

- SUBJECT:** Incentives under the Texas Racing Act for the Texas horse breeding industry
- COMMITTEE:** Licensing and Administrative Procedures — committee substitute recommended
- VOTE:** 8 ayes — Wilson, Yarbrough, Flores, Goolsby, Haggerty, Moreno, A. Reyna, Wise
- 0 nays
- 1 absent — D. Jones
- WITNESSES:** For — Eugene Palmer, Dr. Jim Ward, Texas Thoroughbred Association; Dr. Charles W. Graham; *Registered but did not testify:* David E. Hooper, Texas Thoroughbred Association
- Against — None
- BACKGROUND:** The Texas Racing Act (Civil Statutes, art. 179e) contains a financial incentive program for the thoroughbred horse-breeding industry in Texas. Owners and breeders of accredited Texas-bred horses are provided supplements to purses awarded in races won by their accredited Texas-bred horse. Currently, under secs. 6.08(f) and 6.08(j)(2) of the Texas Racing Act, a purse from a race’s wagering pool is set aside for the Texas-bred program. Forty percent of the breakage remaining after allocations to research and breed registry is allocated to the breeders of the accredited Texas-bred horses that finish first, second, or third.
- The program was established to encourage the improvement in caliber of breeding and quality of Texas-bred horses. A horse is consider Texas-bred if it is sired by a stallion standing in Texas at the time of conception and the foal is born by a mare in Texas. A mare also can be bred out of state but must bear the foal in Texas and be bred back to a stallion in Texas.
- DIGEST:** CSHB 1196 would qualify as “Texas-bred” horses, Thoroughbreds or Arabian horses that were foaled in Texas by accredited Texas-bred mares, even if the mare was bred outside of Texas, as long as the mare was returned

to Texas on or before August 15 of the calendar year of conception. There is no breed-back requirement for Arabian or Thoroughbred horses.

CSHB 1196 would award only one-half of the incentives set aside for the Texas-bred program to accredited "Texas-bred" Thoroughbred and Arabian horses. The remaining half of the award would be generally distributed at the same meeting, by the appropriate state horse breed registry, in accordance with the special provisions regarding deductions from the wagering pool and allocations of shares and breakage.

CSHB 1196 would give a purse supplement to any accredited Texas-bred Thoroughbred and Arabian horse that finished first, second, or third in any race in Texas except a restricted stakes race.

An accredited Texas-bred Thoroughbred horse that finished first, second, or third in any race other than a Texas-bred race would receive an owner's bonus award as a purse supplement. A percentage of the Texas-bred program funds received under provisions for the distribution of deductions from simulcast pari-mutuel pools and horse-racing (wagering pools and allocations of shares and breakage), excluding program administrative expenses, would be allocated as follows:

- ! 10 percent for 2002;
- ! 12.5 percent for 2003;
- ! 15 percent for 2004;
- ! 17.5 percent for 2005;
- ! 20 percent for 2006;
- ! 22.5 percent for 2007; and
- ! 25 percent for 2008 and subsequent years.

CSHB 1196 would take effect January 1, 2002.

SUPPORTERS  
SAY:

The Texas-bred foal crop has declined over the past few years because of the lack of high-quality stallions in Texas. Thus, high-quality Texas-bred mares have been taken to other states for breeding with stallions that match their quality, and the mares end up being domiciled out of state.

By removing the breed-back requirement for Arabians and Thoroughbreds, CSHB 1196 would increase the number of mares coming back to Texas for foaling. It also would encourage stallion owners to keep their studs and breed them in Texas.

CSHB 1196 would be very advantageous to the relatively new racehorse breeding industry in Texas. The industry is still developing and does not have a large genetic base for producing high-quality foals. By supplementing purses with bonus awards, CSHB 1196 would create more incentives to breed horses in Texas.

CSHB 1196 also would encourage Texas-bred horse breeders to improve the quality of their horses. By offering incentives for Texas-bred horses to compete in races other than Texas-bred races, CSHB 1196 would encourage the breeders to strengthen their horses to compete in open races nationwide.

OPPONENTS  
SAY:

No apparent opposition.

NOTES:

The committee substitute modified the original version of the bill by adding Arabian horses to the definition of "Texas-bred horses." The substitute replaced a provision that would have given the association conducting the race one-half of the award given to Texas-bred horses to use in restricted, Texas-bred stake races. Instead, one-half of the award would be given to the appropriate state horse breed registry at the same race for general distribution in accordance with Texas Racing Act special provisions.

The substitute would not award purse supplements to accredited Texas-bred horses finishing first, second, or third in restricted stake races. The substitute modified the provision that 25 percent of the Texas-bred program funds received be allocated to fund bonus awards, with a provision that a percentage of the received funds be allocated.