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1999 ANNUAL REPORT

EXCEPT WHERE INDICATED, INFORMATION IN THIS REPORT IS
BASED ON CALENDAR YEAR 1999 AND IS NOT AUDITED.

TEXAS RACING COMMISSION

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1999 ANNUAL REPORT OF THE TEXAS RACING COMMISSION



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TEXAS RACING COMMISSION
P. O. BOX 12080
AUSTIN, TEXAS 78711-2080
(512) 833-6699
FAX (512) 833-6907

January 31, 2000

The Honorable George W. Bush
Governor of the State of Texas
State Capitol, Room 200
Austin, Texas 78701

Dear Governor Bush:

In accordance with Section 3.10 of the Texas Racing Act, Vernon's Texas Civil Statutes, I am pleased to submit to you the 1999 Annual Report of the Texas Racing Commission.

As in the past, the Commission continues to focus its energies on diligently regulating the pari-mutuel industry to insure the integrity of racing for both the participants and the wagering public. The results of our regulatory efforts, along with statistics of interest, are highlighted in this report. With another year of overall growth, the pari-mutuel racing is now truly recognized as both an economic and recreational asset to Texas!

The Commission is grateful for the continuing assistance and cooperation of the Department of Public Safety and the Comptroller of Public Accounts and her staff in regulating the pari-mutuel industry.

The Commissioners are proud to serve you and the citizens of this state. We remain determined and dedicated to providing effective, efficient regulation of the pari-mutuel industry.

Respectfully submitted,

A handwritten signature in cursive script that reads "Larry J. Christopher".

Larry J. Christopher
Chairman

LJC:mjc



TEXAS RACING COMMISSION
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AUSTIN, TEXAS 78711-2080
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FAX (512) 833-6907

January 31, 2000

The Honorable George W. Bush
Governor of the State of Texas
State Capitol, Room 200
Austin, Texas 78701

Dear Governor Bush:

It is my pleasure as the chief administrator of the Texas Racing Commission to present the 1999 Annual Report for the Texas Racing Commission.

The Commission continues to strictly regulate this vital industry in a manner that will keep the trust and respect of the citizens of this state.

During this past year, the Texas pari-mutuel racing industry overall has continued to grow. Based on information from the licensed racetracks, however, we believe the proliferation of illegal telephone and internet gaming has adversely affected the industry's profitability and potential. The Commission continues to work closely with the Department of Public Safety and the Attorney General's office to explore enforcement options.

Texas racing continues to grow in popularity throughout the country, ensuring our great state will have an increasingly powerful presence in this important industry. Exporting Texas racing to other states, however, only intensifies the need for thorough and thoughtful regulation to protect the wagering public. The Texas Racing Commission readily accepts this challenge.

The Commission is grateful for the continuing assistance and cooperation of the Department of Public Safety and the Comptroller of Public Accounts and her staff in regulating the pari-mutuel industry.

Very truly yours,


Paula C. Flowerday
Executive Secretary

TEXAS DEPARTMENT OF PUBLIC SAFETY

5805 N. LAMAR BLVD. - BOX 4087 - AUSTIN, TEXAS 78773-0420
512/424-2200



DUDLEY M. THOMAS
DIRECTOR

THOMAS A. DAVIS, JR.
ASST. DIRECTOR

December 1, 1999



COMMISSION
JAMES B. FRANCIS, JR.
CHAIRMAN
ROBERT B. HOLT
M. COLLEEN MCHUGH
COMMISSIONERS

Mr. Larry Christopher, Commission Chair
Texas Racing Commission
8505 Cross Park Drive, Suite 110
Austin, Texas 78754-4594

Re: **ARTICLE 179e, SECTION 3.10**
VERNON'S TEXAS CIVIL STATUTES

Dear Mr. Christopher:

Pursuant to the requirements outlined in Article 179e, Section 3.10 of Vernon's Texas Civil Statutes, the Texas Department of Public Safety provides the following information relating to organized crime and illegal gambling in Texas for the year 1999.

ORGANIZED CRIMINAL ACTIVITY AND CRIME TRENDS

The terminology "Organized Crime" is most often visualized through colorful descriptors from our country's history such as Mafia, mob, syndicate, gangster, underworld, or Cosa Nostra; however, present day statistics clearly reveal that we all share daily life with organized crime which is represented in a much different light. The colorful terminology does indeed still represent active organized crime in our society but in simplest terms, organized crime is a group of three or more persons who collaborate to carry on criminal activities. With this much broader definition in mind, Texas law enforcement continues to document organized crime behind less colorful descriptors such as street gangs, prison gangs, distribution groups, smugglers, criminal enterprises, militants and cults. The investigation and prosecution of organized criminal activity in Texas remains a high and challenging priority for law enforcement and the judicial systems.

Texas law enforcement is witnessing an increase in the unrest of many anti-government, anti-religious and supremacist groups, as they are becoming more vocal in preparation for the year 2000. It is believed that the year 2000 will be considered a "new beginning" for groups of this nature and a flash point in which law enforcement will be called upon to respond to increases in organized anti-

government crimes and hate crimes. Investigation of organized crimes and criminal activities involving groups of this nature has proven to be very expensive and man power intensive.

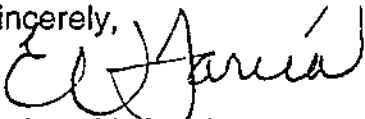
ILLEGAL GAMBLING

In 1999 many different types of illegal gambling were identified and investigated in Texas. Law enforcement has historically targeted individuals, groups, and organizations intent on profiting from illegal gambling activities in this State. In 1999, criminal and civil actions taken against illegal gambling were met by strong organized resistance from pro-gambling groups. Debate in the Texas Legislature, spurred from heavy pro-gambling lobbying efforts, resulted in few changes to aid in the ongoing battle to curb this activity in Texas.

Governor George W. Bush was instrumental in securing a \$1.5 million dollar grant to investigate and prosecute illegal gambling in Texas over the next three-(3) years. The grant, provided to Texas Attorney General John Cornyn, will be used to form an Illegal Gambling Task Force to prosecute all forms of illegal gambling, including Internet, eight-liner slot machines, and casinos. Increases in the Attorney General's staff are expected to fully benefit law enforcement efforts in the year 2000.

As identified in the 1998 annual report, illegal gambling continues to pose a threat and have an adverse impact on the legitimate interests in Texas. Representatives of the Texas Racing Industry have expressed noticeable impact from the proliferation of unchecked illegal gambling. Law Enforcement continues in its relentless commitment to identify criminals and criminal activities that circumvent public interest for personal gain.

Sincerely,



Enrique V. Garcia
Commander
Special Crimes Service
Texas Department of Public Safety



POLICY MAKING BODY - THE COMMISSIONERS

<i>Commissioners</i>	<i>Hometown</i>	<i>Term Expires</i>
Larry J. Christopher, Chair	Crockett	2/01/2001
David C. Garza	Brownsville	2/01/2003
Lukin T. Gilliland, Jr.*	San Antonio	2/01/1999
Terri Lacy	Houston	2/01/2003
Deorsey E. McGruder, Jr., D.V.M.*	Dallas	2/01/1999
James L. Schulze, D.V.M., Vice-Chair	Conroe	2/01/2001
<i>Ex-Officio Members</i>		
James B. Francis, Jr. Chair, Public Safety Commission	Dallas	N/A
Carole Keeton Rylander Comptroller of Public Accounts	Austin	N/A

*On November 17, 1999, Governor Bush appointed **Treva Boyd** of San Angelo to replace Commissioner Lukin T. Gilliland, Jr., and **R. Dyke Rogers** of Dalhart to replace Commissioner Deorsey E. McGruder, Jr.

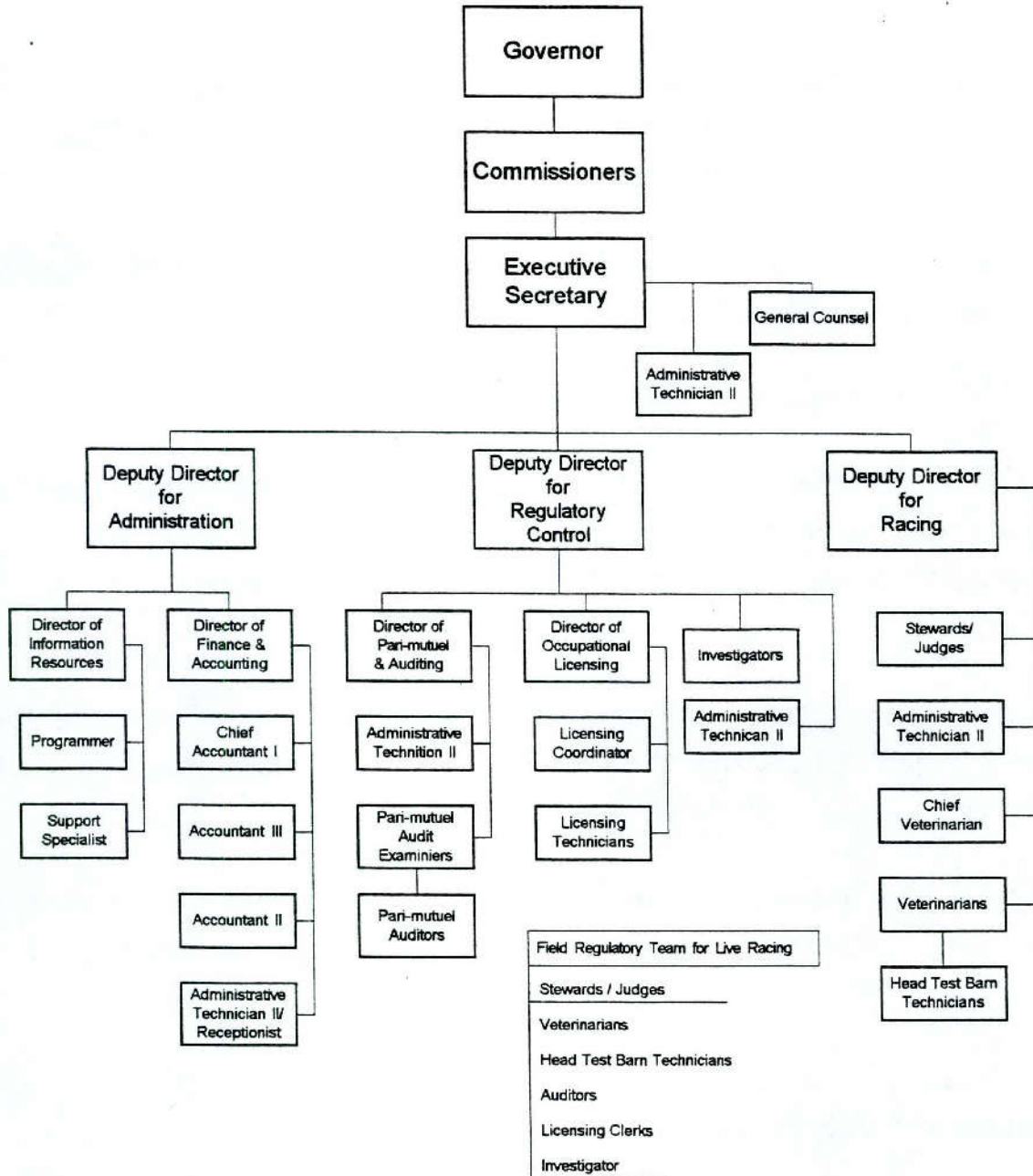
The Commission consists of eight members: six are appointed by the Governor with the advice and consent of the Senate, and two are ex officio members, the Chair of the Public Safety Commission and the Comptroller of Public Accounts. The six non-salaried commissioners serve overlapping six-year terms.

Of the six appointed Commissioners, four members must

be representatives of the general public and have general knowledge of business or agribusiness, one member must have special knowledge or experience related to greyhound racing and one must have special knowledge or experience related to horse racing. The Governor designates the Chair. The eight members elect the Vice-chair for a term of two years.



ORGANIZATIONAL CHART AS OF 12/31/99





HIGHLIGHTS OF 1999

- Converted and implemented extensive upgrade and rewrite of data base, resulting in smooth Y2K transition.
- Upgraded to digital cameras for license badges. Licensee pictures are now available on the database, a useful aid to Commission staff and investigators and the Department of Public Safety.
- Improved access to all Commission meeting materials by electronically preserving records on CD-ROM's.
- Initiated pilot program in Tele-Commuting.
- Participated in State Employee Incentive Program resulting in Commission savings of approximately \$26,000. An inexpensive software tool increased response time to problems and aided in training and development.
- Received "Deep in the Heart of Texans" Highest Per Capita Award for the staff's participation in the Capital Area State Employee Charitable Campaign.
- Changed Lasix Testing Program to ensure that the race animals' welfare is balanced appropriately against the risk of improper influencing of races.
- Repaid agency debt to General Revenue Fund slightly ahead of projections in July, 1999.
- Developed Penalty Enhancement and Repeat Rule Violators Policy and Procedure that will ensure consistent penalties and improve compliance with the Act and the Rules.
- Revised employee work schedules minimized overtime payments.

- Implemented travel policy changes that significantly reduced travel expenditures. Travel costs decreased 22% over 1998.
- Ensured maximum safety to Jockeys/Race Animals with Independent Race Track Surface Evaluations.
- Changed term of occupational license from a calendar year to staggered 12-month periods, resulting in savings for licensees and process efficiency for the agency.
- Took leading role in raising the issue of illegal telephone/internet wagering and its effect on the Texas pari-mutuel industry
- Completed fiscal year 1999 under budget by \$165,000, or approximately 5% of total operating budget.
- Replaced the old agency vehicle, 1985 Suburban, with a newer vehicle, 1995 Chevrolet, resulting in greater use, especially for group travel.
- Designed and distributed agency pamphlets that explain Commission's mission and facilitate filing appeals and complaints.
- Improved computerized tracking of complaints and implemented procedures to ensure statutory compliance.
- Filled Chief Veterinarian position giving enhanced coordination of animal health and safety issues.
- Implemented on-line tracking of employee training.
- Revised agency's rules for improved clarity and consistency of regulatory requirements.
- Implemented audit program of breed registries to ensure compliance with the requirements of the Texas-Bred Incentive Program.



REGULATORY FUNCTIONS & ACTIVITIES

The Texas Racing Commission was created by the Texas Legislature in the Texas Racing Act, codified at Vernon's Texas Civil Statutes, Article 179e, which took effect December 4, 1986 and amended effective September, 1991, and September, 1997.

Mission

The TxRC will oversee every aspect of pari-mutuel racing, an industry that due to its complexity and broad economic impact on the state's citizens is unparalleled in this state. The Commission will foster an environment of trust and safety in pari-mutuel racing to protect the patrons, racing participants, and race animals. The Commission will vigorously enforce the Texas Racing Act and its rules to ensure a consistent and accurate revenue stream to the state, safe racing facilities, fair and honest racing activities, and accountable use of economic incentives funded through pari-mutuel racing. The Commission will conduct its regulatory activities courteously and efficiently and will facilitate communication and cooperation among and between the public and the various interests within the racing industry.

EXECUTIVE DIVISION

The Executive Division includes the Executive Secretary, General Counsel and staff. As head of the agency, the Executive Secretary supervises the agency's activities as a whole. This division is also responsible for recommending race date allocations, assessing administrative penalties against racetrack licensees, and prosecuting appeals from decisions made by the Board of Stewards/Judges at the operating racetracks.

ADMINISTRATION

The Administrative Division is responsible for all support activities for the agency. It includes the Department of Information Resources and the Department of Finance and Accounting. The Deputy Director for Administration oversees these functions as well as serving as the Commission's public information officer.

- *The Finance and Accounting Department* manages the budget, accounting, purchasing, personnel, and other administrative functions of the Commission.
- *The Information Services Department* procures and supports all hardware and software necessary for the day-to-day activities of the Commission. This department is also responsible for developing and maintaining the agency's network, database, and web site.

RACING DIVISION

The Racing Division is supervised by the Deputy Director for Racing and includes all personnel directly responsible for regulating the conduct of live racing. It includes the Racing and the Veterinary Departments.

- *The Racing Department* includes Commission Stewards at horse tracks and Commission Judges at greyhound tracks. The Judges and Stewards are responsible for supervising live races and enforcing the Racing Act and Commission Rules of Racing.

The Judges and Stewards serve as the governing body of all live racing activity. They supervise and rule on all live races and oversee backside activities such as the drawing of animals entered into races. They also serve as a judicial arm of the Commission, adjudicating matters involving violations of Commission rules and imposing penalties for unethical practices or rule violations.

Stewards and Judges have broad discretion to resolve matters arising during a race meeting. They may issue fines up to \$5,000 and/or suspend licensees for up to one year.

➤ *The Veterinary Department* includes the Chief Veterinarian, Veterinarians, test barn supervisor and support personnel. This staff is responsible for implementing veterinary policies to safeguard the health and welfare of racing animals. This department administers the Commission's drug testing program conducted by the Texas Veterinary Medical Diagnostic Laboratory (TVMDL) at Texas A & M University.

Commission veterinarians inspect each animal for fitness before racing. Detailed information about each racing animal is stored in the agency's database which aids in protecting the welfare of the animals.

REGULATORY CONTROL

This division is responsible for all continuous regulatory and enforcement functions that are not limited to live racing. The Enforcement Department, the Pari-mutuel and Auditing Department and the Occupational Licensing Department report to the Deputy Director for Regulatory Control.

➤ *The Enforcement Department's* Investigators are commissioned peace officers who play an integral role in enforcing the Commission's Rules and the Racing Act. They support staff to ensure strict rule and law compliance. Investigations are conducted on: animal drug positives; criminal histories returned by the Federal Bureau of Investigation and the Department of Public Safety; illegal wagering; illegal use, possession and trafficking of narcotics; embezzlement; and other illicit activities that could affect the integrity of pari-mutuel racing.

Occupational licensee drug testing has become an important part of regulating the racing industry. Licensees who are suspected of using illegal drugs while performing their duties are tested. If a licensee tests positive for any illegal controlled substance, the licensee faces a suspension and is required to seek professional help.

➤ *The Pari-mutuel and Auditing Department* protects the interest of the wagering public and assures the proper collection and distribution of funds in accordance with the Racing Act. To achieve this, tests of the pari-mutuel totalisator computer programs are performed to assure compliance with the Rules of Racing.

On site pari-mutuel auditors perform daily audits and verifications of handle, earned purse, paid purse, outs balances, depository reports and requests for simulcast approval. The audit staff also performs routine procedural audits, random inspections of pari-mutuel wagering facilities, and responds to public complaints.

➤ *The Occupational Licensing Department* is responsible for issuing occupational licenses and registrations to all persons involved in pari-mutuel greyhound and horse racing. This division works closely with the Enforcement Department and the Stewards/Judges. Licensing staff at each racetrack help maintain the integrity of the industry by ensuring all participants are licensed and in good standing.



COMMISSION INSPECTION PROGRAM

Due to the complexity of racing operations, no one person can effectively monitor and assess a racetrack. All divisions share the inspection responsibility to ensure compliance with the Racing Act and the Rules of Racing. Regular inspections ensure compliance before the beginning of each live race meet as tracks make renovations and personnel changes.

Through this program, areas of non-compliance are identified and staff follows up to ensure appropriate remedial action has occurred. The Executive Secretary reports on inspections at each Commission meeting.

The Commission has an established procedure for overseeing the construction or renovation of racetrack facilities that includes improved documentation and approval before beginning the project, structured progress reports, and periodic inspections.



TEXAS-BRED INCENTIVE PROGRAM

The Texas Racing Act provides purse supplements and monetary awards to breeders and owners of Texas-bred greyhounds and horses to encourage agriculture and the horse and greyhound breeding industries.

GREYHOUND PROGRAM

Funding for the Texas-bred Greyhound Incentive Program is derived from:

- 50% of the total breakage from live, simulcast same-species, and simulcast cross-species handle;
- 1% of multiple two and multiple three wagers from simulcast same-species and simulcast cross-species handle; and
- 5.5% of all wagers made at a Texas horse track on inter-state greyhound races.

The 50% of breakage and the 1% of multiple two and three wagers is paid to the Texas Greyhound Association. That money is dedicated 50% to stakes races and 50% to the owners of Texas-bred greyhounds racing at Texas tracks. Once a month these funds are distributed by dividing the monthly total available for awards by the number of winning Texas-bred greyhounds for that month.

Two percent of the total money received by the Texas Greyhound Association must be set aside for grants for rehabilitating of greyhounds or locating homes for greyhounds. The procedure and criteria for applying for a grant were finalized by the Texas Greyhound Association and approved by the Commission in 1999. Over \$7,000 will be available during calendar year 2000 for distribution.

Any money earned from inter-state greyhound races at a horse track is also paid to the Texas Greyhound Association for use at Texas racetracks. Simulcasting of inter-state greyhound races at Retama Park and Sam Houston Race Park during 1999 earned over \$1.2 million for greyhound purses at Corpus Christi Greyhound Race Track and Gulf Greyhound Park, as compared to \$396,000 earned during 1998.

HORSE PROGRAM

The Texas Racing Act authorizes an incentive award for each owner, breeder and stallion owner of an accredited Texas-bred horse that finishes first, second or third in any race other than a Texas-bred stakes race.

The awards are funded from:

- breakage from all pari-mutuel pools; and
- 1% of all multiple two and multiple three wagering pools from live, simulcast same-species, and simulcast cross-species.

A Texas-bred stakes race supplement is funded from 9.8% of the breakage from all pari-mutuel pools. This money is retained by the racetracks for distribution through the horsemen's bookkeeper. Horses finishing in an accredited Texas-bred stakes race receive an incentive award as a purse supplement according to the payout conditions of the race.

The remaining money is distributed on a 40%/40%/20% split, respectively, among the owners, breeders, and stallion owners of the accredited Texas-bred horse.

The Texas Racing Act names the official breed registries that are responsible for determining the qualifications for Texas-bred accreditation, maintaining the eligibility lists and distributing the monetary awards: Texas Thoroughbred Association; the Texas Quarter Horse Association; the Texas Appaloosa Horse Club; the Texas Arabian Breeders Association; and the American Paint Horse Association.

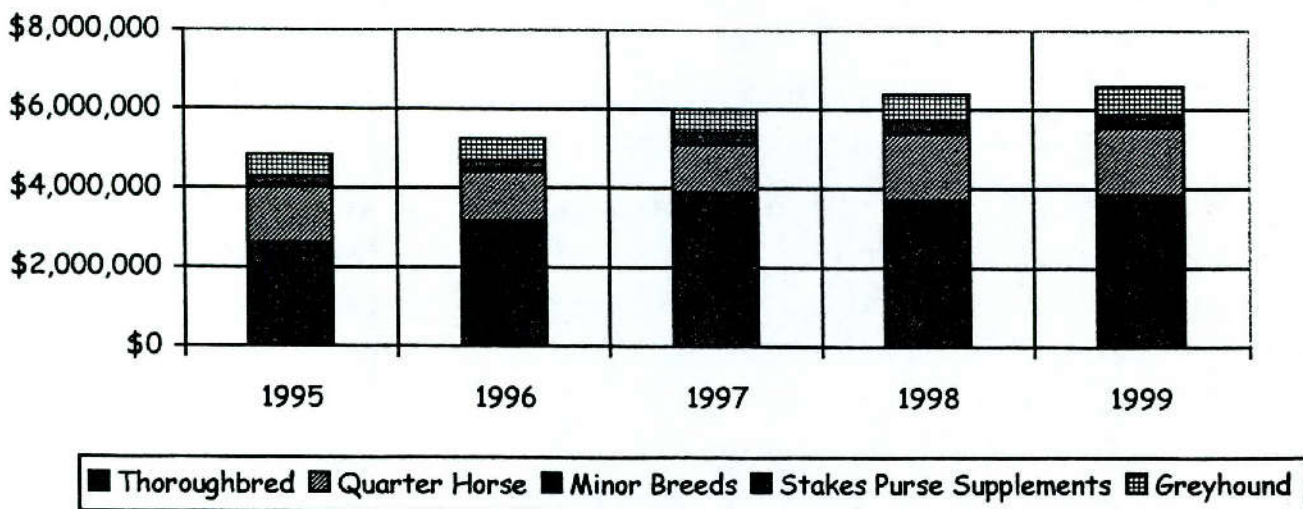
In November 1998, the Texas Appaloosa Horse Club requested withdrawal from the program due to lack of participation. The Commission has forwarded the request to the 77th Legislature for their consideration in 2000. No funds were distributed to the Texas Appaloosa Horse Club during 1999.

(See Appendix Page xv for a directory of all official Texas breed registries.)

1999 DISTRIBUTIONS TO BREED REGISTRIES

	1998	1999	% Change
Texas Thoroughbred Association	\$3,705,818	\$3,855,752	4%
Texas Quarter Horse Association	\$1,660,303	\$1,680,373	1%
Texas Greyhound Association	\$690,175	\$684,067	(1%)
Texas-Bred Stakes Race Supplements	\$259,580	\$263,769	1.6%
Texas Arabian Breeders Association	\$54,087	\$78,468	45%
American Paint Horse Association	\$2,696	\$4,798	78%
Texas Appaloosa Horse Club	\$344	\$7	(98%)
TOTAL	\$6,373,003	\$6,567,234	3%

A Five Year Comparison of Distribution of Texas-bred Funds





EQUINE RESEARCH

The Texas Racing Act mandates that a portion of wagers made at horse tracks fund equine research for race horses. The Equine Research Advisory Committee serves as an adjunct to the Texas Agricultural Experiment Station to review research proposals, recommend grant awards, and host an annual conference on equine research.

Research projects that address the needs and priorities of the Texas horse racing industry in the fields of Agricultural Economics, Animal Science, and Large Animal Medicine are submitted to the Equine Research Committee for grant consideration.

In 1999, \$120,062 was credited to the Equine Research Fund from pari-mutuel racing, an increase of almost 4% over 1998. The following studies were granted from those funds:

- “Persistent Endometritis and Mymetrial Dysfunction in Mares” by Dr. Robert Burghardt, TAMU Department of Veterinary Anatomy and Public Health
- “Regulatory Factors Controlling Spermatogenesis” by Dr. Larry Johnson, TAMU Department of Veterinary Anatomy and Public Health
- “Anchored Microsatellite Markers for a Comparative Genetic Map of the Horse” by Dr. Loren Skow, TAMU Department of Veterinary Anatomy and Public Health

In November, the Equine Research Advisory Committee co-hosted the Texas Equine Industry Conference. The four-day event, held at Texas A & M University in College Station, included numerous expert presentations on all aspects of the equine industry.

Summary of All Texas Horse Racetracks

From: 01/1/99 To: 12/31/99

1999 Annual Report

	Column 1	Column 2	Column 3	Column 4	Column 5 Sum of 1 through 4	Column 6 Sum of 1 & 2 Live On-Track & Export Totals	Column 7 Sum of 3 & 4 Combined Simulcast Import Totals	Column 8 Sum of 1 & 7 Combined On-Track Totals
	Live On-Track	Live Export	Simulcast Same-Species	Simulcast Cross-Species	Total			
# of Race Days	362	0	2,604	1,717	4,683	362	4,321	4,683
# of Performances	362	0	16,710	7,315	24,387	362	24,025	24,387
Attendance	1,581,359	0	876,278	26,641	2,484,278	1,581,359	902,919	2,484,278
Net Handle	\$101,509,545	\$434,319,700	\$355,469,798	\$38,888,505	\$930,187,548	\$535,829,245	\$394,358,303	\$495,867,848
Horse-Purse	\$7,520,314	\$4,053,774	\$25,235,001	\$73,056	\$36,882,145	\$11,574,088	\$25,308,057	\$32,828,371
Greyhound-Purse	\$0	\$0	\$0	\$702,991	\$702,991	\$0	\$702,991	\$702,991
TTA Purse	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TQHA Purse	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TGA Purse	\$0	\$0	\$0	\$1,422,004	\$1,422,004	\$0	\$1,422,004	\$1,422,004
Escrow Horse Purse	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Texas Bred	\$586,428	\$0	\$2,395,307	\$330,480	\$3,312,214	\$586,428	\$2,725,787	\$3,312,214
State Tax	\$0	\$0	\$3,554,698	\$486,125	\$4,040,823	\$0	\$4,040,823	\$4,040,823
Sec. 6.091(a)(2) Tax	\$0	\$0	\$483,226	\$51,747	\$534,973	\$0	\$534,973	\$534,973
Temporary Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hub Fee	\$0	\$0	\$0	\$387,848	\$387,848	\$0	\$387,848	\$387,848
Simulcast Fee	\$0	\$0	\$11,576,843	\$979,048	\$12,555,891	\$0	\$12,555,891	\$12,555,891
Racetracks	<u>\$13,029,966</u>	<u>\$8,415,398</u>	<u>\$29,049,636</u>	<u>\$4,300,695</u>	<u>\$54,795,695</u>	<u>\$21,445,364</u>	<u>\$33,350,331</u>	<u>\$46,380,296</u>
Total Commissions	\$21,136,707	\$12,469,172	\$72,294,712	\$8,733,993	\$114,634,584	\$33,605,880	\$81,028,705	\$102,165,412
Breakage	\$701,681	\$0	\$1,872,043	\$117,795	\$2,691,520	\$701,681	\$1,989,839	\$2,691,520

Net GAIN of wagering dollars in Texas as a result of simulcasting at horse racetracks:

\$396,725,591 Total Export-Interstate Handle - Out of state locations wagering on Texas signals.
\$347,703,925 Total Import-Interstate Handle - Texas racetracks wagering on out of state signals.
\$49,021,666 Net GAIN of wagering dollars in Texas as a result of simulcasting.

Summary Report of All Texas Greyhound Racetracks

From: 01/1/99 To: 12/31/99

	Column 1	Column 2	Column 3	Column 4	Column 5 Sum of 1 through 4	Column 6 Sum of 1 & 2 Live On-Track & Export Totals	Column 7 Sum of 3 & 4 Combined Simulcast Import Totals	Column 8 Sum of 1 & 7 Combined On-Track Totals
	Live On-Track	Live Export	Simulcast Same-Species	Simulcast Cross-Species	Total			
# of Race Days	562	0	1,440	1,404	3,406	562	2,844	3,406
# of Performances	910	0	6,620	5,157	12,687	910	11,777	12,687
Attendance	849,289	0	42,021	0	891,310	849,289	42,021	891,310
Net Handle	\$70,888,191	\$70,508,397	\$36,146,594	\$21,423,679	\$198,966,861	\$141,396,588	\$57,570,273	\$128,458,464
Horse-Purse	\$0	\$0	\$0	\$181,192	\$181,192	\$0	\$181,192	\$181,192
Greyhound-Purse	\$3,503,725	\$237,286	\$1,626,491	\$0	\$5,367,502	\$3,741,011	\$1,626,491	\$5,130,216
TTA Purse	\$0	\$0	\$0	\$134,551	\$134,551	\$0	\$134,551	\$134,551
TQHA Purse	\$0	\$0	\$0	\$134,551	\$134,551	\$0	\$134,551	\$134,551
TGA Purse	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Escrow Horse Purse	\$0	\$0	\$0	\$802,506	\$802,506	\$0	\$802,506	\$802,506
Texas Bred	\$0	\$0	\$325,084	\$160,479	\$485,563	\$0	\$485,563	\$485,563
State Tax	\$0	\$0	\$361,466	\$274,571	\$636,037	\$0	\$636,037	\$636,037
Sec. 6.091(a)(2) Tax	\$0	\$0	\$48,973	\$29,197	\$78,171	\$0	\$78,171	\$78,171
Temporary Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hub Fee	\$0	\$0	\$0	\$48,371	\$48,371	\$0	\$48,371	\$48,371
Simulcast Fee	\$0	\$0	\$1,052,602	\$745,314	\$1,797,916	\$0	\$1,797,916	\$1,797,916
Racetracks	<u>\$12,457,158</u>	<u>\$1,758,497</u>	<u>\$4,772,827</u>	<u>\$1,868,702</u>	<u>\$20,857,185</u>	<u>\$14,215,655</u>	<u>\$6,641,529</u>	<u>\$19,098,688</u>
Total Commissions	\$15,960,883	\$1,995,784	\$8,187,443	\$4,379,434	\$30,523,543	\$17,956,667	\$12,566,877	\$28,527,760
Breakage	\$212,264	\$0	\$85,672	\$99,083	\$397,019	\$212,264	\$184,754	\$397,019

Net GAIN of wagering dollars in Texas as a result of simulcasting at greyhound racetracks:

\$52,546,922 Total Export-Interstate Handle - Out of state locations wagering on Texas signals.
\$48,608,985 Total Import-Interstate Handle - Texas racetracks wagering on out of state signals.
\$3,937,937 Net GAIN of Wagering dollars in Texas as a result of simulcasting.

Summary Report of All Texas Racetracks

From: 01/1/99 To: 12/31/99

	Column 1	Column 2	Column 3	Column 4	Column 5 Sum of 1 through 4	Column 6 Sum of 1 & 2 Live On-Track & Export Totals	Column 7 Sum of 3 & 4 Combined Simulcast Import Totals	Column 8 Sum of 1 & 7 Combined On-Track Totals
	Live On-Track	Live Export	Simulcast Same-Species	Simulcast Cross-Species	Total			
# of Race Days	924	0	4,044	3,121	8,089	924	7,165	8,089
# of Performances	1,272	0	23,330	12,472	37,074	1,272	35,802	37,074
Attendance	2,430,648	0	918,299	26,641	3,375,588	2,430,648	944,940	3,375,588
Net Handle	\$172,397,736	\$504,828,097	\$391,616,392	\$60,312,184	\$1,129,154,409	\$677,225,833	\$451,928,576	\$624,326,312
Horse-Purse	\$7,520,314	\$4,053,774	\$25,235,001	\$254,248	\$37,063,337	\$11,574,088	\$25,489,249	\$33,009,563
Greyhound-Purse	\$3,503,725	\$237,286	\$1,626,491	\$702,991	\$6,070,493	\$3,741,011	\$2,329,481	\$5,833,206
TTA Purse	\$0	\$0	\$0	\$134,551	\$134,551	\$0	\$134,551	\$134,551
TQHA Purse	\$0	\$0	\$0	\$134,551	\$134,551	\$0	\$134,551	\$134,551
TGA Purse	\$0	\$0	\$0	\$1,422,004	\$1,422,004	\$0	\$1,422,004	\$1,422,004
Escrow Horse Purse	\$0	\$0	\$0	\$802,506	\$802,506	\$0	\$802,506	\$802,506
Texas Bred	\$586,428	\$0	\$2,720,391	\$490,958	\$3,797,777	\$586,428	\$3,211,349	\$3,797,777
State Tax	\$0	\$0	\$3,916,164	\$760,696	\$4,676,860	\$0	\$4,676,860	\$4,676,860
Sec. 6.091(a)(2) Tax	\$0	\$0	\$532,200	\$80,944	\$613,144	\$0	\$613,144	\$613,144
Temporary Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hub Fee	\$0	\$0	\$0	\$436,220	\$436,220	\$0	\$436,220	\$436,220
Simulcast Fee	\$0	\$0	\$12,629,444	\$1,724,362	\$14,353,806	\$0	\$14,353,806	\$14,353,806
Racetracks	<u>\$25,487,124</u>	<u>\$10,173,896</u>	<u>\$33,822,463</u>	<u>\$6,169,397</u>	<u>\$75,652,880</u>	<u>\$35,661,019</u>	<u>\$39,991,860</u>	<u>\$65,478,984</u>
Total Commissions	\$37,097,590	\$14,464,956	\$80,482,154	\$13,113,427	\$145,158,128	\$51,562,546	\$93,595,582	\$130,693,172
Breakage	\$913,945	\$0	\$1,957,715	\$216,878	\$3,088,538	\$913,945	\$2,174,593	\$3,088,538

Net GAIN of wagering dollars in Texas as a result of simulcasting at Texas racetracks:

\$449,272,513 Total Export-Interstate Handle - Out of state locations wagering on Texas signals.
\$396,312,910 Total Import-Interstate Handle - Texas racetracks wagering on out of state signals.
\$52,959,603 Net GAIN of Wagering dollars in Texas as a result of simulcasting.



1999 PURSE INFORMATION

Source of Funds	Quarter Horse	Thoroughbred	Arabian	Paint	Appaloosa	TOTAL HORSE
Earned Purse	\$7,804,009	\$26,306,316	\$428,594	\$80,400	\$6,000	\$34,625,319
TxBred Stakes	\$28,126	\$201,531	\$0	\$0	\$0	\$229,658
Stakes	\$3,081,636	\$1,298,585	\$56,306	\$63,201	\$0	\$4,499,728
Sponsors	\$157,630	\$119,950	\$24,700	\$50,000	\$0	\$352,280
ATB Owner Awards*	\$196,786	\$1,068,785	\$3,000	\$3,000	\$0	\$1,271,571
TOTAL PURSES PAID	\$11,268,187	\$28,995,168	\$512,600	\$196,601	\$6,000	\$40,978,556
Average Daily Purses Paid at All Meets	\$85,365	\$128,297	N/A	N/A	N/A	N/A

*ATB owner awards for Texas-bred horses were paid at the racetrack as a part of the purse until July 31, 1999. Since that time the ATB Owner awards have been paid by the respective breed registry.

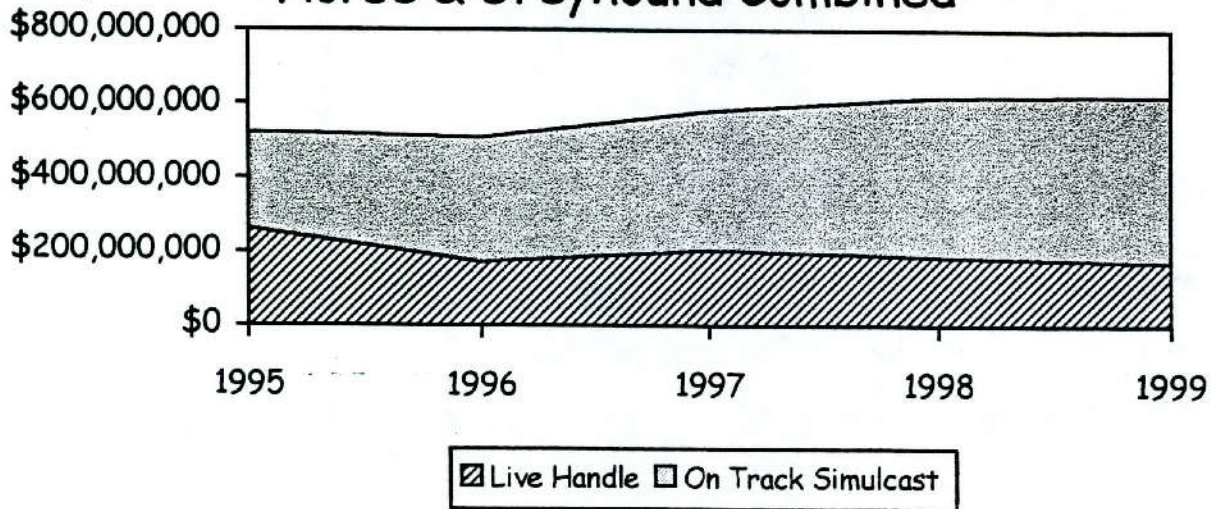
Source of Funds	TOTAL GREYHOUND	1998	1999	% Change
		HORSE & GREYHOUND	HORSE & GREYHOUND	
Earned Purse	\$5,944,705	\$38,808,881	\$40,570,024	4.5%
TxBred Stakes	\$72,500	\$335,725	\$302,158	(10%)
Stakes	\$9,601	\$4,582,532	\$4,509,329	(1.6%)
Sponsors	36,000	\$1,198,819	\$388,280	(67.6%)
TGA's Cross Species Purse Supplements	\$1,129,223	\$316,542	\$1,129,223	257%
TOTAL PURSES PAID	\$7,192,029	\$1,365,319	\$1,271,571	(6.8%)*
Average Purses Paid per Perf.	\$7,903	\$46,607,818	\$48,170,585	3.4%



FIVE YEAR OVERVIEW OF PARI-MUTUEL RACING

On Track Handle

Horse & Greyhound Combined



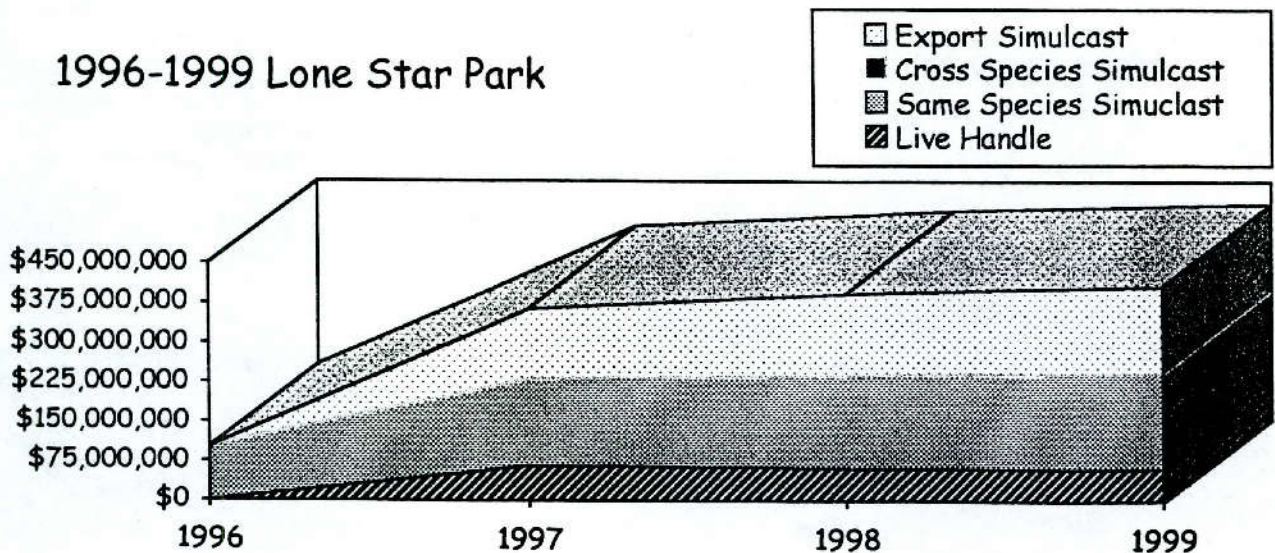
Horse & Greyhound Tracks Combined

	1995	1996	1997	1998	1999
# of Tracks	9	8	7	7	7
HANDLE ON TRACK:					
Live	\$262,654,405	\$171,798,417	\$204,470,138	\$186,298,579	\$172,397,736
Simulcast	<u>\$258,840,661</u>	<u>\$335,472,828</u>	<u>\$377,322,976</u>	<u>\$434,277,050</u>	<u>\$451,928,576</u>
TOTAL	\$521,495,066	\$507,271,245	\$581,793,114	\$620,575,629	\$624,326,312
LIVE DATES	1,686	1,264	1,294	1,256	1,272
# OF SIMULCAST SIGNALS TAKEN	10,835	15,490	19,736	28,287	35,802
PURSES PAID	\$36,544,986	\$30,575,571	\$41,822,609	\$46,607,818	\$48,170,585
STATE TAX	\$7,386,299	\$6,285,622	\$6,815,182	\$9,353,898	\$4,676,860
TX BRED \$	\$4,839,303	\$5,232,866	\$5,990,995	\$6,373,003	\$6,567,234
ATTENDANCE	3,534,208	3,036,702	3,510,281	3,508,490	3,375,588

LONE STAR PARK AT GRAND PRAIRIE - CLASS 1

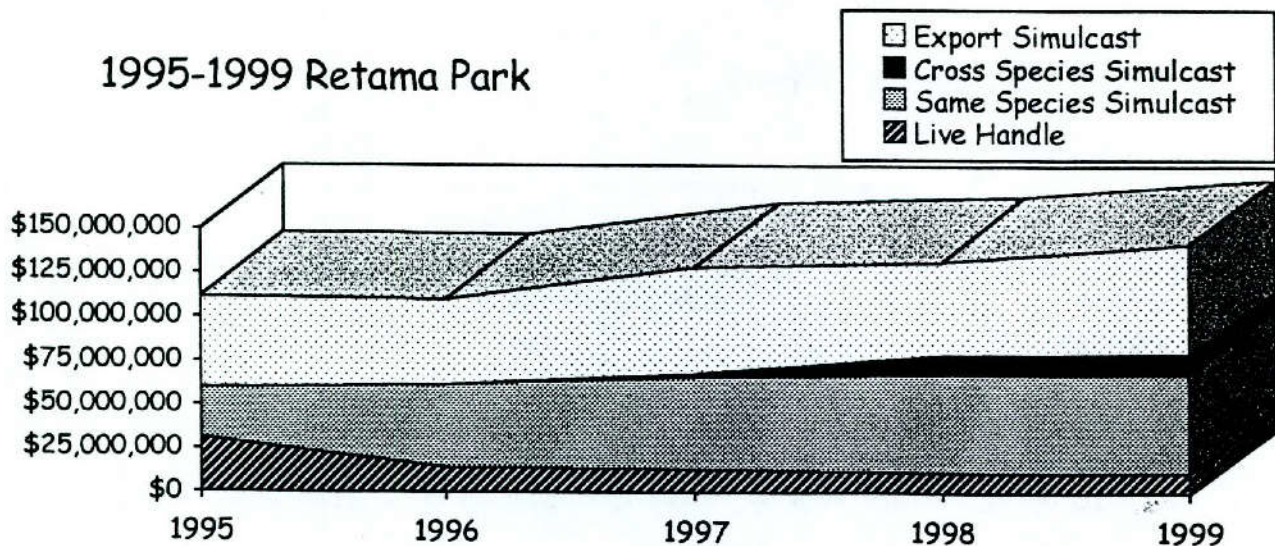
	1998	1999	% Change
Live On-Track Handle	\$62,300,260	\$60,717,053	(2.5%)
Import. Same Species Simulcast	\$177,124,185	\$183,304,923	3.5%
Import Cross Species Simulcast	N/A	N/A	N/A
Total On-Track Handle	\$239,424,445	\$244,021,976	1.9%
Total Export Handle	\$154,558,304	\$163,726,238	5.9%
Total Wagered on Lone Star	\$216,858,564	\$224,443,291	3.5%
Average Purses Paid/Quarter Horse	\$149,623	\$134,240	(10%)
# of Quarter Horse Race Dates	33	33	0%
Average Purses Paid/Thoroughbred	\$201,286	\$220,878	10%
# of Thoroughbred Race Dates	73	72	(1.3%)
Total Purses Paid	\$19,816,471	\$20,572,837	4%
Total Live Performances	106	107	0.9%
Total # of Simulcast Signals Taken	2,799	3,334	19%
Total Attendance	1,300,290	1,227,567	(5%)

1996-1999 Lone Star Park



RETAMA PARK - CLASS 1

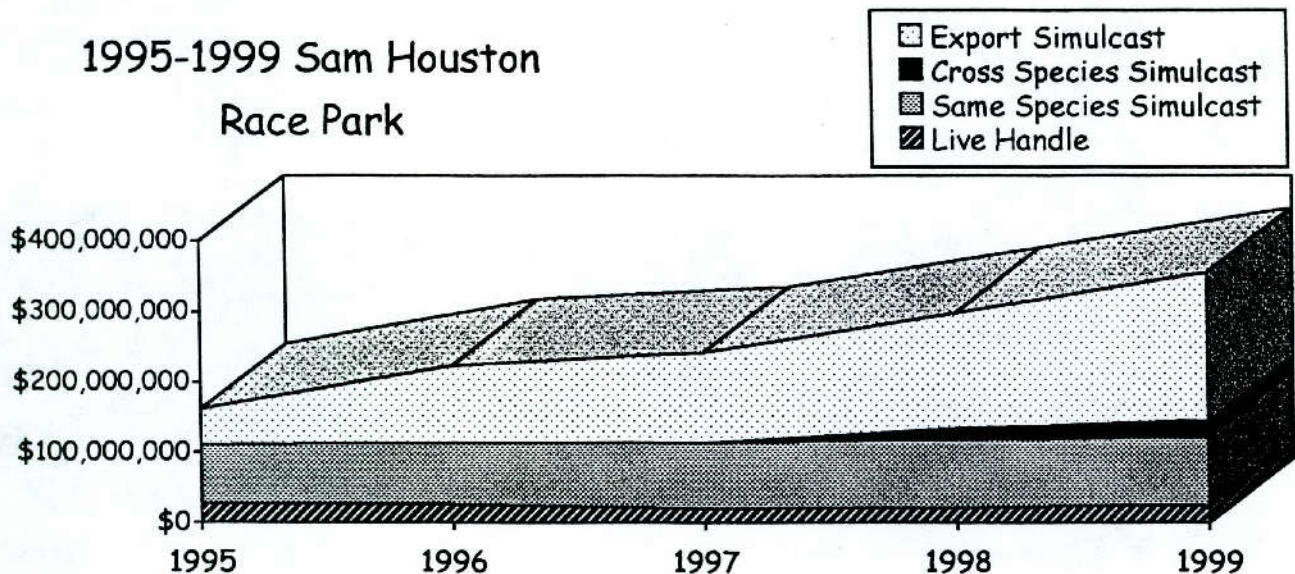
	1998	1999	% Change
Live On-Track Handle	\$11,656,412	\$12,052,061	3.4%
Import Same Species Simulcast	\$56,693,481	\$56,503,533	(0.3%)
Import Cross Species Simulcast	\$11,202,842	\$11,915,836	6%
Total On-Track Handle	\$79,552,735	\$80,471,430	1.1%
Total Export Handle	\$52,720,494	\$61,883,941	17.4%
Total Wagered on Retama Park	\$64,376,906	\$73,936,002	14.8%
Average Purses Paid/Quarter Horse	\$41,592	\$59,404	42.8%
# of Quarter Horse/Mixed Race Dates	34	31	(9%)
Average Purses Paid/Thoroughbred	\$73,864	\$78,200	6%
# of Thoroughbred Race Dates	49	51	4%
Total Purses Paid	\$5,628,873	\$6,296,365	12%
Total Live Performances	83	82	(1.2%)
Total # of Simulcast Signals Taken	6,153	7,168	16.5%
Total Attendance	422,146	443,039	5%



SAM HOUSTON RACE PARK - CLASS 1

	1998	1999	% Change
Live On-Track Handle	\$22,351,558	\$25,055,983	12%
Import Same Species Simulcast	\$95,921,703	\$97,114,700	1.2%
Import Cross Species Simulcast	\$16,221,633	\$23,319,896	43.7%
Total On-Track Handle	\$134,494,894	\$145,490,579	8.2%
Total Export Handle	\$162,910,186	\$208,709,521	28%
Total Wagered on Sam Houston	\$185,261,744	\$233,765,504	26.2%
Average Purses Paid/Quarter Horse	\$55,872	\$65,790	17.8%
# of Quarter Horse Race Dates	43	44	2%
Average Purses Paid/Thoroughbred	\$96,463	\$97,418	1%
# of Thoroughbred Race Dates	86	90	4.6%
Total Purses Paid	\$10,961,151	\$11,903,572	8.6%
Total Live Performances	129	134	4%
Total # of Simulcast Signals Taken	7,193	10,930	52%
Total Attendance	665,381	716,617	7.7%

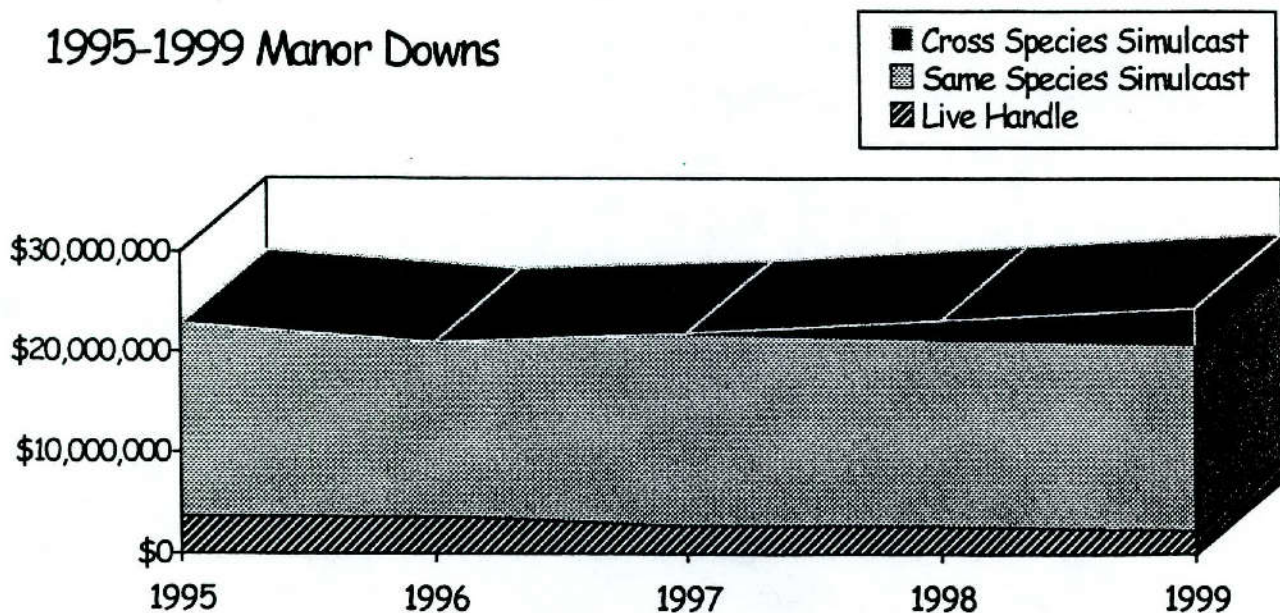
1995-1999 Sam Houston Race Park



MANOR DOWNS - CLASS 2

	1998	1999	% Change
Live On-Track Handle	\$2,756,276	\$2,314,882	(16%)
Import Same Species Simulcast	\$18,584,598	\$18,546,642	(0.2)%
Import Cross Species Simulcast	\$1,854,245	\$3,652,773	97%
Total On-Track Handle	\$23,195,119	\$24,514,297	0.6%
Total Export Handle	\$0	\$0	0%
Total Wagered on Manor	\$2,756,276	\$2,314,882	(16%)
Average Purses Paid/Quarter Horse	\$75,075	\$60,914	(19%)
# of Quarter Horse Race Dates	28	29	3.5%
Total Purses Paid	\$2,113,712	\$1,787,092	(15.5%)
Total Live Race Dates	28	29	3.5%
Total # Simulcast Signals Taken	2,092	2,593	24%
Total Attendance	76,609	75,321	(1.7%)

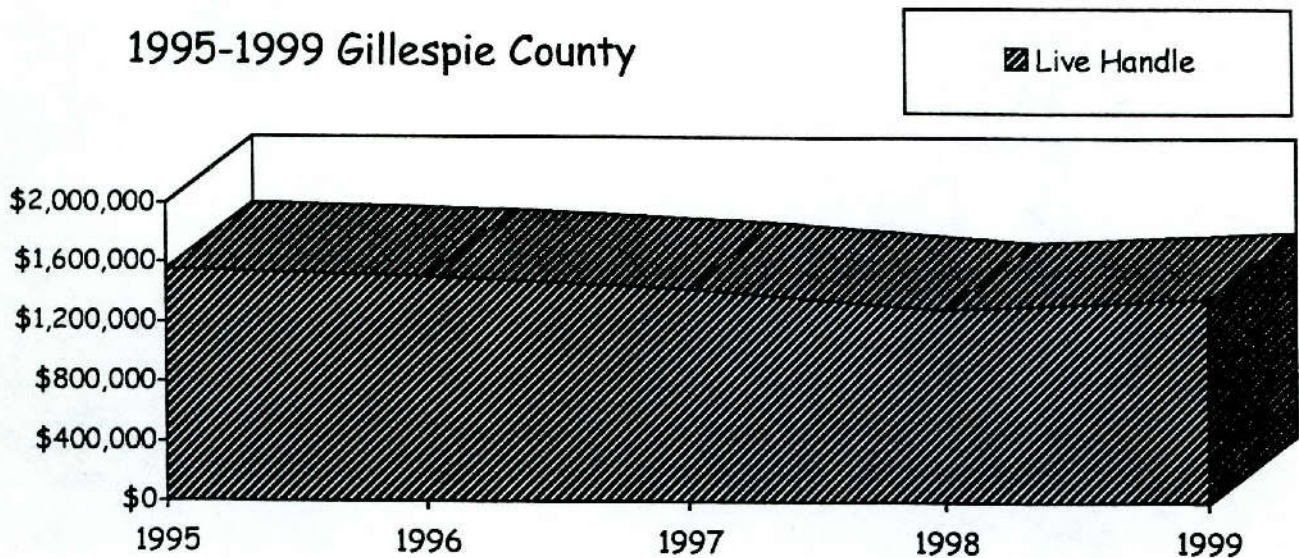
1995-1999 Manor Downs



GILLESPIE COUNTY FAIR & FESTIVALS - CLASS 3

	1998	1999	% Change
Live On-Track Handle	\$1,290,876	\$1,369,566	6%
Import Same Species Simulcast	N/A	N/A	N/A
Import Cross Species Simulcast	N/A	N/A	N/A
Total On-Track Handle	\$1,290,876	\$1,369,566	6%
Total Export Handle	N/A	N/A	N/A
Total Wagered on Gillespie	\$1,290,876	\$1,369,566	6%
Average Purses Paid/Quarter Horse	\$33,723	\$36,594	8.5%
Average Purses Paid/Thoroughbred	\$7,440	\$4,600	(38%)
#of Mixed Race Dates	10	10	0%
Total Purses Paid	\$411,626	\$418,690	1.7%
Total Live Performances	10	10	0%
Total # of Simulcast Signals Taken	N/A	N/A	N/A
Total Attendance	20,918	21,734	4%

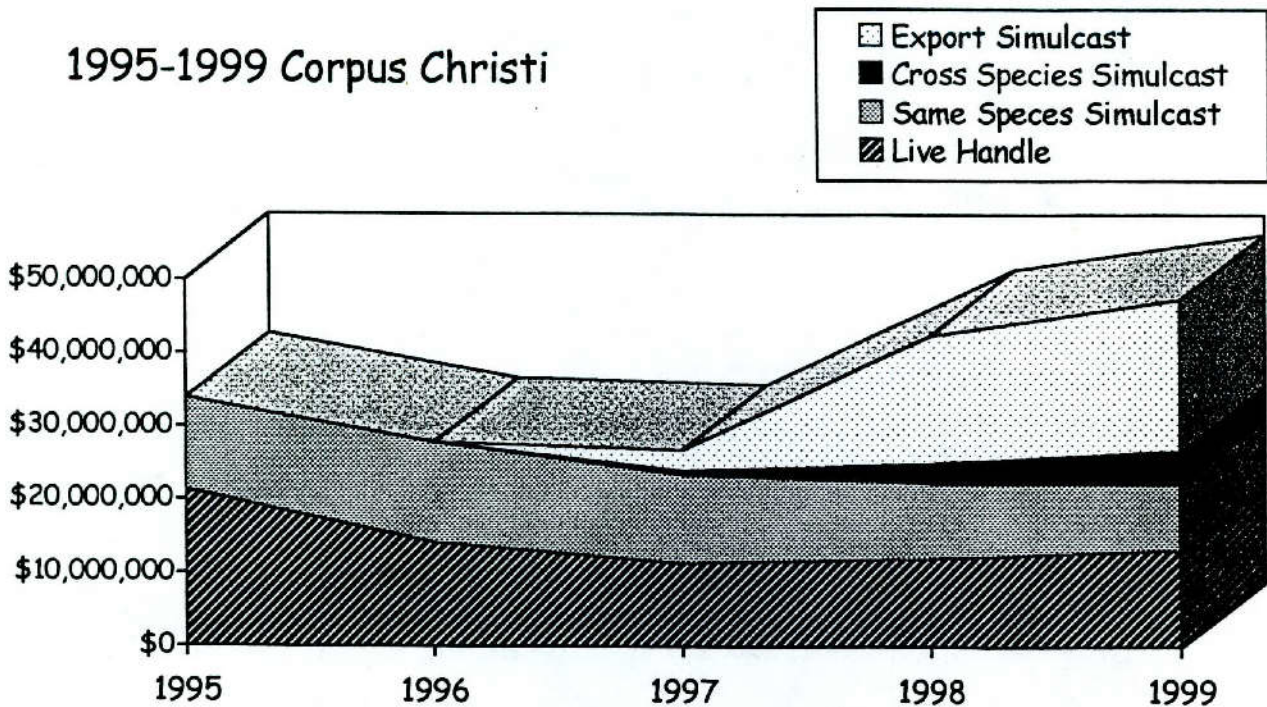
1995-1999 Gillespie County



CORPUS CHRISTI GREYHOUND RACE TRACK

	1998	1999	% Change
Live On-Track Handle	\$12,074,640	\$13,196,412	9.3%
Import Same Species Simulcast	\$10,302,681	\$9,016,480	(12.5%)
Import Cross Species Simulcast	\$2,827,762	\$4,654,529	64.6%
Total On-Track Handle	\$25,205,083	\$26,867,421	6.6%
Total Export Handle	\$17,256,343	\$20,502,877	18.9%
Total Wagered on CCGRT	\$29,330,983	\$33,699,289	14.9%
Average Purses Paid/Performance	\$4,167	\$4,189	0%
Total Purses Paid	\$1,583,330	\$1,738,334	9.7%
Total Live Performances	380	415	9%
Total # of Simulcast Signals Taken	3,457	4,022	16%
Total Attendance	228,385	216,730	(5%)

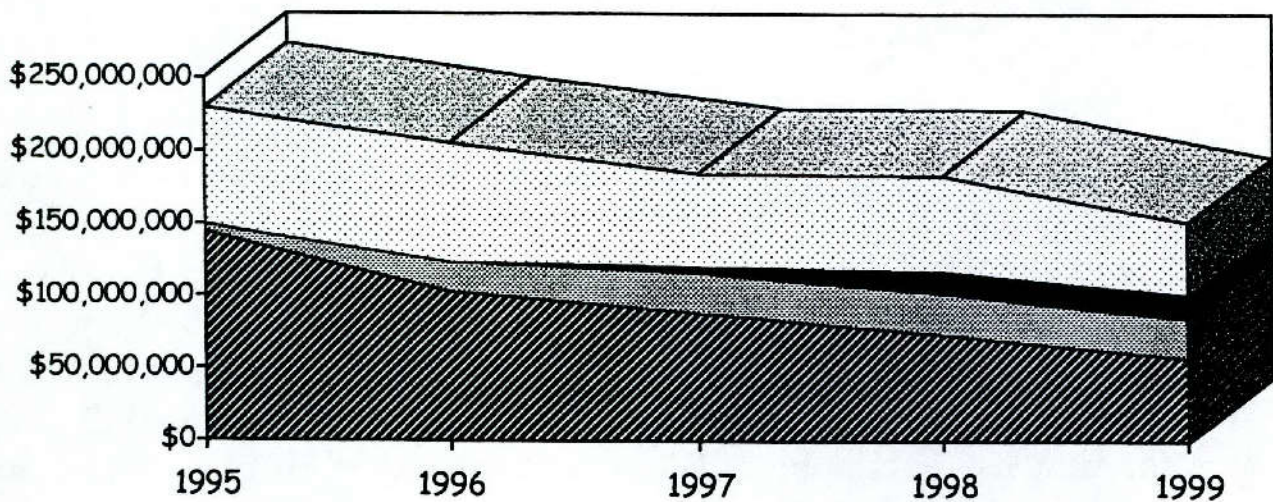
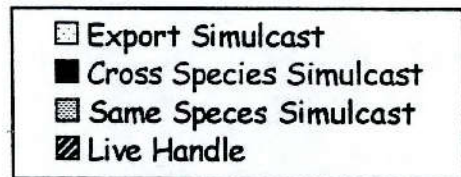
1995-1999 Corpus Christi



GULF GREYHOUND PARK

	1998	1999	% Change
Live On-Track Handle	\$73,868,557	\$57,691,779	(22%)
Import Same Species Simulcast	\$28,752,973	\$27,130,114	(5.6%)
Import Cross Species Simulcast	\$14,790,947	\$16,769,150	13.4%
Total On-Track Handle	\$117,412,477	\$101,591,043	(13.5%)
Total Export Handle	\$66,288,346	\$50,005,520	(24.5%)
Total Wagered on Gulf Greyhound	\$140,156,903	\$107,697,299	(23%)
Average Purses Paid/Performance	\$11,717	\$11,017	(6%)
Total Purses Paid	\$6,092,655	\$5,453,696	(10.5%)
Total Live Performances	520	495	(5%)
Total # of Simulcast Signals Taken	6,593	7,755	17.6%
Total Attendance	794,761	674,580	(15%)

1995-1999 Gulf Greyhound





OTHER LICENSED RACETRACKS

Longhorn Downs - Class 2

Longhorn Downs, Inc., received a Class 2 horse racetrack license in 1989. The company originally planned to construct a \$35 million facility in Round Mountain. In late 1999, the Commission was made aware of a proposed complete stock purchase by Austin Jockey Club, Ltd. That change of ownership is awaiting Commission consideration, pending the completion of background checks by the Department of Public Safety.

LUBBOCK DOWNS - CLASS 2

Lubbock Downs received a Class 2 horse racetrack license in 1989. The Commission approved a site change to Slaton in June of 1994. On November 9, 1999, the Commission approved a total stock purchase by Lone Star Park, Ltd. The new owners indicated their intent to open the facility for live racing and simulcasting within the next five years, although firm construction plans have not yet been submitted to the Commission.

VALLEY GREYHOUND PARK

Valley Greyhound Park was the first pari-mutuel greyhound track in Texas when it opened on November 14, 1990. The track had moderate success the first few years. The track ceased live operations on September 4, 1995 and simulcast operations on September 30, 1995. On January 19, 2000, the Commission approved a complete stock purchase by Sam Houston Race Park, Ltd., and granted live race dates beginning on December 15, 2000. Valley Greyhound Park is tentatively scheduled to open for simulcast racing in mid-March, 2000 under this new ownership.



2000 GRANTED LIVE RACE DATES

LONE STAR PARK AT GRAND PRAIRIE, Class 1

Thoroughbred Meet - 73 days - April 13 (Thur.) through July 23 (Sun.)

Wednesday - Sunday racing, Holiday racing on Monday, May 29, Monday & Tuesday & July 3 & 4, Closed on Wednesday & Thursday, July 5 & 6

Quarter Horse Meet - 33 days - Sept. 21 (Thur.) through Dec. 2 (Sat.)

Thursday - Saturday racing, Holiday racing - closed on Thursday, Nov. 23 for Thanksgiving, racing on Sunday, Nov. 26.

RETAMA PARK, Class 1

Mixed Meet - 33 days - April 21 (Fri.) through July 2 (Sun.)

Friday - Sunday racing, holiday racing on Mon., May 29

Thoroughbred Meet - 51 days - Aug. 4 (Fri.) through October 28 (Sat.)

Thursday - Sunday racing in August & September, Wednesday - Saturday in October

SAM HOUSTON RACE PARK, Class 1

Thoroughbred Meet - 57 days - January 1 (Sat.) through April 9 (Sun.)

Thursday - Sunday racing, closed on Sun., Jan. 30

Quarter Horse Meet - 45 days - June 30 (Fri.) through September 10 (Sun.)

Thursday - Sunday racing, Holiday racing on Mon. & Tues., July 3 & 4 & Mon., Sept. 4

Thoroughbred Meet - 35 days - November 2 (Thur.) through December 31 (Sun.)

Thursday - Sunday racing, closed on Thursday, Nov. 23

MANOR DOWNS, Class 2

Quarter Horse Meet - 29 days - February 5 (Sat.) through April 16 (Sun.)

Saturday & Sunday in February; Friday, Saturday & Sunday in March and April

GILLESPIE COUNTY FAIR & FESTIVALS, Class 3

Mixed Meet - 10 days

June 10 & 11, July 8 & 9 and 22 & 23, August 12 & 13 and 26 & 27

Saturday & Sunday racing

CORPUS CHRISTI GREYHOUND RACE TRACK - 422 performances

8 performances a week, Wednesday through Sunday

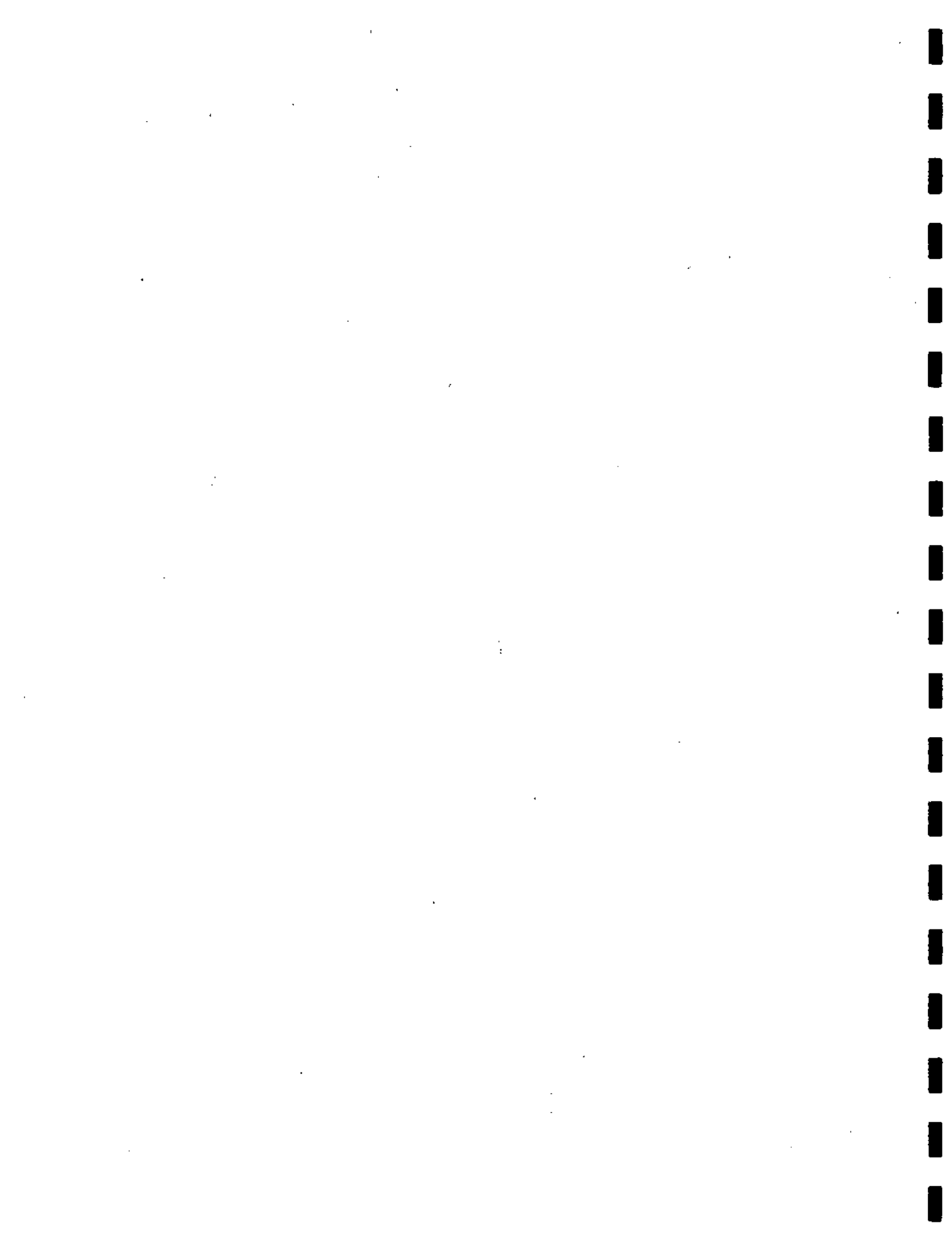
GULF GREYHOUND PARK - 524 performances

10 performances a week, Tuesday through Sunday

VALLEY GREYHOUND PARK - 17 performances

7 performances a week, Wednesday through Sunday, starting Friday, Dec. 15

(Check with Greyhound tracks for their specific holiday schedules.)



1999 ANNUAL REPORT OF THE TEXAS RACING COMMISSION



Appendix

Summary of Fiscal Year 1999 Financial & Performance Measure Information	ii
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Combined Statement of Revenues & Expenditures for Fiscal Year 1999

Source: Annual Financial Report

	General Revenue Fund (0597)
REVENUES:	
Legislative Appropriations	\$ 0
Licenses, Fees and Permits	11,164,805
Interest and Other Investment Income	12,063
Other Revenues	<u>1,263,643</u>
TOTAL REVENUE	<u>\$12,440,511</u>
EXPENDITURES:	
Salaries & Wages	\$3,042,147
Payroll Related Costs	628,540
Professional Fees and Services	322,620
Travel	116,192
Materials & Supplies	92,153
Communications & Utilities	89,417
Repairs & Maintenance	38,652
Rentals & Leases	105,563
Printing & Reproduction	5,941
Claims and Judgments	26,438
Other Expenditures, Distributions to Breed Registries	7,682,385
Capital Outlay	<u>124,718</u>
TOTAL EXPENDITURES	<u>\$12,274,766</u>
EXCESS REVENUES OVER EXPENDITURES	<u>\$165,744</u>
OTHER FINANCING SOURCES (USES):	
Sale of Fixed Assets	\$1,100
Operating Transfers Out:	
Agency 556, Fund 001, Equine Research	<u>(120,374)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(\$119,274)</u>
EXCESS REVENUES & OTHER SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$46,470</u>

Summary of Key Performance Measures for Fiscal Year 1999 with 1998 Comparison

Key Outcomes	FY 1998 Actual	FY 1999 Actual
Percentage of complaints regarding racetrack operations resolved in six months or less	100%	100%
Median price of Texas-bred horses sold at auction	\$3,533	\$4,010
Percentage of investigations resulting in disciplinary action	92%	91%
Percentage of licensees with no recent violations	96%	96.4%
Percentage decrease in race animals injured or dismissed from the racetrack	23%	-58%
Number of drug positives for Class 3 through Class 5 medications	167	162
Average time (minutes) required to issue a new occupational license	8	7
Percentage of compliance audits passed	89%	92%
Total Pari-mutuel Handle (in Millions)	\$612	\$626
Total Take to the State Treasury from Pari-mutuel Wagering	\$8.4	\$6.4

Other Statistics

- The General Counsel coordinated a rule review that repealed three chapters comprising 320 rules and replaced it with four chapters comprising 206 rules. Miscellaneous action was taken on 12 other rules.
- Five appeals filed during 1996-1998 were closed. Six new appeals were filed during 1999, with three being closed.
- The Executive Division coordinated conduct of seven Commission meetings, six regular and one special meeting.
- Pari-mutuel auditors reviewed 14,790 live races and 404,033 simulcast races to ensure proper collection and distribution of funds.
- Twelve audits of totalisator systems were completed to ensure all wagers offered are correctly calculated.
- Over 1,000 import and export simulcast requests were reviewed for compliance with the Rules and the Interstate Horse Racing Act.
- Investigators conducted 1,028 investigations for violations of the Racing Act or Rules.
- Of these investigations, 383 included serious criminal history reports received on current or former occupational licensees and 161 animal drug positives.
- Commission Investigators conducted 75 human drug tests to discourage the use of illicit substances by licensees engaged in pari-mutuel racing.

- Judges and Stewards issued a total of 861 disciplinary rulings, including 548 which resulted in fines, and 218 which resulted in suspensions.
- Licensing staff issued 17,400 occupational licenses. Of those, there were 5,654 Owners, 1,267 Owner/Assistant Trainers, 537 Trainers, and 250 Jockeys/Apprentice Jockeys licenses issued.
- Commission Veterinarians performed 124,556 pre-race examinations and evaluations on race animals. Injured or unsound animals are not permitted to race and are re-examined before being allowed to return to competition.
- Commission Veterinarians supervised the collection of 17,514 greyhound specimens and 8,113 horse specimens which were submitted to the Texas Veterinary Medical Diagnostic Laboratory. The laboratory conducted tests for substances that could produce an unfair advantage for an animal in a race through stimulation and/or the masking of pain and detected the following substances:

<u>GREYHOUND</u>		<u>HORSE</u>	
Benzoylcegonine	1	Caffeine	2
Gammahydroxyphenylbutazone	3	Clenbuterol	2
Guafenesin	1	Dimethylsulfoxide	1
3-Hydroxypentobarbital	1	Flunixin	2
Methocarbarnol	2	Furosemide (Lasix)	8
Phenylbutazone	1	Phenylbutazone	85
Polyethyleneglycol	12	Polyethyleneglycol	9
Procaine	20	Procaine	1
Sulfamethoxazole	2	Sulfadiazine	3
TOTAL	43	Sulfadimethoxine	2
		Sulfamethoxazole	2
		Theophylline	1
		Trimethoprim	2
		120	

Glossary of Racing Terms

Accredited Texas-bred horse – a Texas-bred horse that meets the accreditation requirements of the state breed registry of that breed of horse.

Breakage - the odd cents by which the amount payable on each dollar wagered exceeds a multiple of 10 cents, except in the event of a minus pool, in which case the breakage is based on multiples of five cents.

Common pool - a pool in which the wagers received at a receiving location are combined with the wagers received at a sending racetrack.

Cross-species simulcast signal - a simulcast signal of a horse race at a greyhound racetrack facility or a simulcast signal of a greyhound race at a horse racetrack facility.

Exotic pool - a mutuel pool that involves wagers on more than one entered horse or greyhound or on entries in more than one race.

Handle - the total amount of money wagered at a racetrack during a particular period.

Horsemen's organization - an organization recognized by the Commission that represents horse owners and trainers in negotiating and contracting with racetracks on subjects relating to racing and in representing and advocating the interests of horse owners and trainers before administrative, legislative, and judicial forums.

Live pari-mutuel pool - the total amount of money wagered by patrons on the result of a particular live race or combination of live races within the enclosure of the racetrack where the race is being run.

Mixed meet - a live horse race meeting in which more than one breed of horse participates.

Multiple wagering – wagering on two or more animals in one race or on one or more animals in more than one race.

Multiple 2 wager - a wager on two animals in one or more races.

Multiple 3 wager - a wager on three or more animals in one or more races.

Odds - a number indicating the amount of profit per dollar wagered to be paid to holders of winning pari-mutuel tickets.

Outstanding ticket - a pari-mutuel ticket that is not presented for payment before the end of the race day for which the ticket was purchased.

Performance - the schedule of horse or greyhound races run consecutively as one program.

Place - to finish second in a race

Prohibited substance - a drug, chemical or other substance that in its use or intended use is reasonably capable of influencing or affecting the outcome of a race in a manner contrary to the Racing Act or a Commission rule and is prohibited by a Commission rule regulating the unlawful influence of a race.

Purse - the cash portion of the prize for a race.

Race date - a date on which an racetrack is authorized by the Commission to conduct races.

Race meeting - a group of days on which horse or greyhound racing is conducted at a racetrack.

Regular wager - a wager on a single horse or greyhound in a single race.

Show - to finish third in a race.

Simulcast - the telecast or other transmission of lives audio and visual signals of a race, transmitted from a sending track to a receiving location, for the purpose of wagering conducted on the race at the receiving location..

Simulcast pari-mutuel pool - the total amount of money wagered by patrons at a racetrack on the result of a particular simulcast race or combination of simulcast races.

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

Straight pool - a mutuel pool that involves wagers on a horse or greyhound to win, place, or show.

Texas-bred horse – a horse that is sired by a stallion standing in Texas at the time of conception and foaled by a mare in Texas, except that a mare may be bred outside Texas and brought into Texas to foal and all foals sired and foaled under those conditions in the mare’s lifetime shall be considered “Texas-bred” if the mare is bred back to a stallion standing in Texas. In all instances any foal must qualify under the rules of the Commission

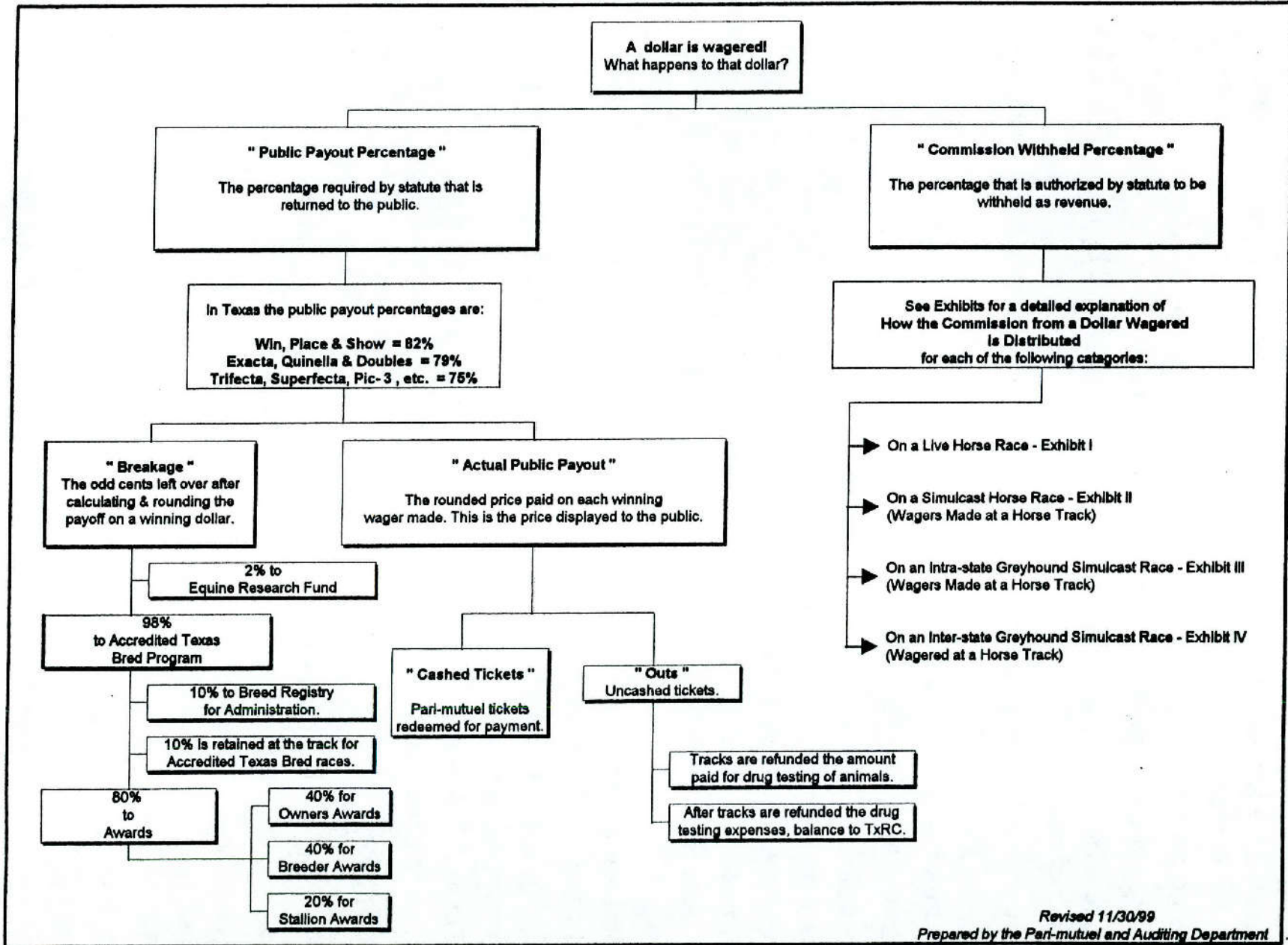
Totalisator - a machine or system for registering and computing the wagering and payoffs in pari-mutuel wagering.

Win - to finish first in a race.

WPS – an abbreviation for the first three places of a race: Win (1st), Place (2nd), and Show (3rd).

*For further definitions see Section 1.03 of the Texas Racing Act and
Section 301.1 of the Rules of Racing.*

How Money Wagered at a Horse Track is Distributed:

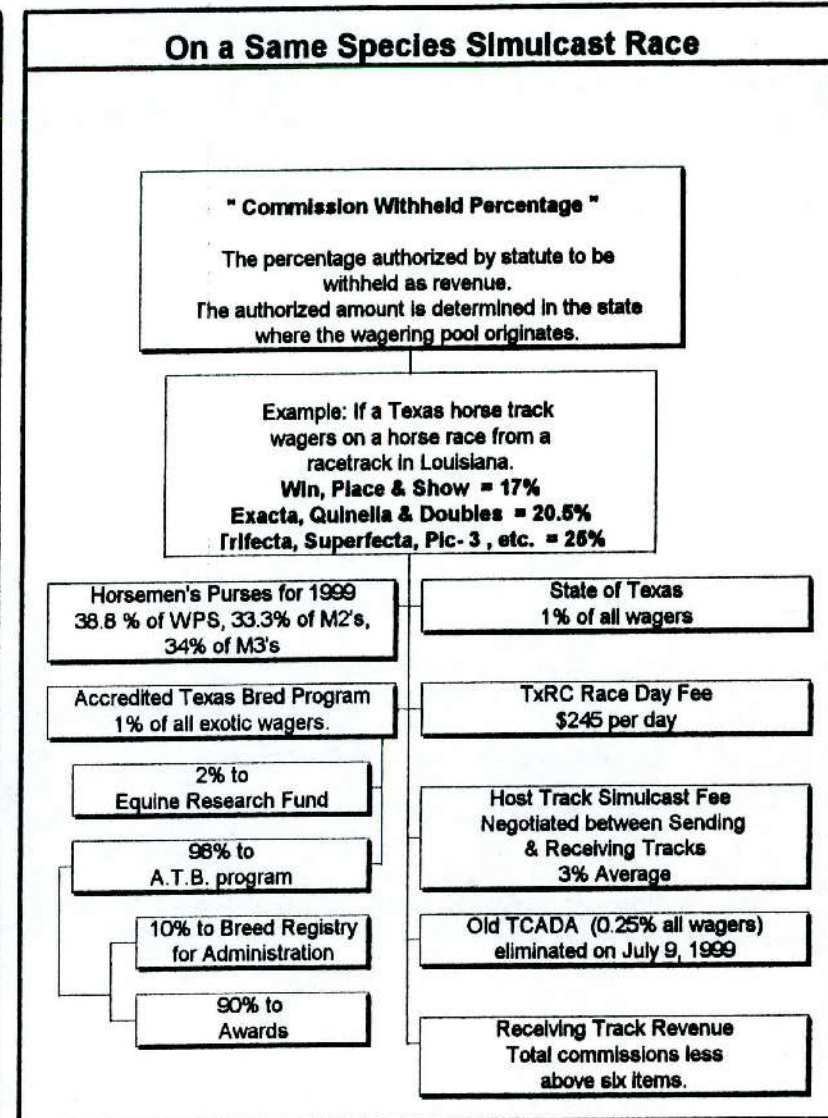
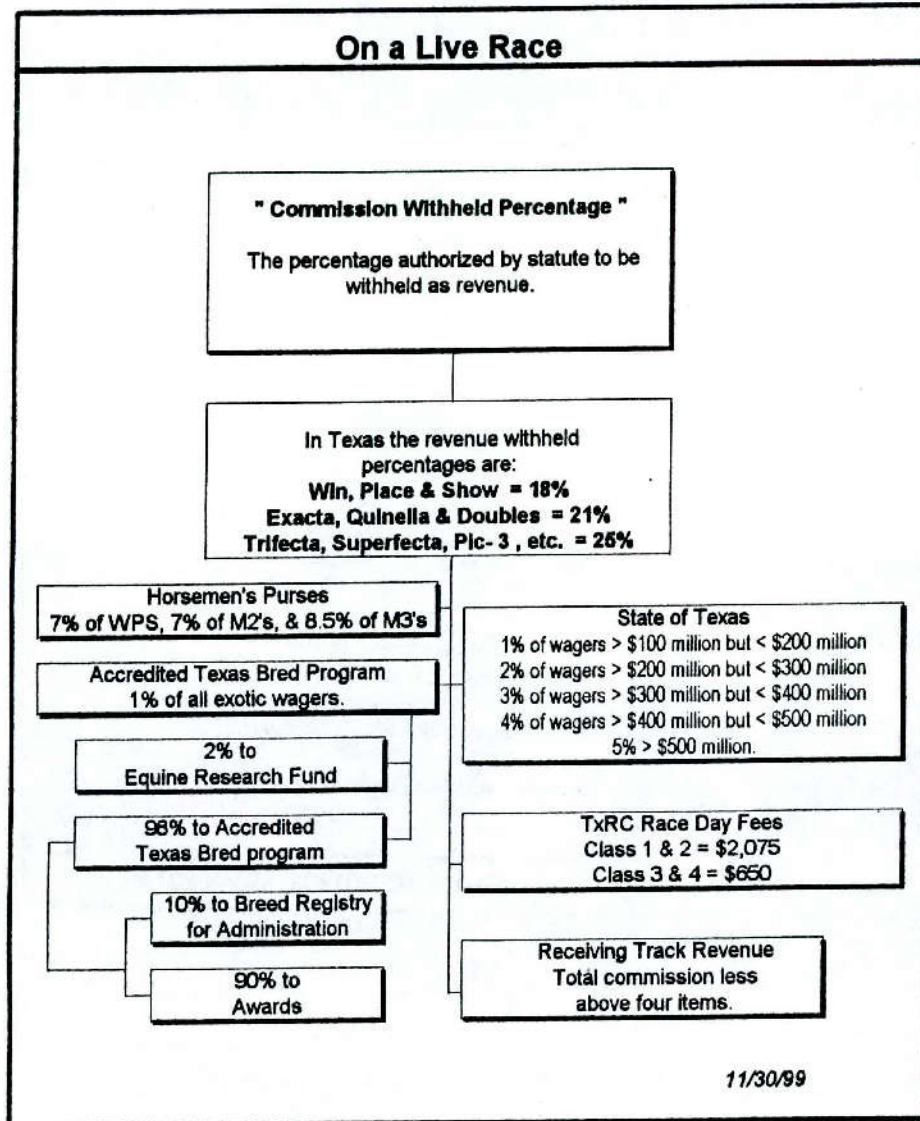


Revised 11/30/99
Prepared by the Pari-mutuel and Auditing Department

How the Commission from a Dollar Wagered at a Horse Track is Distributed:

Exhibit I

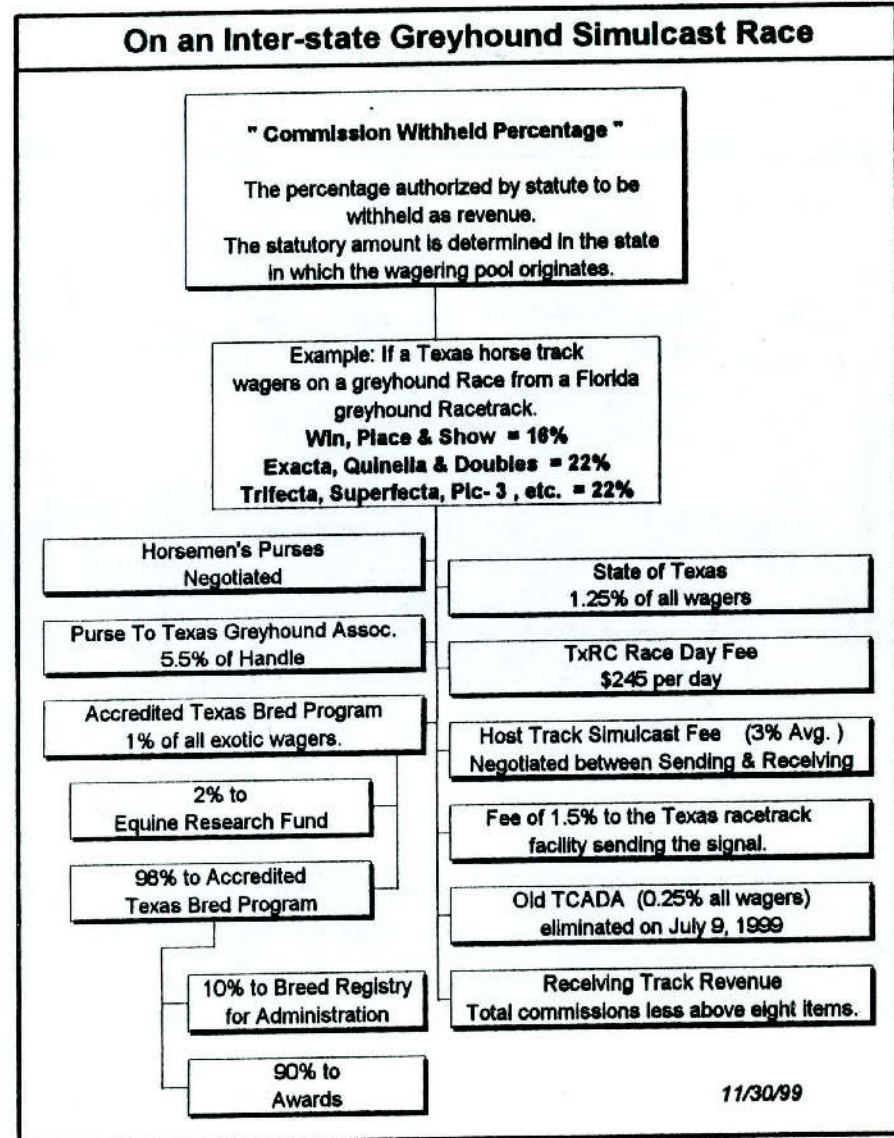
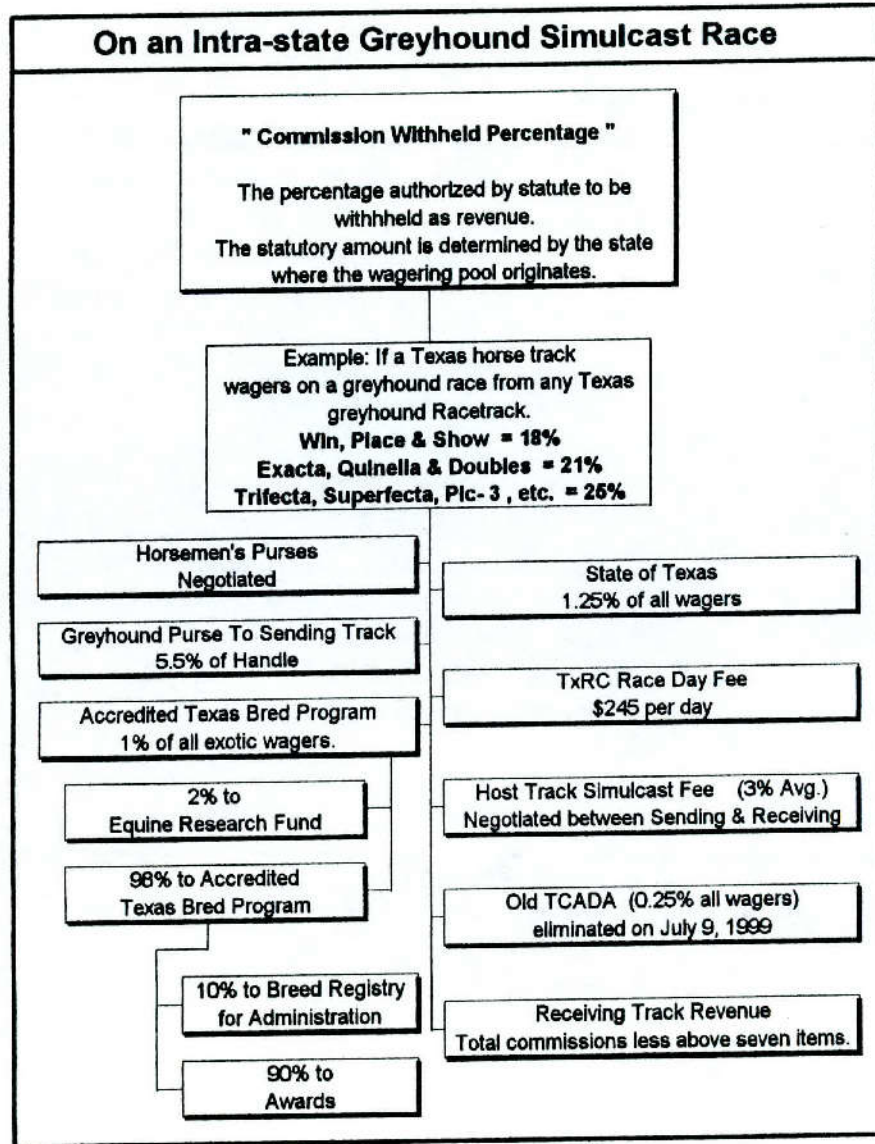
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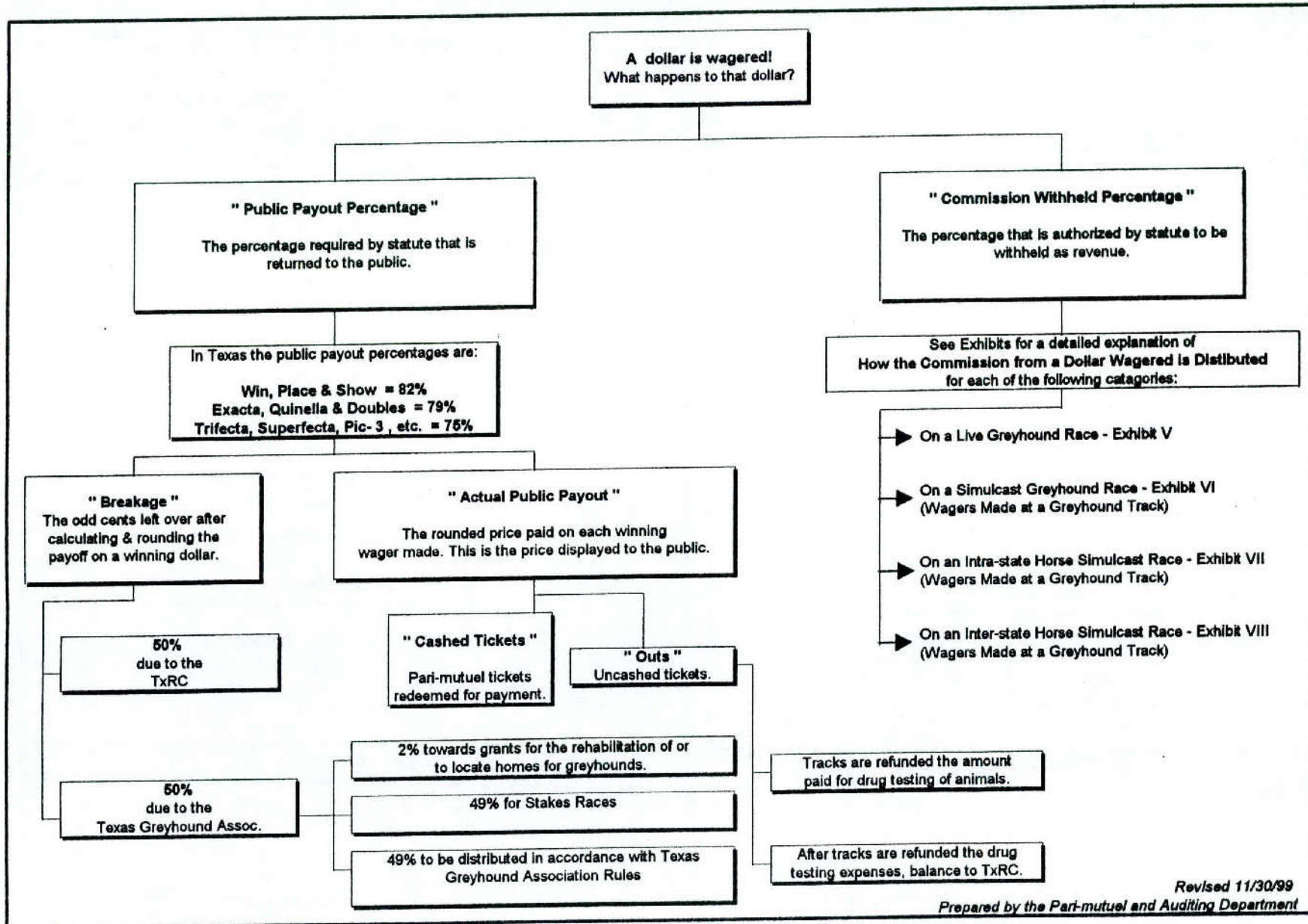
How the Commission from a Dollar Wagered at a Horse Track is Distributed:

Exhibit III

Exhibit IV



How Money Wagered at a Greyhound Track is Distributed:

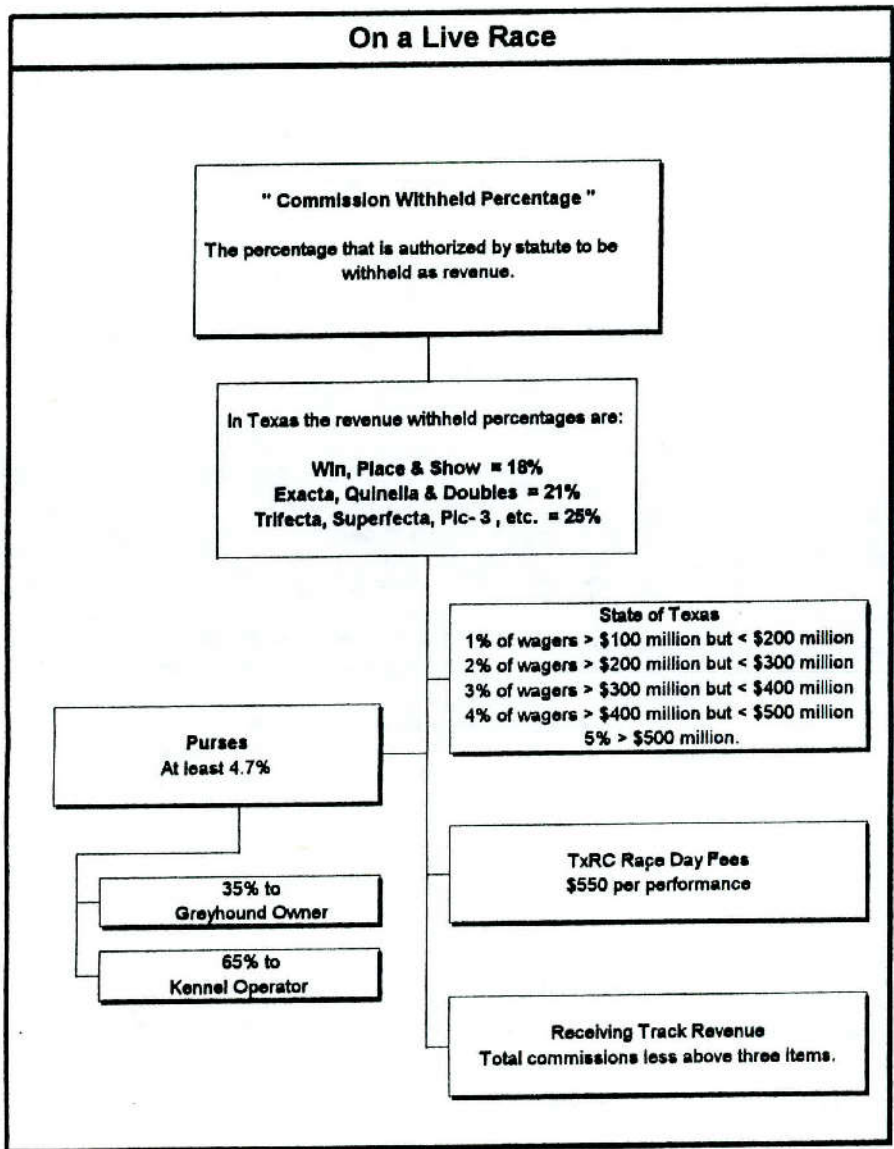


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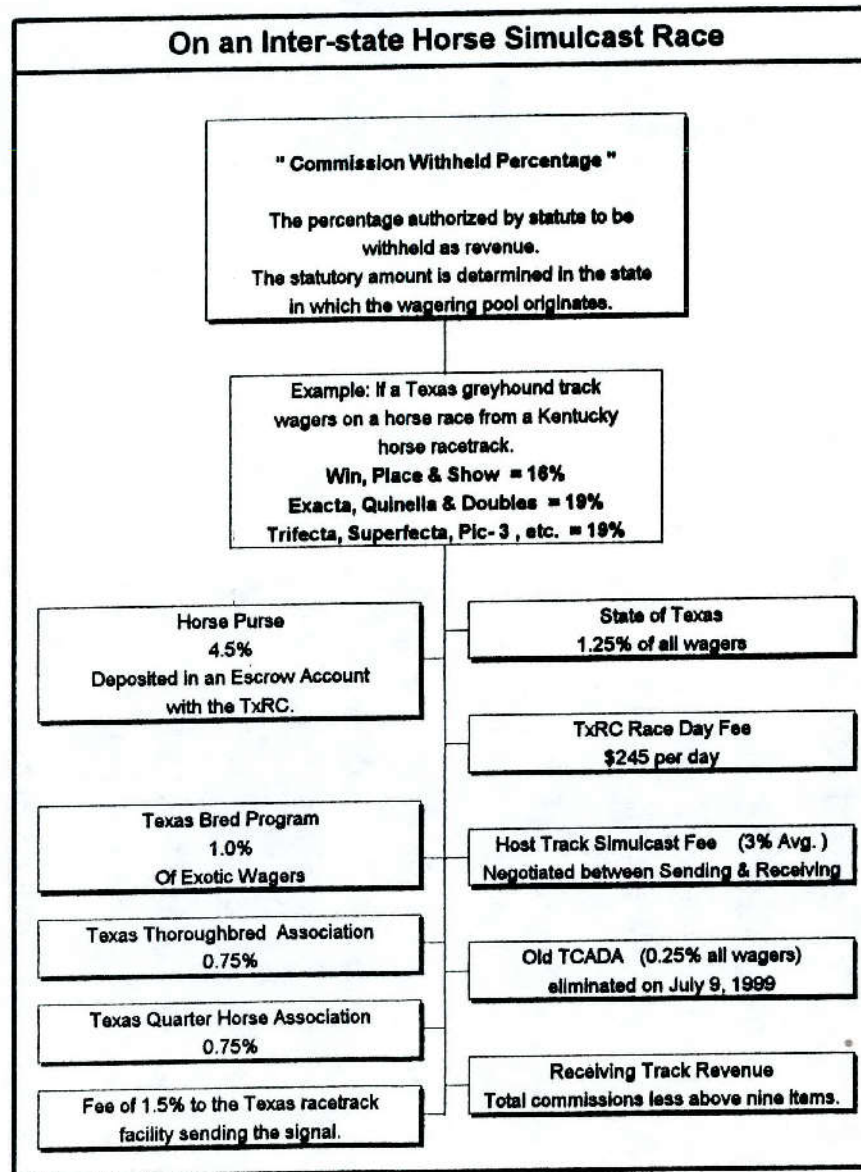
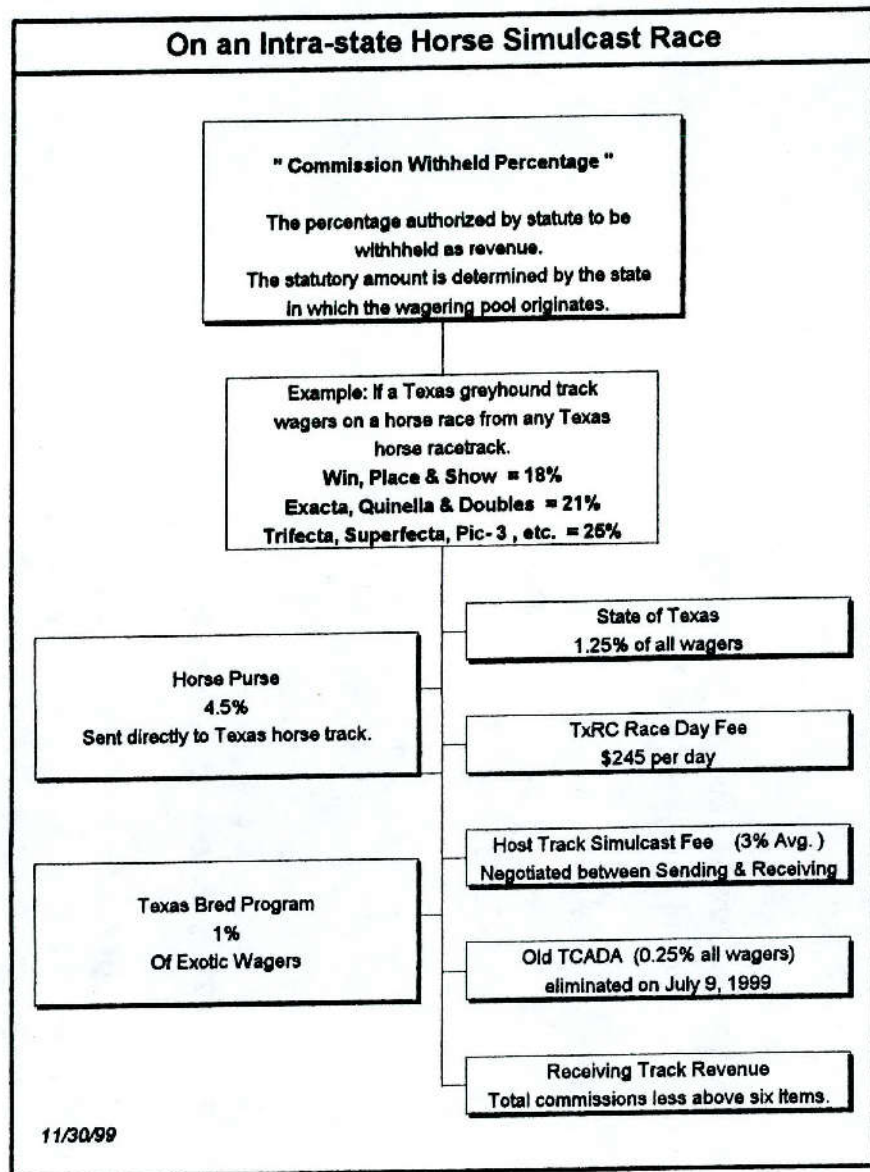
Exhibit V



How the Commission from a Dollar Wagered at a Greyhound Track is Distributed:

Exhibit VII

Exhibit VIII



Licensed Racetrack Directory

Greyhound Racetracks:

➤ **Corpus Christi Greyhound Race Track**

P. O. Box 9087, Corpus Christi, TX 78469, Phone 800-580-7223, Fax 361-289-4307

➤ **Gulf Greyhound Park**

P. O. Box 488, La Marque, TX 77568-0488, Phone 800-275-2946, Fax 409-986-9700

➤ **Valley Greyhound Park - (no racing in 1999)**

C/O Sam Houston Race Park, Ltd. P. O. Box 2323, One Sam Houston Place, Houston, TX 77252-2323, Phone 281-807-8700, Fax 281-807-8777

Horse Racetracks:

➤ **Gillespie County Fair & Festivals Association - Class 3**

P. O. Box 526, Fredericksburg, TX 78624, Phone 830-997-2359, Fax 830-997-4923

➤ **Lone Star Park at Grand Prairie - Class 1**

1000 Lone Star Parkway, Grand Prairie, TX 75050 Phone 972-263-7223,
Fax 972-262-5622

➤ **Longhorn Downs - currently not constructed - Class 2**

P. O. Box 1, Round Mountain, TX 78663, Phone 830-825-3233, Fax 830-825-3276

➤ **Lubbock Downs - currently not constructed - Class 2**

C/O Lone Star Park, 1000 Lone Star Parkway, Grand Prairie, TX 75050
Phone 972-263-7223, Fax 972-262-5622

➤ **Manor Downs - Class 2**

P. O. Box 141309, Austin, TX 78714, Phone 512-272-5581, Fax 512-278-1892

➤ **Retama Park - Class 1**

P. O. Box 47535, San Antonio, TX 78265-7535, Phone 210-651-7000, Fax 210-651-7097

➤ **Sam Houston Race Park - Class 1**

P. O. Box 2323, One Sam Houston Place, Houston, TX 77252-2323,
Phone 281-807-8700, Fax 281-807-8777

Texas Racing Industry Organizations and Associations

➤ **American Paint Horse Association**

P. O. Box 961023, Fort Worth, TX 76161, Phone 817-834-2742, Fax 817-834-3152

➤ **Equine Research Advisory Committee**

Texas Agricultural Experiment Station, College Station, TX 77854-2147, Phone 409-845-7980,
Fax 409-845-9938

➤ **Texas Appaloosa Horse Club**

(Requested withdrawal from Texas-Bred Incentive Program on 11/13/98)

P. O. Box 557, Cedar Hill, TX 75104, Phone 972-723-3708, Fax 972-723-0526

➤ **Texas Arabian Breeders' Association**

P. O. Box 215, Forney, TX 75126, Phone 972-564-9430, Fax 972-552-3613

➤ **Texas Greyhound Association**

P. O. Box 40, Lorena, TX 76655-0040, Phone 254-857-4377, Fax 254-857-4299

➤ **Texas Horsemen's Partnership, L.L.P.**

P. O. Box 142533, Austin, TX 78714, Phone 512-467-9799, Fax 512-467-9790

➤ **Texas Quarter Horse Association**

P. O. Box 16229, Austin, TX 78761-6229, Phone 512-458-5202, Fax 512-458-1713

➤ **Texas Thoroughbred Association**

P. O. Box 14967, Austin, TX 78761, Phone 512-458-6133, Fax 512-453-5919



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