

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1972
By: Kolkhorst
Agriculture, Water & Rural Affairs
4/25/2017
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1972 seeks to shift the Accredited Texas Bred funds from the Texas Racing Commission's (TRC's) operating budget and into a separate escrow account. The Accredited Texas Bred Fund provides economic incentives to breed and race horses in Texas. To encourage the breeding of horses in this state, any accredited Texas-bred horse finishing first, second, or third in any race in Texas may be eligible for Owner, Breeder, and/or Stallion Awards through the Accredited Texas Bred Incentive Program. S.B. 1972 redirects the Accredited Texas Bred funds to flow directly to the state's officially recognized breed organizations.

The Texas Racing Act provides purse supplements and monetary awards to breeders and owners of Texas-bred greyhounds and horses through Accredited Texas Bred funds to encourage agriculture and the horse and greyhound breeding industries. Currently, TRC's operating budget includes the Accredited Texas Bred funds. These Accredited Texas Bred funds flow directly from the licensed race tracks to the official horsemen's organization as recognized in the Texas Racing Act for payment to the connections of horses earning those funds. The inclusion of the Accredited Texas Bred funds in TRC's operating budget artificially increases TRC's total budget. S.B. 1972 corrects the duplicative handling of the Accredited Texas Bred funds by redirecting the Accredited Texas Bred funds to flow directly to the state's officially recognized breed organizations. (Original Author's / Sponsor's Statement of Intent)

C.S.S.B. 1972 amends current law relating to the deposit and distribution by the Texas Racing Commission of certain pari-mutuel wagering funds to benefit the Texas-bred program.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Texas Racing Commission is modified in SECTION 2 (Section 6.08, Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes) and SECTION 3 (Section 6.09, Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 3.09, Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes (V.T.C.S.)), by adding Subsection (c), to provide that this section does not apply to money deposited into the Texas-bred incentive fund (fund) established under Section 6.095 of this Act.

SECTION 2. Amends Section 6.08, Texas Racing Act (Article 179e, V.T.C.S.), by amending Subsections (d), (g), and (j) and adding Subsection (d-1) and (j-1), as follows:

(d) Requires a horse racing association (association) to set aside for the Texas-bred program as provided by Subsection (f) (relating to a certain multiple wagering pool) of this section an amount equal to one percent of a live multiple two wagering pool and a live multiple three wagering pool and pay that amount to the Texas Racing Commission (TRC).

(d-1) Requires TRC to deposit money paid to TRC under Subsection (d) of this section into the fund established under Section 6.095 of this Act. Requires TRC to distribute the

money collected under this section and deposited into the fund to the appropriate state horse breed registries for the Texas-bred program in accordance with this section and TRC rules adopted under Subsection (g) of this section.

(g) Requires TRC to adopt rules relating to the deposit, accounting, audit, and distribution of all amounts set aside for the Texas-bred program under this section and for the use of those amounts by the state breed registries under that program.

(j) Provides that ten percent of the total breakage from a live pari-mutuel pool or a simulcast pari-mutuel pool is to be retained by the association to be used in stakes races restricted to accredited Texas-bred horses. Requires the association to pay to TRC for deposit into the fund established under Section 6.095 of this Act and distribution to the appropriate state horse breed registry the remaining 80 percent of the total breakage to be allocated, rather than requires the appropriate state horse breed registry to pay out the remaining 80 percent of the total breakage, according to a certain formula.

(j-1) Requires TRC to deposit the portions of total breakage paid to TRC under Subsections (i) (relating to a certain amount of the total breakage from a live pari-mutuel pool or a simulcast pari-mutuel pool to be paid to TRC) and (j) of this section into the fund established under Section 6.095 of this Act. Requires TRC to distribute the money collected under this section and deposited into the fund to the appropriate state horse breed registries in accordance with this section and TRC rules adopted under Subsection (g) of this section.

SECTION 3. Amends Section 6.09(d), Texas Racing Act (Article 179e, V.T.C.S.), as follows:

(d) Provides that 50 percent of the breakage is to be paid to the appropriate state greyhound breeding registry. Provides that of that portion of the breakage 25 percent of that breakage is to be used in stakes races and 25 percent of that total breakage from a live pari-mutuel pool or a simulcast pari-mutuel pool is to be paid to TRC for deposit into the fund established under Section 6.095 of this Act. Requires TRC to distribute the money collected under this section and deposited into the fund to, rather than for the use by, the state greyhound breed registry for use in accordance with this section, subject to rules promulgated by TRC.

SECTION 4. Amends Section 6.091, Texas Racing Act (Article 179e, V.T.C.S.), by adding Subsection (a-1), as follows:

(a-1) Requires an association to pay to TRC for deposit into the fund established under Section 6.095 of this Act the shares to be distributed under Subsections (a)(3) (relating to requiring an association to distribute from the total amount deducted from each simulcast pari-mutuel pool and each simulcast cross-species pool a certain amount if the association is an association) and (4) (relating to requiring an association to distribute from the total amount deducted from each simulcast pari-mutuel pool and each simulcast cross-species pool a certain amount if the association is a greyhound association) of this section for the Texas-bred program. Requires TRC to distribute the money collected under this section and deposited into the fund to the appropriate state breed registries for use under the Texas-bred program.

SECTION 5. Amends Article 6, Texas Racing Act (Article 179e, V.T.C.S.), by adding Section 6.095, as follows:

Sec. 6.095. TEXAS-BRED INCENTIVE FUND. Requires TRC to deposit money set aside for the Texas-bred program under Sections 6.08, 6.09, and 6.091 of this Act and money set aside for use by state breed registries under Sections 6.08 and 6.09 of this Act into an escrow account in the state treasury in the registry of TRC to be known as the fund. Requires TRC to distribute the money from the fund in accordance with this Article and TRC rules.

SECTION 6. (a) Provides that the changes in law made by this Act to the Texas Racing Act (Article 179e, V.T.C.S.), apply to the deductions and breakage from a wagering pool for a horse or greyhound race conducted by an association on or after the effective date of this Act.

(b) Requires TRC, as soon as practicable after the effective date of this Act, to revise existing rules or adopt new rules as necessary to comply with Section 6.08, Texas Racing Act (Article 179e, V.T.C.S.), as amended by this Act.

SECTION 7. Provides that this Act takes effect only if a specific appropriation for the implementation of the Act is provided in a general appropriations act of the 85th legislature.

SECTION 8. Effective date: September 1, 2017.