

BILL ANALYSIS

Senate Research Center
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S.B. 1971
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Agriculture, Water & Rural Affairs
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1971 establishes an economic incentive fund to be administered by the Officially Recognized Texas Horsemen's Organization and the Officially Recognized Texas Breed Registries, as designated by the Texas Racing Act. The intent of the program is to foster a strong Texas racing industry that would, in turn, allow the preservation of a historic Texas institution. The amount of the fund would be equal to the previous year's earned purses paid. These incentive funds would be paid to owners and breeders earning purses in Texas in a manner to strengthen the Texas racing industry and invigorate the Texas breeding industry. The Officially Recognized Texas Organization, as defined in the Texas Racing Act, would distribute these supplemental bonuses based on the purses paid.

S.B. 1971 directs general (GR) revenue funds collected by the Texas comptroller of public accounts from the tax revenue generated from the sale of horse feed, horse supplements and horse tack into a purse enhancement fund to "match" the current year's purses. S.B. 1971 creates a matching fund for purses from the state's GR. The fund is expected to increase purses by \$25 million. The value of purses is a key factor to keep the state's horse and dog racing industry competitive with surrounding states. The money in purses flows directly to horse owners, trainers, and breeders. Each of the states neighboring Texas have elected to boost horse racing purses with money from additional forms of revenue. This has resulted in Texas purses falling significantly behind purses in neighboring states. Purses in Texas continue to fall each year, which has resulted in many horse owners and breeders moving their operations to other states. S.B. 1971 creates a purse matching fund to incentivize economic development in the horse and dog racing industries.

As proposed, S.B. 1971 amends current law relating to the set aside, collection, and transfer of certain money for the Texas-bred program.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Racing Commission in SECTION 8 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 12.020(r), Agriculture Code, to require the commissioner of agriculture (commissioner) to transfer money paid as a penalty and collected to the Texas Racing Commission (TRC) for the Texas-bred program to be used as provided by Section 6.08(f-1), Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes (V.T.C.S.) under this section, rather than requires that a penalty collected be deposited in the state treasury to the credit of the General Revenue Fund (GR).

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

(f) Provides that the amounts set aside, collected, or received for the Texas-bred program include:

(1) creates this subdivision from existing text and makes a nonsubstantive change;

(2) the amounts of the pari-mutuel pools set aside for the Texas-bred program by an association as required under Section 6.091(a)(1) of this Act;

(3) the fees collected by TRC on the use of an automatic banking machine under Section 11.04(e) of this Act;

(4) the money paid as administrative penalties under Section 12.020 (Administrative Penalties), Agriculture Code, and transferred to TRC under Subsection (r) (relating to requiring a collected penalty to be deposited in the state treasury to the credit of the GR of that section);

(5) any amount appropriated to TRC for the Texas-bred program; and

(6) any gift, grant, or donation of money or property from any person or source for the Texas-bred program.

(f-1) Provides that the money set aside, collected, or received for the Texas-bred program, as provided by Subsection (f), is in addition to any money received from the breakage. Requires that two percent of the amounts provided by Subsection (f), rather than of the amount set aside under Subsection (d), be set aside for deposit in the equine research account under Subchapter F (Equine Research), Chapter 88 (Agencies and Services of the Texas A&M University System), Education Code, and authorizes, of the remaining 98 percent, 10 percent to be used by the appropriate breed registry for administration and requires that the remaining 90 percent be used for awards.

(f-2) Authorizes TRC to accept any gift, grant, or donation of money or property from any person or source to use for any purpose authorized by this Act.

(n) Changes reference to Subsection (f) of this section to Subsection (f-1) of this section.

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

(a) Requires an association to distribute the following shares from the certain total amount deducted from each simulcast pari-mutuel pool and each simulcast cross-species pool:

(1) as the amount set aside for the Texas-bred program to be used as provided by Section 6.08(f-1) of this Act:

(A) an amount equal to one percent of each simulcast cross-species pool, rather than of each simulcast cross-species pool as the amount set aside for the state. Creates this paragraph from existing text;

(B) an amount equal to 1.25 percent of each simulcast cross-species pool, rather than of each simulcast cross-species pool as the amount set aside for the state. Redesignates existing Subdivision (2) as Paragraph (B); and

(C) if the association is a horse racing association, an amount equal to one percent of a multiple two wagering pool or multiple three wagering pool, rather than of a multiple two wagering pool or multiple three wagering pool as the amount set aside for the Texas-bred program to be used as provided by Section 6.08(f) of this Act. Redesignates existing Subdivision (3) as Paragraph (C);

(2) and (3) redesignates existing Subdivisions (4) and (5) as Subdivisions (2) and (3) and makes no further changes to these subdivisions.

SECTION 4. Amends Section 11.04(e), Texas Racing Act (Article 179e, V.T.C.S.), to require TRC to distribute the collected fees in accordance with Section 6.08(f-1) of this Act, rather than requires TRC to deposit the fee to the credit of the GR.

SECTION 5. Amends Section 88.522(c), Education Code, to require the Texas comptroller of public accounts (comptroller) to periodically transfer the amounts specified by Sections 6.08(f-1), rather than 6.08(f), and (h), Texas Racing Act (Article 179e, V.T.C.S.), to the equine research account.

SECTION 6. Repealer: Section 6.091(b) (relating to providing that Section 6.09(b)(1) does not apply to the amounts deducted from a simulcast pari-mutuel pool in a greyhound race), Texas Racing Act (Article 179e, V.T.C.S.).

SECTION 7. Provides that the change in law made by this Act to Section 12.020(r), Agriculture Code, applies to a penalty collected on or after the effective date of this Act, regardless of when the underlying conduct giving rise to the penalty occurred.

SECTION 8. (a) Provides that the changes in law made by this Act to Sections 6.08 and 11.04(e), Texas Racing Act (Article 179e, V.T.C.S.), apply to the deduction from a pari-mutuel pool for a race conducted by a racetrack association or a fee collected for an automatic banking machine transaction 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 Sections 6.08, 6.091, and 11.04, Texas Racing Act (Article 179e, V.T.C.S.), as amended by this Act.

SECTION 9. Effective date: September 1, 2017.