position Title: **President**

Email Address: **wetaba@swbell.net**

Phone: **(972) 564 - 9430** Ext. Alt #: **(972) 523 - 7870**

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: **Jon** **Henningsgard** Mr. Dr.
First Last Ms. Other

Position Title: **Vice President**

Email Address: **jon.uptownranch@yahoo.com**

Phone: **(713) 624 - 6306** Ext. Alt #: **(505) 367 - 6890**

(3) Name of Authorized Official *(This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)*

Full Name: Ed Wilson Mr. Dr.
First Last Ms. Other _____

Position Title: President

Email Address: wetaba@swbell.net

Phone: (972) 564 - 9430 Ext. _____ Alt #: (972) 523 - 7870

Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: *(Person listed in Section B.3)*

x Ed Wilson 11/1/22

Signature

Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



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APPLICANT NAME: TEXAS ARABIAN BREEDERS ASSOCIATION

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Project Title (Event Name): Arabian Stakes Night at Lone Star Park

Event Date(s) or Approximate Date(s): December 4, 2022

Total Amount Requested For this Event: \$63,440.00

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*

September 1, 2022

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

\$60,000 will be used for Purses for the Stallion Stakes. \$30,000 for the Stallion Stakes Filly and Mare Division 3 yr old and up, \$30,000 for the Stallion Stakes for 3yr old and up. \$1,000 for rent of Suite to greet old and new enthusiast and recognize Special Awards for Horse, Owners or Breeders. \$2,000 for promotion of the Event and Arabian racing.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

The Promotional Manager will use Social media blast, e-blast, advertisement to get owners and racing enthusiast to the track and to promote the Event. Participation at these events demonstrates the effect of our promotional effort. \$60,000 will be used for purse fund for two \$30,000 Stakes.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

We expect to bring new and old owner to the track to enjoy an evening of racing. The fellowship of meeting with other Arabian Owner attracts new Horse owners and new fans to racing, this is essential to grow the horse industry.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Ed Wilson

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

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- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;*
- (6) expenses related to litigation;*
- (7) professional association fees or dues for the breed registry or an individual;*
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or*
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- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to*

borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
 (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$1,000.00
Purse Supplements/Prizes	\$60,000.00
Advertising	\$2,000.00
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$63,000.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$440.00
Total	\$63,440.00

Event Production Costs (\$1000 total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Suite for meeting new and old enthusiast. Recognize Special Awards for Horse, Owner or Breeder

Purse Supplements/Prizes (\$60000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

\$30,000 for the Arabian Stallion Filly and Mare Division, \$30,000 for the Arabian Stakes Open

Advertising (\$2000 total) Provide an explanation of advertising costs.

Will be paying our Promotional Manager for providing publicity and promotional activities.

Donations (\$0 total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

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Administrative Expenses/Capital Assets (\$440 total; may not exceed 5% of total) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

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Secretarial help: 2 hrs @ \$20.	40