

## **BILL ANALYSIS**

Senate Research Center  
80r6150 JPL-F

H.B. 2701  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Texas Racing Commission (TRC) regulates all aspects of the pari-mutuel racing industry including strict oversight of wagering and the conduct of live and simulcast racing. H.B. 2701 proposes TRC-recommended changes that will improve agency regulation and oversight. The bill includes changes that clarify regulatory definitions, revise the agency's method of finance and provides a one-year expiration date on all pari-mutuel tickets.

The bill also removes out-of-date provisions and gives TRC some additional flexibility to conduct pre-race or post-race testing of horses and greyhounds.

The bill clarifies the agency's fee collection authority by establishing that the agency is required, by rule, to recover costs through fees for the regulation, oversight and licensing of racetracks, including both live and simulcast racing.

The bill eliminates two of the agency's current revenue sources: uncashed tickets and 50 percent of the greyhound breakage. The amounts available from these sources have decreased in recent years due to the decreased amounts wagered at the racetracks. In addition, the revenue from uncashed tickets has become more difficult to accurately project as patrons rely on new betting technology such as e-wagering machines.

Another change in the bill will benefit the wagering public by establishing a standard one-year expiration date for each pari-mutuel ticket. Current law provides that tickets expire 60 days after the end of a race meet. However, with year-round simulcasting, racetracks patrons are frequently unaware of a ticket's expiration date. To overcome this deficiency, the bill proposes that all pari-mutuel tickets and vouchers expire one year after their purchase.

The bill gives the agency the authority to collect fees to cover the costs of doing criminal background checks on individuals requesting approval for a transfer of ownership in a racetrack license.

H.B. 2701 assists the agency in recruiting qualified and diverse staff by changing the prohibition on a racetrack from employing former TRC members and some former agency employees from a two-year restriction to a one-year restriction. This change will mirror the employment prohibitions at other state agencies.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Racing Commission in SECTION 5 (Section 5.01, Texas Racing Act (Article 179e, V.T.C.S.)) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 1.03, Texas Racing Act (Article 179e, V.T.C.S.), by amending Subdivisions (36) and (53), and adding Subdivision (79), to redefine "trainer" and "judge" and define "executive director."

SECTION 2. Amends Section 2.12, Texas Racing Act (Article 179e, V.T.C.S.), by adding Subsection (a-1), to authorize the Texas Racing Commission (commission) and the executive secretary to use the title "executive director" for any purpose in referring to the office of executive secretary.

SECTION 3. Amends Section 3.07(e), Texas Racing Act (Article 179e, V.T.C.S.), to delete existing text relating to certain payments.

SECTION 4. Amends Section 3.16(b), Texas Racing Act (Article 179e, V.T.C.S.), to require the commissioner to require prerace or postrace testing as determined by the commission. Deletes existing text relating to testing.

SECTION 5. Amends Section 5.01, Texas Racing Act (Article 179e, V.T.C.S.), by adding Subsection (d), to require the commission by rule to set fees in amounts reasonable and necessary to cover the commission's costs of regulating, overseeing, and licensing live and simulcast racing at racetracks.

SECTION 6. Amends Section 5.03(b), Texas Racing Act (Article 179e, V.T.C.S.), to require the commission, if a complete set of fingerprints is required by the commission, to forward the prints to the Department of Public Safety or the Federal Bureau of Investigation not later than the 10th business day after the date the commission receives the prints.

SECTION 7. Amends Section 6.09(c), Texas Racing Act (Article 179e, V.T.C.S.), to delete existing text requiring the association to pay the 50 percent of the breakage due the state to the commission on each racing day.

SECTION 8. Amends Section 6.091(a), Texas Racing Act (Article 179e, V.T.C.S.), to delete existing text relating to the distribution of certain funds by the association.

SECTION 9. Amends Section 6.13(b), Texas Racing Act (Article 179e, V.T.C.S.), to provide that a transaction that changes the ownership of the association requires submission of updated information of the type required to be disclosed under Subsection (a) of Section 6.03 of this Act and payment of a fee to recover the costs of the criminal background check.

SECTION 10. Amends Section 6.16(a), Texas Racing Act (Article 179e, V.T.C.S.), to prohibit an association from employing any person who has been a member of the commission, the executive secretary of the commission, or an employee employed by the commission in a position in the state employment classification plan of grade 12 or above, or any person related within the second degree by affinity or the third degree by consanguinity, as determined under Chapter 573 (Degrees of Relationship; Nepotism Prohibition), Government Code, rather than Article 5996h, Revised Statutes, to such a member or employee during the one-year, rather than two-year, period immediately preceding the employment by the association.

SECTION 11. Amends Section 11.07, Texas Racing Act (Article 179e, V.T.C.S.), by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Authorizes a person who claims to be entitled to any part of a distribution from a pari-mutuel pool, not later than the first anniversary of the day the ticket was purchased, to file with the association a claim for the money together with a substantial portion of the pari-mutuel ticket sufficient to identify the association, race, and horse or greyhound involved and sufficient to show the amount wagered and the type of ticket. Deletes existing text relating to a person's entitlement to a distribution from a pari-mutuel pool.

(a-1) Authorizes a person who claims to be entitled to money from a pari-mutuel voucher to file with the association a claim for the money together with a substantial portion of the pari-mutuel voucher sufficient to identify the association, the serial number, the date issued, and the amount of the voucher before the first anniversary of the day the voucher was issued.

SECTION 12. Repealer: Sections 6.19 (Reinstatement of Certain Licenses) and 11.08 (Money Not Claimed), Texas Racing Act (Article 179e, V.T.C.S.).

SECTION 13. Effective date: September 1, 2007.