

## **BILL ANALYSIS**

Senate Research Center  
86R8852 ADM-D

H.B. 3366  
By: Kacal et al. (Kolkhorst)  
Water & Rural Affairs  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

H.B. 3366 amends the Occupations Code to create the Texas-bred incentive fund as an escrow account in the state treasury in the registry of the Texas Racing Commission (TxRC). The bill requires TxRC to deposit into the fund money set aside for the Texas-bred program or set aside for use by state breed registries under Texas Racing Act provisions relating to pari-mutuel pools, purses, and fees. The bill requires TxRC to distribute money from the fund in accordance with those provisions of the act and TxRC rules. The bill provides for the deposit and distribution of certain amounts to and from the fund.

H.B. 3366 includes rules relating to the deposit of certain amounts set aside for the program and to the use of those amounts by the state breed registries under the program among those required to be adopted by TxRC. The bill exempts money deposited into the fund from Texas Racing Act provisions relating to the deposit of the state's share of each pari-mutuel pool from horse racing and greyhound racing into the general revenue fund and the deposit of money collected by the racing commission under the act into the state treasury to the credit of the TxRC fund. The bill requires TxRC to revise existing rules or adopt new rules as necessary to comply with the bill's provisions.

H.B. 3366 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 is expressly granted to the Texas Racing Commission (TxRC) in SECTION 8 of this bill.

Rulemaking authority previously granted to TxRC is modified in SECTION 3 (Section 2028.103, Occupations Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2023.053, Occupations Code, by adding Subsection (f) to provide that this section (Texas Racing Commission Fund; Additional Appropriations) does not apply to money deposited into the Texas-bred incentive fund established under Section 2028.301.

SECTION 2. Amends Section 2024.055, Occupations Code, as follows:

Sec. 2024.055. DEPOSIT OF STATE'S SHARE. (a) Creates this subsection from existing text and makes no further changes.

(b) Provides that this section does not apply to money deposited into the Texas-bred incentive fund established under Section 2028.301.

SECTION 3. Amends Section 2028.103, Occupations Code, by amending Subsections (a) and (c) and adding Subsection (a-1), as follows:

(a) Requires a horse racetrack association to set aside for the Texas-bred program and pay to the Texas Racing Commission (TxRC), rather than set aside for the Texas-bred

program, an amount equal to one percent of a live multiple two wagering pool and a live multiple three wagering pool.

(a-1) Requires TxRC to deposit money paid to TxRC under Subsection (a) into the Texas-bred incentive fund established under Section 2028.301. Requires TxRC to distribute the money collected under this section (Set-Aside For Texas-Bred Program) and deposited into the fund to the appropriate state horse breed registries for the Texas-bred program in accordance with rules adopted under Subsection (c).

(c) Requires TxRC to adopt rules relating to the deposit, accounting, auditing, and distribution of all amounts set aside for the Texas-bred program under this subchapter (Disposition of Horse Pari-Mutuel Pools and Other Amounts Related to Horse Racing) and for the use of those amounts by the state breed registries under that program, rather than relating to the accounting, auditing, and distribution of all amounts set aside for the Texas-bred program under this subchapter.

SECTION 4. Amends Section 2028.105, Occupations Code, by amending Subsection (d) and adding Subsection (d-1), as follows;

(d) Requires the horse racetrack association to pay to TxRC for deposit into the Texas-bred incentive fund established under Section 2028.301 and distribution to the appropriate state horse breed registry the remaining 80 percent of the total breakage to be allocated, rather than requiring the appropriate state horse breed registry to pay the remaining 80 percent of the total breakage, in a certain proportionate manner.

(d-1) Requires TxRC to deposit the portions of total breakage paid to TxRC under Subsections (b) (relating to providing the appropriate state horse breed registries) and (d) into the Texas-bred incentive fund established under Section 2028.301. Requires TxRC to distribute the money collected under this section (Allocation of Breakage) and deposited into the fund to the appropriate state horse breed registries in accordance with this section and with rules adopted by TxRC under Section 2028.103.

SECTION 5. Amends Section 2028.154(a), Occupations Code, as follows:

(a) Provides that, of the breakage percentage paid by a greyhound racetrack association to the appropriate state greyhound breed registry:

(1) makes no changes to this subdivision; and

(2) 25 percent of that total breakage from a live pari-mutuel pool or a simulcast pari-mutuel pool is to be paid to TxRC for deposit into the Texas-bred incentive fund established under Section 2028.301, rather than 25 percent of that total breakage from a live pari-mutuel pool or a simulcast pari-mutuel pool is to be paid to TxRC for use by the state greyhound breed registry, subject to TxRC rules. Requires TxRC to distribute the money collected under this section (Breakage) and deposited into the fund to the state greyhound breed registry for use in accordance with this section and TxRC rules.

SECTION 6. Amends Section 2028.202, Occupations Code, by adding Subsection (a-1), as follows:

(a-1) Requires a racetrack association to pay to TxRC for deposit into the Texas-bred incentive fund established under Section 2028.301 the shares to be distributed under Subsections (a)(3) (relating to requiring a racetrack association to distribute from the total amount deducted from each simulcast pari-mutuel pool and each simulcast cross-species pari-mutuel pool for a horse racetrack association an amount equal to one percent of a multiple two wagering pool or multiple three wagering pool as the amount set aside for the Texas-bred program) and (a)(4) (relating to requiring a racetrack association to distribute from the total amount deducted from each simulcast pari-mutuel pool and each simulcast cross-species pari-mutuel pool for a greyhound racetrack association an amount

equal to one percent of a multiple two wagering pool or a multiple three wagering pool as the amount set aside for the Texas-bred program for greyhound races) for the Texas-bred program. Requires TxRC to distribute the money collected under this section (Required Distributions) and deposited into the fund to the appropriate state breed registries for use under the Texas-bred program.

SECTION 7. Amends Chapter 2028, Occupations Code, by adding Subchapter G, as follows:

SUBCHAPTER G. TEXAS-BRED INCENTIVE FUND

Sec. 2028.301. TEXAS-BRED INCENTIVE FUND. (a) Requires TxRC to deposit money set aside for the Texas-bred program or set aside for use by state breed registries under this chapter (Pari-Mutuel Pools, Purses, and Fees) into an escrow account in the state treasury in the registry of TxRC to be known as the Texas-bred incentive fund.

(b) Requires TxRC to distribute money from the Texas-bred incentive fund in accordance with this chapter and TxRC rules.

SECTION 8. (a) Makes application of this Act prospective.

(b) Requires TxRC, as soon as practicable after the effective date of this Act, to revise existing rules or adopt new rules as necessary to comply with this Act.

SECTION 9. Effective date: September 1, 2019.