

OCCUPATIONS CODE

TITLE 13. SPORTS, AMUSEMENTS, AND ENTERTAINMENT

SUBTITLE A-1. TEXAS RACING ACT

CHAPTER 2028. PARI-MUTUEL POOLS, PURSES, AND FEES

SUBCHAPTER A. COMMISSION OVERSIGHT OF PARI-MUTUEL RACING FUNDS

Sec. 2028.001. ADOPTION OF REQUIREMENTS OR OTHER PERFORMANCE MEASURES. (a) For any organization that receives funds generated by live or simulcast pari-mutuel racing, the commission shall adopt reporting, monitoring, and auditing requirements or other appropriate performance measures for:

(1) any funds distributed to or used by the organization; and

(2) any function or service provided by the expenditure of the funds described by Subdivision (1).

(b) The commission shall adopt the requirements or performance measures after consultation with the affected organization. In adopting the rules, the commission shall consider the concerns of the affected organization.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.002. INDEPENDENT AUDIT REPORT; RECORDS REVIEW.

(a) An organization that receives funds generated by live or simulcast pari-mutuel racing shall annually file with the commission a copy of an audit report prepared by an independent certified public accountant. The audit must include a verification of any performance report sent to or required by the commission.

(b) The commission may review any record or book of an organization that submits an independent audit to the commission as the commission determines necessary to confirm or further investigate the findings of an audit or report.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.003. SUSPENSION AND WITHHOLDING OF FUNDS. The

commission by rule may suspend or withhold funds from an organization:

(1) that the commission determines has failed to comply with the requirements or performance measures adopted under Section 2028.001; or

(2) for which material questions on the use of funds by the organization are raised following an independent audit or other report to the commission.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

#### SUBCHAPTER B. GENERAL DEDUCTIONS FROM LIVE PARI-MUTUEL POOL

Sec. 2028.051. SET-ASIDE FROM LIVE PARI-MUTUEL POOL. A horse or greyhound racetrack association shall set aside for this state from each live pari-mutuel pool at the racetrack an amount equal to:

(1) one percent of each live pari-mutuel pool from the total amount of all of the racetrack association's live pari-mutuel pools in a calendar year in excess of \$100 million but less than \$200 million;

(2) two percent of each live pari-mutuel pool from the total amount of all of the racetrack association's live pari-mutuel pools in a calendar year in excess of \$200 million but less than \$300 million;

(3) three percent of each live pari-mutuel pool from the total amount of all of the racetrack association's live pari-mutuel pools in a calendar year in excess of \$300 million but less than \$400 million;

(4) four percent of each live pari-mutuel pool from the total amount of all of the racetrack association's live pari-mutuel pools in a calendar year in excess of \$400 million but less than \$500 million; and

(5) five percent of each live pari-mutuel pool from the total amount of all of the racetrack association's live pari-mutuel pools in a calendar year in excess of \$500 million.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01,

eff. April 1, 2019.

SUBCHAPTER C. DISPOSITION OF HORSE PARI-MUTUEL POOLS AND OTHER  
AMOUNTS RELATED TO HORSE RACING

Sec. 2028.101. DEDUCTIONS FROM HORSE PARI-MUTUEL POOLS.

(a) A horse racetrack association shall deduct an amount from each pari-mutuel pool to be distributed as provided by Sections [2028.102](#), [2028.103](#), and [2028.104](#).

(b) The total maximum deduction under Subsection (a) is:

- (1) 18 percent from a regular wagering pool;
- (2) 21 percent from a multiple two wagering pool; and
- (3) 25 percent from a multiple three wagering pool.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. [1969](#)), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.102. HORSE RACETRACK ASSOCIATION SET-ASIDES FOR PURSES; PURSE ACCOUNTS. (a) A horse racetrack association shall set aside for purses an amount not less than:

(1) for live pari-mutuel pools:

(A) seven percent of a live regular wagering pool or live multiple two wagering pool; and

(B) 8.5 percent of a live multiple three wagering pool; and

(2) for simulcast pari-mutuel pools from the takeout of the sending track:

(A) 38.8 percent of the regular wagering pool;

(B) 33.3 percent of the multiple two wagering pool; and

(C) 34 percent of the multiple three wagering pool.

(b) If the cost of the simulcast signal exceeds five percent of the simulcast handle, the receiving horse racetrack association shall split the cost of the signal in excess of five percent evenly with the horsemen's organization by allocating that cost against the purse money derived from that simulcast signal.

(c) The horse racetrack association shall:

(1) transfer the amount set aside for purses from any live and simulcast pool; and

(2) deposit the amounts in purse accounts maintained by breed by the horsemen's organization in one or more federally insured depositories.

(d) Legal title to purse accounts is vested in the horsemen's organization. The horsemen's organization may contract with a horse racetrack association to manage and control the purse accounts and to make disbursements from the purse accounts:

(1) to an owner whose horse won a purse;

(2) to the horsemen's organization for the organization's expenses; or

(3) for other disbursements as provided by contract between the horsemen's organization and the horse racetrack association.

(e) A horse racetrack association may pay a portion of the revenue set aside under this section to an organization recognized under Section 2023.051, as provided by a contract approved by the commission.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.103. SET-ASIDE FOR TEXAS-BRED PROGRAM. (a) A horse racetrack association shall 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. From the set-aside amounts:

(1) two percent shall be set aside for purposes of Subchapter F, Chapter 88, Education Code; and

(2) the remaining amount shall be allocated as follows:

(A) 10 percent may be used by the appropriate state horse breed registry for administration; and

(B) the remainder shall be used for awards.

(b) The amount set aside under Subsection (a) is in addition to any money received from the breakage.

(c) The commission shall adopt rules relating to the

accounting, auditing, and distribution of all amounts set aside for the Texas-bred program under this subchapter.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.104. RACETRACK ASSOCIATION COMMISSION. After allocation of the amounts specified in Sections 2028.102 and 2028.103, the horse racetrack association shall retain as the racetrack association's commission the remainder of the amount deducted under Section 2028.101 from a regular wagering pool, a multiple two wagering pool, or a multiple three wagering pool.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.105. ALLOCATION OF BREAKAGE. (a) A horse racetrack association shall allocate two percent of the breakage from a pari-mutuel pool for purposes of Subchapter F, Chapter 88, Education Code. The remaining 98 percent of the breakage constitutes "total breakage" and must be allocated as provided by Subsections (b), (c), and (d).

(b) A horse racetrack association shall pay to the commission for use by the appropriate state horse breed registry, subject to commission rules, 10 percent of the total breakage from a live pari-mutuel pool or a simulcast pari-mutuel pool. The appropriate state horse breed registries are as follows:

(1) the Texas Thoroughbred Breeders Association for Thoroughbred horses;

(2) the Texas Quarter Horse Association for quarter horses;

(3) the Texas Appaloosa Horse Club for Appaloosa horses;

(4) the Texas Arabian Breeders Association for Arabian horses; and

(5) the Texas Paint Horse Breeders Association for paint horses.

(c) A horse racetrack association shall retain 10 percent of the total breakage from a live pari-mutuel pool or a simulcast

pari-mutuel pool to be used in stakes races restricted to accredited Texas-bred horses.

(d) The appropriate state horse breed registry shall pay the remaining 80 percent of the total breakage as follows:

(1) 40 percent to the owners of the accredited Texas-bred horses that finish first, second, or third;

(2) 40 percent to the breeders of accredited Texas-bred horses that finish first, second, or third; and

(3) 20 percent to the owner of the stallion standing in this state at the time of conception whose Texas-bred get finish first, second, or third.

(e) If a share of the breakage cannot be distributed to the person entitled to the share, the appropriate state horse breed registry shall retain that share.

(f) For purposes of this section:

(1) "Breeder" means a person who, according to the rules of the appropriate state horse breed registry, is the breeder of the accredited Texas-bred horse.

(2) "Stallion owner" means a person who is owner of record, at the time of conception, of the stallion that sired the accredited Texas-bred horse.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.106. LIMITATION ON PURSE DEDUCTION. (a) In this section, "horse owner" means a person who is owner of record of an accredited Texas-bred horse at the time of a race.

(b) A horse racetrack association may not deduct or withhold any percentage of a purse from the account into which the purse paid to a horse owner is deposited for membership payments, dues, assessments, or any other payments to an organization except an organization chosen by the horse owner.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.107. LIMITATION ON INCENTIVES AWARDED TO CERTAIN HORSES. An accredited Texas-bred Thoroughbred or Arabian horse

described by Section 2021.003(50)(C) is eligible for one-half of the incentives awarded under Sections 2028.103(a) and 2028.105(d)(2). The appropriate state horse breed registry shall retain the remaining portion for general distribution at the same meeting in accordance with Sections 2028.103(a) and 2028.105(d). Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

SUBCHAPTER D. DISPOSITION OF GREYHOUND PARI-MUTUEL POOLS AND OTHER AMOUNTS RELATED TO GREYHOUND RACING

Sec. 2028.151. APPLICATION OF SUBCHAPTER. The deductions and allocations made under this subchapter apply to live pari-mutuel pools. Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.152. DISTRIBUTION OF PARI-MUTUEL POOL. Each greyhound racetrack association shall distribute all money deposited in any pari-mutuel pool to the winning ticket holders who present tickets for payment not later than the 60th day after the closing day of the greyhound race meeting at which the pool was formed less:

(1) an amount paid as a commission of 18 percent of the total deposits in pools resulting from regular win, place, and show wagering;

(2) an amount not to exceed 21 percent of the total deposits in pools resulting from multiple two wagering; and

(3) an amount not to exceed 25 percent of the total deposits in pools resulting from multiple three wagering.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.153. STATE FEE. On each racing day, a greyhound racetrack association shall pay to the comptroller the fee due this state.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01,

eff. April 1, 2019.

Sec. 2028.154. BREAKAGE. (a) A greyhound racetrack association shall pay 50 percent of the breakage to the appropriate state greyhound breed registry. Of that breakage percentage:

(1) 25 percent is to be used in stakes races; 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 the commission for use by the state greyhound breed registry, subject to commission rules.

(b) The commission by rule shall require the state greyhound breed registry to award a grant, in an amount equal to two percent of the money paid under Subsection (a)(2), to a person for the rehabilitation of greyhounds or to locate homes for greyhounds.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.155. ALLOCATION OF PURSE IN GREYHOUND RACES. (a) The purse in a greyhound race may not be less than 4.7 percent of the total deposited in each pari-mutuel pool.

(b) Of the portion of a purse allocated to a greyhound:

(1) 35 percent shall be paid directly to the greyhound owner; and

(2) the balance shall be paid to the greyhound's contract kennel as provided by commission rules.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

#### SUBCHAPTER E. DISTRIBUTION OF SIMULCAST PARI-MUTUEL POOLS

Sec. 2028.201. RULES. The commission shall adopt rules relating to this subchapter and the oversight of the amounts allocated under Sections 2028.202(b) and (c).

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.202. REQUIRED DISTRIBUTIONS. (a) A racetrack



association shall distribute from the total amount deducted as provided by Sections [2028.101](#) and [2028.152](#) from each simulcast pari-mutuel pool and each simulcast cross-species pari-mutuel pool the following shares:

(1) an amount equal to one percent of each simulcast pari-mutuel pool as the amount set aside for this state;

(2) an amount equal to 1.25 percent of each simulcast cross-species pari-mutuel pool as the amount set aside for this state;

(3) 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 to be used as provided by Section [2028.103](#);

(4) 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, to be distributed and used in accordance with commission rules adopted to promote greyhound breeding in this state; and

(5) the remainder as the amount set aside for purses, expenses, the sending track, and the receiving location under a contract approved by the commission between the sending track and the receiving location.

(b) From the total amount deducted under Subsection (a), a greyhound racetrack association that receives an interstate cross-species simulcast signal shall distribute the following amounts from each pari-mutuel pool wagered on the signal at the racetrack:

(1) a fee of 1.5 percent to be paid to the racetrack in this state sending the signal;

(2) a purse in the amount of 0.75 percent to be paid to the official state horse breed registry for Thoroughbred horses for use as purses at racetracks in this state;

(3) a purse in the amount of 0.75 percent to be paid to the official state horse breed registry for quarter horses for use as purses at racetracks in this state; and

(4) a purse of 4.5 percent to be escrowed with the

commission for purses in the manner provided by Section 2028.204.

(c) From the total amount deducted under Subsection (a), a horse racetrack association that receives an interstate cross-species simulcast signal shall distribute the following amounts from each pool wagered on the signal at the racetrack:

(1) a fee of 1.5 percent to be paid to the racetrack in this state sending the signal; and

(2) a purse in the amount of 5.5 percent to be paid to the official state greyhound breed registry for use at racetracks in this state.

(d) The official state greyhound breed registry may use not more than 20 percent of the amount described by Subsection (c)(2) to administer that subsection.

(e) A racetrack association offering wagering on an intrastate cross-species simulcast signal shall send the purse amount specified under Subsection (b)(4) or (c)(2), as appropriate, to the racetrack conducting the live race that is being simulcast. Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.203. REIMBURSEMENT FOR SIMULCAST SIGNAL COST. If a racetrack association purchases an interstate simulcast signal and the signal cost exceeds five percent of the pari-mutuel pool, the commission, from the escrowed purse account under Section 2028.202(b)(4), shall reimburse the racetrack association an amount equal to one-half of the signal cost that exceeds five percent of the pari-mutuel pool.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.204. ALLOCATION OF ESCROWED PURSES. (a) A greyhound racetrack association shall deposit into an escrow account in the commission's registry the purse set aside under Section 2028.202(b)(4).

(b) Any horse racetrack association in this state may apply to the commission for receipt of all or part of the escrowed purse account for use as purses. The commission shall determine the horse

racetrack associations to be allocated money from the escrowed purse account and the percentages to be allocated, taking into consideration purse levels, racing opportunities, and the financial status of the requesting racetrack association.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.205. ADDITIONAL ALLOCATIONS FOR CERTAIN RACETRACKS. (a) In addition to money allocated under Section 2028.204, a horse racetrack association operating a racetrack that is located not more than 75 miles from a greyhound racetrack that offers wagering on a cross-species simulcast signal and that sends the cross-species simulcast signal to the greyhound racetrack may apply to the commission for an allocation of up to 20 percent of the money in the escrowed purse account that is attributable to the wagering on a cross-species simulcast signal at the greyhound racetrack.

(b) If the applying horse racetrack association can prove to the commission's satisfaction that the racetrack association's handle has decreased directly due to wagering on an interstate cross-species simulcast signal at a greyhound racetrack located not more than 75 miles from the applying racetrack association, the commission shall allocate amounts from the escrowed purse account as the commission considers appropriate to compensate the racetrack association for the decrease. The amounts allocated may not exceed 20 percent of the money in the escrowed purse account that is attributable to the wagering on the interstate cross-species simulcast signal at the greyhound racetrack.

(c) Money allocated by the commission under this section may be used by the racetrack association for any purpose.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.206. HOST FEE. A racetrack association conducting a live race that is being simulcast may charge the receiving racetrack a host fee in addition to the amounts described in this subchapter.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

#### SUBCHAPTER F. COUNTY AND MUNICIPAL FEES

Sec. 2028.251. ADMISSION FEES AUTHORIZED. (a) A commissioners court may collect a fee not to exceed 15 cents as an admission fee to a racetrack located in the county.

(b) If the racetrack is located in a municipality, the governing body of the municipality may collect a fee not to exceed 15 cents as an admission fee to the racetrack.

(c) If the racetrack is not located in a municipality, the commissioners court may collect an additional fee not to exceed 15 cents as an admission fee to a racetrack located in the county for allocation among the municipalities in the county.

(d) If the racetrack is not located in a municipality, the commissioners court on request of the governing bodies of a majority of the municipalities in the county shall collect the additional fee. Allocation of the fees must be based on the population of the municipalities in the county.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.252. ADDITIONAL FEES FOR CERTAIN COUNTIES. If the racetrack is a class 1 racetrack, the commissioners court of each county with a population of not less than 1.3 million adjacent to the county in which the racetrack is located may each collect fees equal to the fees authorized by Section 2028.251.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. 1969), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.253. PROCEDURES FOR FEE COLLECTION. (a) A commissioners court by order may establish procedures for the collection of the fees under Section 2028.251.

(b) The procedures may require a racetrack association to keep records and file the reports considered necessary by the commissioners court.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. [1969](#)), Sec. 1.01, eff. April 1, 2019.

Sec. 2028.254. OTHER FEES AND TAXES PROHIBITED. A county or municipality may not assess or collect any other license fee, privilege tax, excise tax, or racing fee on admissions to, or wagers placed at, a racetrack.

Added by Acts 2017, 85th Leg., R.S., Ch. 963 (S.B. [1969](#)), Sec. 1.01, eff. April 1, 2019.