

## **BILL ANALYSIS**

Senate Research Center  
83R9395 GCB-F

S.B. 1494  
By: Hinojosa  
Finance  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In 1986, the Texas Racing Act was adopted. After a statewide referendum in 1987, the Texas Racing Commission (TRC) was created. In the intervening years, TRC has licensed horse and greyhound racetracks and persons who work in the pari-mutuel racing industry. TRC reportedly exercises its broad regulatory authority in an inefficient and ineffective manner that fails to consider the effects of regulatory processes and the costs of regulation on the small businesses regulated by TRC. Further, although TRC has the authority to grant new racetrack licenses, there have been no new successful racetracks licensed in several years. To avoid overburdening an industry with important agricultural and economic development potential, the scope of the pari-mutuel racing industry and TRC's regulatory authority should be narrowed to fit the current state of the economy. To promote effective regulation of racing, penalties should be strengthened for offenses relating to wagering by telephone and on the Internet and for the use of dangerous drugs in race animals.

Under current law, TRC has broad rulemaking power regarding the regulation of horse and greyhound racing with pari-mutuel wagering. S.B. 1494 requires TRC to ensure its rules and regulatory processes promote and develop the pari-mutuel racing industry.

At this time, there are three licensed pari-mutuel greyhound racetracks and 10 licensed pari-mutuel horse racetracks. S.B. 1494 repeals the sections in the Texas Racing Act that authorize TRC to issue new racetrack licenses.

Currently no state agency engages in activities which promote or develop the pari-mutuel racing industry. S.B. 1494 incorporates the promotion and development of the pari-mutuel racing industry into the purposes of the Texas Racing Act. S.B. 1494 also requires TRC to consider whether its regulatory processes serve to promote or develop the pari-mutuel racing industry or are solely regulatory in nature.

Additionally, the bill:

- limits the amount of the annual fee TRC may charge to a racetrack based on the type of racetrack, with the maximum amount of the fees ranging from \$20,000 to \$150,000;
- authorizes TRC to adopt, for purposes of penalties, a classification system for medications which are prohibited in a race animal in a race;
- requires TRC to revoke the occupational license of, and to permanent exclude from all racetracks, a person who permits a race animal to participate in a pari-mutuel race with such a dangerous drug in its system and creates a third degree felony for knowingly allowing a race animal to participate in a race with such a dangerous drug in its system;
- clarifies the criminal penalty for wagering on a live or simulcast race while not on the grounds of a licensed Texas racetrack and creates a third degree felony for a person to accept a wager by telephone or over the Internet; and
- requires the state auditor to conduct various financial and efficiency audits of TRC and to report his findings no later than October 1, 2014.

As proposed, S.B. 1494 amends current law relating to the licensing and regulation of horse and greyhound racing, provides penalties, and authorizes a fee.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Racing Commission in SECTION 11 (Section 3.16, Article 179e, V.T.C.S.) of this bill.

Rulemaking authority previously granted to the Texas Racing Commission is modified in SECTION 9 (Section 3.02, Article 179e, V.T.C.S.), SECTION 10 (Section 3.07, Article 179e, V.T.C.S.), SECTION 12 (Section 5.01, Article 179e, V.T.C.S.), SECTION 18 (Section 6.06, Article 179e, V.T.C.S.), SECTION 21 (Section 7.05, Article 179e, V.T.C.S.), SECTION 22 (Section 7.07, Article 179e, V.T.C.S.), SECTION 23 (Section 11.01, Article 179e, V.T.C.S.), SECTION 24 (Section 11.04, Article 179e, V.T.C.S.), and SECTION 26 (Section 13.01, Article 179e, V.T.C.S.) of this bill.

Rulemaking authority previously granted to the Texas Racing Commission is rescinded in SECTION 10 (Section 3.07, Article 179e, V.T.C.S.) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 321, Government Code, by adding Section 321.024, as follows:

Sec. 321.024. AUDIT OF TEXAS RACING COMMISSION. (a) Requires the State Auditor to conduct the following audits of the Texas Racing Commission (TRC):

- (1) a financial audit under Section 321.0131 (Financial Audit);
- (2) a compliance audit under Section 321.0132 (Compliance Audit);
- (3) an economy and efficiency audit under Section 321.0133 (Economy and Efficiency Audit); and
- (4) an effectiveness audit under Section 321.0134 (Effectiveness Audit).

(b) Requires the State Auditor, in conducting the audits required by this section, to require TRC to provide explanations for all expenditures made by TRC for the state fiscal biennium ending August 31, 2013. Requires the State Auditor to electronically submit a report containing the results of the audit to each person listed in Sections 321.014(c)(1) (relating to requiring the state auditor to file a copy of each report prepared under this section with the governor), (2) (relating to requiring the state auditor to file a copy of each report prepared under this section with the lieutenant governor), (3) (relating to requiring the state auditor to file a copy of each report prepared under this section with the speaker of the house of representatives), and (6) (relating to requiring the state auditor to file a copy of each report prepared under this section with each member of the governing body and the administrative head of each entity that is the subject of the report) not later than October 1, 2014.

(c) Provides that this section expires January 1, 2015.

SECTION 2. Amends Section 1.02, Texas Racing Act (Article 179e, V.T.C.S.), to provide that the purpose of this Act is to provide for the promotion, development, and regulation, rather than provide for the strict regulation, of horse racing and greyhound racing and the control of pari-mutuel wagering in connection with that racing.

SECTION 3. Amends Section 2.071(b), Texas Racing Act (Article 179e, V.T.C.S.), to prohibit a person from being a member of TRC, rather than prohibiting a person from being a member of TRC or acting as the general counsel to TRC, if the person is required to register as a lobbyist

under Chapter 305 (Registration of Lobbyists), Government Code, because of the person's activities for compensation on behalf of a profession related to the operation of TRC.

SECTION 4. Amends Section 2.11, Texas Racing Act (Article 179e, V.T.C.S.), by adding Subsection (e), to require TRC in executive session to review persons licensed under this Act to conduct a horse race meeting or a greyhound race meeting with pari-mutuel wagering (association), an association's management, concession, or totalisator contract, and a security plan for a racetrack facility.

SECTION 5. Amends Section 2.12, Texas Racing Act (Article 179e, V.T.C.S.), by adding Subsection (e), to prohibit TRC from employing or continuing to employ a person who is licensed by any state as an attorney and whose primary employment responsibility is to provide legal advice or counsel to TRC members or employees, or whose primary employment responsibility is to manage information technology services or maintain information databases used by TRC or its employees in the administration or enforcement of this Act.

SECTION 6. Amends Section 2.14, Texas Racing Act (Article 179e, V.T.C.S.), as follows:

Sec. 2.14. **LEGAL REPRESENTATION.** (a) Creates this subsection from existing text. Requires the attorney general to designate at least one member of the attorney general's staff to counsel and advise TRC and its employees on all issues associated with the administration and enforcement of this Act and to represent TRC in all legal matters, including administrative proceedings conducted by the State Office of Administrative Hearings or racing stewards or judges. Requires the attorney general to make available to the appropriate prosecuting attorneys any information obtained regarding violations of this Act.

(b) Requires the attorney general to require TRC, in an interagency agreement, to agree to pay the actual costs incurred by the attorney general in providing legal services authorized under this section.

SECTION 7. Amends Article 2, Texas Racing Act (Article 179e, V.T.C.S.), by adding Section 2.141, as follows:

Sec. 2.141. **INFORMATION TECHNOLOGY SERVICES.** (a) Requires the Department of Information Resources (DIR) to provide TRC and TRC employees all services relating to information technology that are necessary for the administration and enforcement of this Act. Requires DIR, to the extent practicable, to continue using information technology systems and databases developed for and in use by TRC until the systems and databases are outdated.

(b) Authorizes DIR to require TRC, in an interagency agreement, to agree to pay the actual costs incurred by DIR in providing information technology services authorized under this section.

SECTION 8. Amends Section 2.15, Texas Racing Act (Article 179e, V.T.C.S.), as follows:

Sec. 2.15. **RECORDS.** (a)-(b) Creates these subsections from existing text and makes no further change.

(c) Provides that the contents of the investigatory files of TRC are not public records, are not subject to a request under Chapter 552 (Public Information), Government Code, and are confidential, except in a criminal proceeding, in a hearing conducted by TRC, on court order, or with the consent of the party being investigated. Makes a nonsubstantive change.

(d) Provides that an association's management, concession, or totalisator contract or a security plan for a racetrack facility that is submitted to TRC is not a public record and is not subject to Chapter 552, Government Code.

SECTION 9. Amends Section 3.02, Texas Racing Act (Article 179e, V.T.C.S.), by amending Subsections (a) and (c) and adding Subsection (h), as follows:

(a) Requires TRC to adopt rules for conducting greyhound or horse racing in this state involving wagering and to adopt other rules to administer this Act that are consistent with this Act. Requires TRC to also make rules and take any other necessary action relating exclusively to horse racing or to greyhound racing, rather than requiring TRC to also make rules, issue licenses, and take any other necessary action relating exclusively to horse racing or to greyhound racing.

(c) Requires TRC or a section of TRC to hold a meeting on any proposed rule before TRC publishes the proposed rule in the Texas Register. Requires TRC, before holding a meeting required by this subsection, to ensure the text of the proposed rule and a request for comments on the rule are provided to the license holders most likely to be affected by the proposed rule. Requires TRC, at a meeting held under this subsection, to consider all comments received and determine whether the proposed rule is likely to promote or develop the pari-mutuel racing industry in this state. Prohibits TRC from adopting a rule that TRC determines is solely regulatory and serves no pari-mutuel promotional or developmental purpose.

(h) Requires TRC, in administering and enforcing this Act, to ensure the rules and regulatory processes of TRC promote and develop the pari-mutuel racing industry in this state.

SECTION 10. Amends Sections 3.07(a) and (b), Texas Racing Act (Article 179e, V.T.C.S.), as follows:

(a) Deletes existing text requiring TRC to employ all of the judges and all of the stewards for the supervision of a horse race or greyhound race meeting. Requires that each horse race or greyhound race meeting be supervised by three stewards for horse racing or by three judges for greyhound racing. Requires TRC to employ a presiding steward or judge for each race meeting, rather than designating one of the stewards or judges as the presiding steward or judge for each race meeting. Authorizes the association, following the completion of the race meeting, to submit written comments to TRC regarding the job performance of the stewards and judges for TRC's review. Provides that comments received are not binding, in any way, on TRC. Requires TRC, for each race meeting, to employ one state veterinarian. Deletes existing text authorizing TRC to, by rule, impose a fee on an association to offset the costs of compensating the stewards, judges, and state veterinarians, rather than at least one state veterinarian. Deletes existing text requiring that the amount of the fee for the compensation of stewards, judges, and state veterinarians be reasonable according to industry standards for the compensation of those officials at other racetracks and is prohibited from exceeding the actual cost to TRC for compensating the officials. Requires all other racetrack officials to be appointed by the association, with the approval of TRC. Requires that compensation for those officials not compensated by TRC be determined by the association.

(b) Requires TRC to make rules specifying the authority and the duties of each official, including the power of stewards or judges to impose penalties for unethical practices or violations of racing rules. Authorizes a penalty imposed by the stewards or judges, except as otherwise provided by this subsection, to include a fine of not more than \$5,000, a suspension for not more than one year, or both a fine and suspension. Authorizes the racing stewards or judges, for a violation of a rule adopted under Section 3.16 of this Act involving the possession or use of a substance that is a stimulant or depressant drug with a significant pharmacologic potential to affect performance and no generally accepted use in the veterinary care of a race animal, to bar a person for life or a shorter period determined by TRC from applying for or receiving a license issued by TRC or from entering any part of the premises of a racetrack facility. Requires the stewards and judges, before imposing a penalty under this subsection, to conduct a hearing that is consistent with constitutional due process. Provides that a hearing

conducted by a steward or judge under this subsection is not subject to Chapter 2001 (Administrative Procedure), Government Code.

Deletes existing text providing that a decision of a steward or judge is subject to review by the executive secretary of TRC (executive director), who is authorized to modify the penalty. Deletes existing text authorizing a penalty modified by the executive director under this section to include a fine not to exceed \$10,000, a suspension not to exceed two years, or both a fine and a suspension. Deletes existing text providing that a decision of a steward or judge that is not reviewed or modified by the executive director is a final decision. Deletes existing text authorizing any decision of a steward or judge to be appealed under Section 3.08(a) of this Act regardless of whether the decision is modified by the executive director.

SECTION 11. Amends Section 3.16, Texas Racing Act (Article 179e, V.T.C.S.), by adding Subsection (k), as follows:

(k) Authorizes TRC by rule, to adopt for use by racing stewards or judges or TRC in assessing penalties for violations of rules adopted under this section, a classification for prohibited substances, including drugs and chemicals, and a schedule for recommended disciplinary action to be imposed for the possession or use of a prohibited substance. Requires that the classification and schedule be based on the pharmacology of the substance, the ability of the substance to influence the outcome of a race regardless of whether the substance has a legitimate therapeutic use in the veterinary care of a race animal, and other evidence that the substance is may be used improperly. Requires TRC, in adopting rules under this section, to require the revocation of a license and the permanent exclusion under Section 13.01 of this Act for a violation of a rule by the possession or use of a substance that is a stimulant or depressant, has a significant pharmacologic potential to affect performance, and has no generally accepted use in the veterinary care of a race animal.

SECTION 12. Amends Sections 5.01(a), (b), and (d), Texas Racing Act (Article 179e, V.T.C.S.), as follows:

(a) Requires TRC to prescribe forms for applications for occupational licenses and to provide each occupational licensee with a license certificate or credentials.

(b) Requires TRC to annually prescribe reasonable license fees for each category of occupational license issued under this Act.

(d) Requires TRC by rule to charge an annual license fee for a racetrack license. Prohibits the amount of the fee from exceeding:

- (1) for a class 1 horse racetrack license, \$150,000;
- (2) for a class 2 horse racetrack license, \$100,000;
- (3) for a class 3 horse racetrack license, \$75,000;
- (4) for a class 4 horse racetrack license, \$20,000; and
- (5) for a greyhound racetrack license, \$100,000.

Deletes existing text requiring TRC to set fees in amounts reasonable and necessary to cover TRC's costs of regulating, overseeing, and licensing live and simulcast racing at racetracks.

SECTION 13. Amends Sections 5.03(a) and (b), Texas Racing Act (Article 179e, V.T.C.S.), as follows:

(a) Requires an applicant for any occupational license or license renewal under this Act, except as allowed under Section 7.10 (Reciprocal Licenses; Out-of-State Applicants) of this Act, to submit to TRC a complete set of fingerprints of the individual natural person applying for the license or license renewal or, if the applicant is not an individual natural person, a complete set of fingerprints of each officer or director and of each person owning an interest of at least five percent in the applicant. Deletes existing text authorizing the Department of Public Safety of the State of Texas (DPS) to request any person owning any interest in an applicant for a racetrack license to submit a complete set of fingerprints.

(b) Deletes existing text prohibiting a racetrack license from be issued until the report is made to TRC.

SECTION 14. Amends Section 5.04(a), Texas Racing Act (Article 179e, V.T.C.S.), as follows:

(a) Provides that TRC is authorized to obtain any criminal history record information that relates to each applicant for employment by TRC and to each applicant for an occupational license issued by TRC and that is maintained by DPS or the Federal Bureau of Investigation Identification Division. Authorizes TRC to refuse to issue an occupational license to a person, rather than authorizes TRC to refuse to recommend an applicant, who fails to provide a complete set of fingerprints. Makes a nonsubstantive change.

SECTION 15. Amends Section 5.05(a), Texas Racing Act (Article 179e, V.T.C.S.), to require TRC to, in determining the amount of an occupational license fee, set the fee in an amount that will cover, at least, the cost of conducting a criminal history check on the applicant for the license.

SECTION 16. Amends Section 6.01, Texas Racing Act (Article 179e, V.T.C.S.), as follows:

Sec. 6.01. LICENSE REQUIRED. Prohibits a person from conducting wagering on a greyhound race or a horse race meeting unless the person holds a racetrack license issued by TRC, rather than prohibits a person from conducting wagering on a greyhound race or horse race meeting without first obtaining a racetrack license from TRC. Provides that a person who violates this section commits an offense.

SECTION 17. Amends Section 6.032(a), Texas Racing Act (Article 179e, V.T.C.S.), to authorize TRC at any time to require a holder of a racetrack license, rather than require a holder of a racetrack license or an applicant for a racetrack license, to post security in an amount reasonably necessary, as provided by TRC rule, to adequately ensure the license holder's compliance, rather than license holder's or applicant's compliance, with substantive requirements of this Act and TRC rules.

SECTION 18. Amends Sections 6.06(a), (b), (e), (f), and (k), Texas Racing Act (Article 179e, V.T.C.S.), as follows:

(a) Requires TRC, to preserve and protect the public health, welfare, and safety, to adopt rules relating to the financial responsibility, moral character, and ability of racetrack licensees, rather than applicants, and all matters relating to the planning, construction, and operation of racetracks, rather than requires TRC to preserve and protect the public health, welfare, and safety, to adopt rules relating to license applications among other certain considerations. Authorizes TRC to revoke or suspend a racetrack license, rather than authorize TRC to refuse to issue a racetrack license or to revoke or suspend a racetrack license, if, after notice and hearing, it has reasonable grounds to believe and finds that:

(1) the licensee, rather than applicant, has been convicted in a court of competent jurisdiction of a violation of this Act or any rule adopted by TRC or that the licensee, rather than applicant, has aided, abetted, or conspired with any person to commit such a violation;

- (2) the licensee, rather than applicant, has been convicted of a felony or of any crime involving moral turpitude, including convictions for which the punishment received was a suspended sentence, probation, or a nonadjudicated conviction, that is reasonably related to the licensee's present fitness, rather than applicant's present fitness, to hold a license under this Act;
- (3) the licensee, rather than applicant, has violated or has caused to be violated this Act or a rule of TRC in a manner that involves moral turpitude, as distinguished from a technical violation of this Act or of a rule;
- (4) the licensee, rather than applicant, is unqualified, by experience or otherwise, to perform the duties required of a licensee under this Act;
- (5) the licensee, rather than applicant, failed to answer or falsely or incorrectly answered a question in the original license application;
- (6) the licensee, rather than applicant, fails to disclose the true ownership or interest in a greyhound or horse as required by the rules of TRC;
- (7) the licensee, rather than applicant, is indebted to the state for any fees or for the payment of a penalty imposed by this Act or by a rule of TRC;
- (8) the licensee, rather than applicant, is not of good moral character or the reputation of the licensee as a peaceable, law-abiding citizen in the community where the licensee, rather than applicant, resides is bad;
- (9) the licensee, rather than applicant, has not yet attained the minimum age necessary to purchase alcoholic beverages in this state;
- (10) the licensee, rather than applicant, is in the habit of using alcoholic beverages to an excess or uses a controlled substance as defined in Chapter 481 (Texas Controlled Substances Act), Health and Safety Code, or a dangerous drug as defined in Chapter 483 (Dangerous Drugs), Health and Safety Code, or is mentally incapacitated;
- (11) the licensee, rather than applicant, is authorized to be excluded from a track enclosure under this Act;
- (12) the licensee, rather than applicant, has improperly used a license certificate, credential, or identification card issued under this Act;
- (13) the licensee, rather than applicant, is residentially domiciled with a person whose license has been revoked for cause within the preceding 12-month period;
- (14) the licensee, rather than applicant, is engaged or has engaged in activities or practices that TRC finds are detrimental to the best interests of the public and the sport of greyhound racing or horse racing; or
- (15) the licensee, rather than applicant, fails to fully disclose the true owners of all interests, beneficial or otherwise, in the licensee, rather than in a proposed racetrack facility.

Deletes existing text authorizing 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 this state for the period of 10 consecutive years immediately preceding the filing of the application, the applicant is residentially domiciled with a person whose license has been revoked for cause within the 12 months immediately preceding the date of the present application, or the applicant has failed or refused

to furnish a true copy of the application to TRC's district office in the district in which the premises for which the permit is sought are located. Makes nonsubstantive changes.

(b) Provides that Subsection (a) of this section applies to a licensee that is a corporation, partnership, limited partnership, or any other organization or group if any provision in Subsection (a) of this section applies to a shareholder, partner, limited partner, director, or officer of the licensee. Deletes text providing that Subsection (a) of this section applies to a corporation, partnership, limited partnership, or any other organization or group whose application is comprised of more than one person if a shareholder, partner, limited partner, director, or officer is disqualified under Subsection (a) of this section.

(e) Authorizes TRC to condition the continued holding of a racetrack license on compliance with TRC's rules as amended. Deletes existing text authorizing TRC to condition the issuance of a license under this article on the observance of its rules. Deletes existing text authorizing TRC to amend the rules at any time and to condition the continued holding of the license on compliance with the rules as amended.

(f) Authorizes TRC to suspend or revoke a license of a licensee under this article, rather than authorizes TRC to refuse to issue a license or to suspend or revoke a license of a licensee under this article, if the licensee knowingly or intentionally allows access to an enclosure where greyhound races or horse races are conducted to a person who has engaged in bookmaking, touting, or illegal wagering, whose income is from illegal activities or enterprises, or who has been convicted of a violation of this Act.

(k) Deletes existing text requiring TRC to charge fees for the review in amounts sufficient to implement this subsection.

SECTION 19. Amends Section 6.13(b), Texas Racing Act (Article 179e, V.T.C.S.), as follows:

(b) Requires that each transaction that involves an acquisition or a transfer of an ownership interest of five percent or more in the association receive approval from TRC. Authorizes TRC, for a transaction requiring approval under this subsection, to require the association to submit to TRC only the name, address, and fingerprints of an individual new owner or the name, address, and fingerprints of each person who holds an ownership interest in the entity of 25 percent or more, for a new owner entity.

Deletes existing text requiring that each transaction that involves an acquisition or a transfer of a pecuniary interest in the association receive prior approval from TRC. Deletes existing text providing 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) (relating to requiring TRC to require each applicant for an original racetrack license to pay the required application fee and submit an application containing certain information) of Section 6.03 of this Act and payment of a fee to recover the costs of the criminal background check.

SECTION 20. Amends Section 7.03, Texas Racing Act (Article 179e, V.T.C.S.), to require TRC to issue an occupational license to a qualified person on application and payment of the license fee.

SECTION 21. Amends Section 7.05(a), Texas Racing Act (Article 179e, V.T.C.S.), to require TRC to adopt by rule a fee schedule for occupational licenses issued under this article.

SECTION 22. Amends Sections 7.07(a) and (b), Texas Racing Act (Article 179e, V.T.C.S.), as follows:

(a) Provides that an occupational license issued under this article is valid for a period set by TRC not to exceed 36 months following the date of its issuance. Provides that it is renewable on application, satisfactory results of a criminal history information record check, and payment of the fee in accordance with the rules of TRC.

(b) Authorizes TRC by rule to adopt a system under which occupational licenses expire on various dates during the year. Requires that license fees, for the year in which the license expiration date is changed, to be prorated on a monthly basis so that each licensee pays only that portion of the license fee that is allocable to the number of months during which the license is valid. Provides that on renewal of the license on the new expiration date, the total license renewal fee is payable.

SECTION 23. Amends Section 11.01(a), Texas Racing Act (Article 179e, V.T.C.S.), as follows:

(a) Requires TRC to adopt rules to regulate wagering on greyhound races and horse races under the system known as pari-mutuel wagering. Authorizes wagering to be conducted only by an association with its enclosure. Deletes existing text prohibiting a person from accepting, in person, by telephone, or over the Internet, a wager for a horse race or greyhound race conducted inside or outside this state from a person in this state unless the wager is authorized under this Act.

SECTION 24. Amends Section 11.04(a), Texas Racing Act (Article 179e, V.T.C.S.), as follows:

(a) Authorizes only a person inside the enclosure of a facility operated by an association authorized to conduct both live and simulcast race meetings to wager on the result of a live or simulcast race presented by the association in accordance with TRC rules. Deletes existing text prohibiting a person, except as provided by this section, from placing, in person, by telephone, or over the Internet, a wager for a horse race or greyhound race conducted inside or outside this state. Requires TRC to adopt rules to prohibit wagering by employees of TRC and to regulate wagering by persons licensed under this Act. Makes nonsubstantive changes.

SECTION 25. Amends Section 11.05, Texas Racing Act (Article 179e, V.T.C.S.), as follows:

Sec. 11.05. UNLAWFUL WAGERING. (a) Creates this subsection from existing text. Provides that a person commits an offense if the person places a wager on the result of a live or simulcast greyhound race or horse race in a manner other than as permitted by this Act while the person is in this state. Provides that an offense under this subsection is a Class B misdemeanor. Deletes existing text prohibiting a person from wagering on the result of a greyhound race or horse race in this state except as permitted by this Act.

(b) Provides that a person commits an offense if the person is not an association licensed by TRC and the person accepts a wager on the result of a live or simulcast greyhound race or horse race conducted inside or outside this state. Provides that an offense under this subsection is a Class A misdemeanor, except that the offense is a felony of the third degree if the actor accepts a wager by telephone or over the Internet. Deletes existing text prohibiting a person who is not an association under this Act from accepting from a Texas resident while the resident is in this state a wager on the result of a greyhound race or horse race conducted inside or outside this state.

SECTION 26. Amends Section 13.01, Texas Racing Act (Article 179e, V.T.C.S.), to require TRC to adopt rules providing for the exclusion or ejection from an enclosure where greyhound races or horse races are conducted, or from specified portions of an enclosure, of a person who has engaged in certain offenses, including a person who TRC has found to be the trainer of a race animal that the trainer knowingly allowed to participate in a race with pari-mutuel wagering while the animal had in its system a stimulant or depressant drug that has a significant pharmacologic potential to affect performance and has no generally accepted use in the veterinary care of the animal.

SECTION 27. Amends Section 14.10, Texas Racing Act (Article 179e, V.T.C.S.), by adding Subsection (e), as follows:

(e) Provides that a person commits an offense if the person is the trainer of a race animal and the person knowingly allows the animal to participate in a race with pari-mutuel wagering while the animal has in its system a prohibited substance. Provides that, except as otherwise provided by this subsection, an offense under this subsection is a Class A misdemeanor. Provides that an offense under this subsection is a felony of the third degree if the prohibited substance found in the race animal's system is a stimulant or depressant drug that has a significant pharmacologic potential to affect performance and has no generally accepted use in the veterinary care of the animal.

SECTION 28. Amends Section 14.15(c), Texas Racing Act (Article 179e, V.T.C.S.), as follows:

(c) Provides that, except as otherwise provided by this subsection, an offense under Subsection (a) (relating to providing that a person commits an offense if, without a license, the person participates or is otherwise involved in, in any capacity, greyhound racing or horse racing with pari-mutuel wagering) of this section is a Class A misdemeanor, except that the offense is a state jail felony if the actor is required by this Act to obtain a racetrack license, and a felony of the third degree if the actor accepts a wager from a person in this state by telephone or over the Internet. Deletes existing text providing that an offense under Subsection (a) of this section is a Class A misdemeanor, unless the actor was required by this Act to obtain a racetrack license, in which event it is a state jail felony.

SECTION 29. Repealers: Sections 6.03 (relating to requiring TRC to require each applicant for an original racetrack license to pay the required application fees and to submit an application, on a form prescribed by TRC, containing certain information), 6.031 (Background Check), and 6.04 (Issuance of License), Texas Racing Act (Article 179e, V.T.C.S.).

Repealers: Sections 6.06(c) (relating to prohibiting a license for operation of a class 1 or class 2 racetrack or a greyhound racetrack from being issued to a corporation unless certain conditions are met), (d) (relating to requiring the majority ownership of a partnership, firm, or association applying for or holding a license to be held by citizens who meet certain qualifications), and (i) (relating to providing that Subsection (a)(12), (c), and (d) of this section do not apply to an applicant for or the holder of a racetrack license if the applicant, the license holder, or the license holder's parent company is a publicly traded company), Texas Racing Act (Article 179e, V.T.C.S.).

Repealers: Section 6.0602(e) (related to requiring TRC to set and collect renewal fees in amounts reasonable and necessary to cover the costs of administering and enforcing this section) and 6.07(c) (relating to requiring each lessor and lessee under this section to comply with the disclosure of requirements of Subdivision (1) of Subsection (a) of Section 6.03 of this Act), Texas Racing Act (Article 179e, V.T.C.S.).

Repealers: Section 6.18 (Annual Fee for Racetrack License), Texas Racing Act (Article 179e, V.T.C.S.).

SECTION 30. Provides that the change in law made by this Act applies only to an offense committed on or after the effective date of this Act. Provides that an offense committed before the effective date of this Act is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose. Provides that for purposes of this section, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

SECTION 31. Effective date: September 1, 2013.