

SUBJECT: Requiring tax proceeds from horse-related sales to be escrowed with TRC

COMMITTEE: Licensing and Administrative Procedures — committee substitute recommended

VOTE: 9 ayes — T. King, Goldman, Geren, Guillen, Harless, Hernandez, K. King, Paddie, S. Thompson

0 nays

2 absent — Herrero, Kuempel

WITNESSES: For — Jimmy Eller, TQHA (*Registered, but did not testify*: Jim Short, National Cutting Horse Association)

Against — None

On — Chuck Trout, Texas Racing Commission (*Registered, but did not testify*: Adrienne Courtney and Gerald Dube, Texas Racing Commission; Jon Hockenyos)

BACKGROUND: Occupations Code sec. 2028.202 requires racetrack associations to allocate a certain amount of each pari-mutuel pool to be placed in escrow with the Texas Racing Commission (TRC).

Sec. 2028.204(b) allows any horse racetrack association to apply to TRC for receipt of all or part of the escrowed purse account for use as purses. TRC is required to determine the percentage to be allocated to each association, taking into consideration purse levels, racing opportunities, and the financial status of the requesting racetrack association.

DIGEST: CSHB 2463 would allocate proceeds from taxes on certain horse industry sales to the horse industry escrow account administered by the Texas Racing Commission (TRC) and expand the possible uses of money in the account.

Each fiscal biennium, the comptroller would have to determine the amount to be deposited to the account according to available statistical data indicating the estimated or actual total receipts from taxable sales of horse feed, horse supplements, and horse tack, up to \$50 million. Any amount above \$50 million would be deposited into the general revenue fund.

The bill would allow any state horse breed registry to apply for money from the escrow account for any event that furthered the horse industry. TRC could not annually allocate more than 70 percent of the amount deposited into the account to horse racetrack associations for use as purses.

TRC would have to revise existing rules or adopt new rules as necessary to comply with the bill as soon as possible after the effective date.

The bill would take effect September 1, 2019.

NOTES:

According to the Legislative Budget Board, the bill would have a negative impact of \$50 million to general revenue related funds through fiscal 2020-21.