

BILL ANALYSIS

C.S.H.B. 2463
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Licensing & Administrative Procedures
Committee Report (Substituted)

BACKGROUND AND PURPOSE

There have been calls to strengthen the racing industry in Texas through the use of incentive funds paid to owners and breeders earning purses. C.S.H.B. 2463 seeks to provide a mechanism for purse matching by requiring certain tax revenue to be deposited to a horse industry escrow account for use as purses.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Racing Commission in SECTION 9 of this bill.

ANALYSIS

C.S.H.B. 2463 amends the Tax Code to require, subject to the limitation imposed by the bill's provisions, an amount equal to the proceeds from the collection of sales and use taxes imposed on the sale, storage, or use of horse feed, horse supplements, and horse tack to be deposited to the credit of the escrow account administered by the Texas Racing Commission. The bill requires the comptroller of public accounts to determine that amount according to available statistical data indicating the estimated or actual total receipts in Texas from taxable sales of horse feed, horse supplements, and horse tack. The bill authorizes the comptroller, if satisfactory data are not available, to require taxpayers who make taxable sales or uses of horse feed, horse supplements, or horse tack to report to the comptroller as necessary to make the allocation.

C.S.H.B. 2463 amends the Occupations Code to expand the permissible use of the purse account escrowed with the racing commission by authorizing any officially designated state horse breed registry for accredited Texas-bred horses to apply for receipt of money in the account for any event that furthers the horse industry. The bill requires the racing commission to determine the state horse breed registries to be allocated money from the escrow account. The bill caps the annual allocation by the racing commission to horse racetrack associations for use as purses at 70 percent of the amount deposited into the account. The bill replaces references to the escrowed purse account under the Texas Racing Act with references to the horse industry escrow account.

C.S.H.B. 2463 requires the comptroller, in each fiscal biennium, to deposit the amounts allocated under the bill's provisions into the horse industry escrow account until the comptroller determines the amount deposited into the account in that fiscal biennium equals the lesser of \$50 million or the amount appropriated to the racing commission for the allocation of money in the escrow account for that fiscal biennium. The bill requires the comptroller, once the comptroller determines that the lesser of those amounts has been so deposited, to deposit the amounts

allocated under the bill's provisions into the general revenue fund for the remainder of that fiscal biennium. The bill requires the racing commission to revise existing rules or adopt new rules as necessary to comply with provisions of the Texas Racing Act, as amended by the bill.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2463 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute changes the limit on the amount of applicable sales and use tax proceeds that may be deposited to the escrow account in a state fiscal biennium from the greater of \$50 million or the amount appropriated to the racing commission for the allocation of money in the escrow account for that fiscal biennium to the lesser of those amounts. The substitute specifies that the amount of proceeds deposited to the credit of the escrow account is subject to this limitation.

The substitute does not include provisions expressly stating that the bill does not make an appropriation and that a bill provision imposing a new duty on a governmental entity is not mandatory during a fiscal period for which the legislature has not made a specific appropriation to implement the provision.