

BILL ANALYSIS

Senate Research Center
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S.B. 1656
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The bill amends the Texas Racing Act to address problems that have arisen with certain provisions.

In the past couple of years, there have been new wagers introduced by tracks around the country that involve races at different tracks in the same wager. While that practice is probably legal under the existing provisions of the Texas Racing Act, this bill clarifies that it is permissible under the Act. Currently the Act states that the Texas Racing Commission (TRC) "may" refuse to grant a license or suspend a license if an applicant has not been a U.S. citizen and a resident of Texas for the past 10 years. This bill eliminates that provision because there are constitutional issues that have been raised with the provision and the provision also negatively impacts a track license holder's ability to attract investors.

When wagers are placed on a simulcast horse race at a greyhound racetrack, 4.5 percent of the wager is placed into an escrow purse account registered with TRC. Once each year, the horse racetracks apply to TRC to receive a portion of the funds in this account for use as purses at the applying racetrack. The bill clarifies that TRC may use a written agreement between the applying racetracks in determining the allocation of these escrowed purse funds. Finally, under the provisions of the Act, all racetrack employees and concessionaires must obtain a license. These licenses have become rather expensive and the requirement is an impediment to hiring. The licensing process is meant to protect the racing public and ensure the integrity of racing by keeping criminals out. The bill would eliminate concessionaires from the requirement to get a license since they have no ability through their position to influence the outcome of a race.

As proposed, S.B. 1656 amends current law relating to regulation of pari-mutuel racing.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Texas Racing Commission (TRC) is modified in SECTION 1 (Section 6.06, Article 179e, V.T.C.S.) of this bill.

Rulemaking authority is expressly granted to TRC in SECTION 5 (Section 8.01, Article 179e, V.T.C.S.) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1.03(44), Texas Racing Act (Article 179e, V.T.C.S.), to redefine "combination."

SECTION 2. Amends Section 6.06(a), Texas Racing Act (Article 179e, V.T.C.S.), as follows:

- (a) Deletes existing text requiring the Texas Racing Commission (TRC), to preserve and protect the public health, welfare, and safety, to adopt rules relating to license applications, the financial responsibility, moral character, and ability of applicants, and all matters relating to the planning, construction, and operation of racetracks. Authorizes TRC to refuse to issue a racetrack license or to revoke or suspend a license if, after notice and hearing, it has reasonable grounds to believe and finds that the applicant has not been a United States citizen residing in the state for the period of 10 consecutive years immediately preceding the filing of the application. Makes nonsubstantive changes.

SECTION 3. Amends Section 6.091(e), Texas Racing Act (Article 179e, V.T.C.S.), as follows:

(e) Requires TRC to determine to which horse racetracks the escrowed purse account is to be allocated and in what percentages, taking into consideration a written agreement executed by the horse racetracks. Deletes existing text prohibiting the first distribution of the escrowed purse account allocated to a racetrack under this section from being made before October 1, 1998. Makes nonsubstantive changes.

SECTION 4. Amends Section 7.02(a), Texas Racing Act (Article 179e, V.T.C.S.), to require each person, rather than each person other than a spectator or person placing a wager, involved in any capacity with racing with pari-mutuel wagering under this Act to obtain a license under this article, except a spectator, a person placing a wager, or a person who acts only as a concessionaire.

SECTION 5. Amends Section 8.01, Texas Racing Act (Article 179e, V.T.C.S.), as follows:

Sec. 8.01. ALLOCATION. (a) Creates this subsection from existing text. Provides that TRC is:

(2) authorized to reallocate a race date from one racetrack to another racetrack; and

(3) required to adopt rules governing the transfer of purse funds to a racetrack to which the commission reallocates a race date under Subdivision (2) of this subsection.

(b)-(d) Creates these subsections from existing text.

SECTION 6. Repealers: Sections 6.06(c) (relating to issuance of a license for operation of a class 1 or class 2 racetrack or a greyhound racetrack) and (d) (relating to requirements for a majority ownership of a partnership, firm, or association applying for or holding a license), Texas Racing Act, Article 179e, V.T.C.S.

SECTION 7. Effective date: upon passage or September 1, 2009.