

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 704
By: Buckingham et al.
State Affairs
4/27/2021
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The purpose of this bill is to enact the statutory recommendations of the Sunset Advisory Commission on the Texas Racing Commission (TRC).

In 1986, facing a budget shortfall, the legislature passed the Texas Racing Act, which authorized pari-mutuel wagering on horse and greyhound races and created the TRC to regulate the industry. However, the Texas racing industry has never been the economic driver originally envisioned. As racetrack attendance, race days, and wagers have declined, so too has the agency's revenue, which comes in part from racetrack and license fees. The reduced revenue in turn affects the agency's ability to most effectively regulate racing in Texas, with the level of regulation contingent on how much licensees are willing and able to pay. This push and pull has jeopardized the continued operation and regulation of the Texas racing industry.

As a result, the Sunset Commission determined TRC can no longer efficiently carry out its mission of ensuring the safety, integrity, and fairness of Texas pari-mutuel racing and wagering and recommends transferring it to the Comptroller of Public Accounts of the State of Texas (comptroller) as a semi-independent board. The agency also does not effectively administer its horse event grant program and the Sunset Commission recommends transferring it and the Horse Industry Escrow Account to the comptroller as well.

S.B. 704 amends current law relating to the transfer of the regulation of racing to the Texas Department of Licensing and Regulation, the abolishment of the Texas Racing Commission, and the creation of the Texas Racing Advisory Board, following recommendations of the Sunset Advisory Commission.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Texas Racing Commission is transferred to the Texas Commission of Licensing and Regulation and modified in SECTION 3.03 (Section 2023.002, Occupations Code), SECTION 3.18 (Section 2023.106, Occupations Code), SECTION 6.03 (Section 2021.006, Occupations Code), SECTION 6.04 (Section 2026.007, Occupations Code), SECTION 6.05 (Section 2026.008, Occupations Code) SECTION 6.07 (Section 2026.051, Occupations Code), SECTION 7.02 (Section 2027.004, Occupations Code), SECTION 8.08 (Section 2028.201, Occupations Code), and SECTION 10.03 (Section 2030.005, Occupations Code) of this bill.

Rulemaking authority is expressly granted to the Texas Commission of Licensing and Regulation in SECTION 3.19 (Section 2023.109, Occupations Code), SECTION 6.05 (Section 2026.008, Occupations Code), SECTION 8.02 (Section 2028.001, Occupations Code), SECTION 8.08 (Section 2028.201, Occupations Code), SECTION 8.14 (Section 2028.401, Occupations Code), SECTION 8.15 (Section 2029.001, Occupations Code), SECTION 11.01 (Section 2031.001, Occupations Code), SECTION 12.01 (Section 2032.004, Occupations Code), and SECTION 14.01 (Section 2034.001, Occupations Code) of this bill.

Rulemaking authority is expressly granted to the Comptroller of Public Accounts of the State of Texas in SECTION 8.14 (Section 2028.401, Occupations Code) of this bill.

Rulemaking authority previously granted to the Texas Racing Commission is rescinded in SECTION 17.01 (Sections 2022.009, 2022.014, 2022.056, and 2022.102, Occupations Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. GENERAL PROVISIONS

SECTION 1.01. Amends Subchapter C, Chapter 51, Occupations Code, by adding Section 51.1041, as follows:

Sec. 51.1041. PEACE OFFICERS. (a) Authorizes the Texas Department on Licensing and Regulation (TDLR) to commission as a peace officer an employee who has been certified as qualified to be a peace officer by the Texas Commission on Law Enforcement.

(b) Authorizes a peace officer commissioned by TDLR to enforce any provision of Chapter 51 (Texas Department on Licensing and Regulation) relating to the regulation of racing or any law establishing a program regulated by TDLR under Subtitle A-1 (Texas Racing Act), Title 13 (Sports, Amusements, and Entertainment), related to the regulation of racing.

(c) Provides that a peace officer commissioned under this section has the powers, privileges, and immunities of a peace officer while carrying out duties authorized by Chapter 51 or a law establishing a program regulated by TDLR.

SECTION 1.02. Amends Section 2021.003, Occupations Code, is amended by amending Subdivisions (2), (8), (9), (14), (20), (21), (24), (35), and (54) and adding Subdivisions (2-a) and (12-a), as follows:

(2) Redefines "active license."

(2-a) Defines "advisory board" to mean the Texas Racing Advisory Board (advisory board).

(8) Redefines "commission" to mean the Texas Commission of Licensing and Regulation (TCLR).

(9) Redefines "concessionaire."

(12-a) Defines "department."

(14) Redefines "executive director."

(20) Redefines "horsemen's organization."

(21) Redefines "inactive license."

(24) Redefines "maiden."

(35) Redefines "performance."

(54) Redefines "trainer."

SECTION 1.03. Amends Sections 2021.004(1) and (5), Occupations Code, to redefine "authorized agent" and "jockey" or "apprentice jockey."

SECTION 1.04. Amends Section 2021.006, Occupations Code, to include the executive director of TDLR (executive director) and a TDLR employee, rather than a Texas Racing Commission (TRC) employee, among the actors not liable for a cause of action that arises out of that person's

performance or exercise of discretion in the implementation or enforcement of Subtitle A-1 or a rule adopted under Subtitle A-1 if the person has acted in good faith.

SECTION 1.05. Amends Sections 2021.008(a), (b), (c), and (d), Occupations Code, as follows:

(a) Provides that the advisory board, rather than TCLR, is subject to Chapter 325 (Sunset Law), Government Code (Texas Sunset Act). Requires the advisory board to be reviewed during the period in which TCLR and TDLR are reviewed under Section 51.002 (Application of Sunset Act). Provides that unless the advisory board is continued in existence and TCLR and TDLR are continued in existence as provided by Section 51.002, and except as provided by Subsections (b) and (c), Subtitle A-1 expires on the date provided by Section 51.002, rather than as provided by Chapter 51, and except as provided by Subsections (b) and (c), TCLR is abolished and Subtitle A-1 expires September 1, 2021.

(b) Provides that if, at the time TCLR, TDLR, and the advisory board, rather than TCLR, would be abolished under Subsection (a), a racetrack association has outstanding long-term liabilities:

(1) makes no change to this subdivision; and

(2) TCLR, TDLR, and Subtitle A-1, rather than TCLR and Subtitle A-1, are continued in effect for the purpose of regulating that racetrack association under this subtitle.

(c) Makes conforming and nonsubstantive changes to this subsection.

(d) Makes conforming changes to this subsection.

ARTICLE 2. TEXAS RACING ADVISORY BOARD; DEPARTMENT RECORDS AND INFORMATION

SECTION 2.01. Amends the heading to Chapter 2022, Occupations Code, to read as follows:

CHAPTER 2022. TEXAS RACING ADVISORY BOARD

SECTION 2.02. Amends the heading to Section 2022.001, Occupations Code, to read as follows:

Sec. 2022.001. ADVISORY BOARD MEMBERSHIP.

SECTION 2.03. Amends Section 2022.001(a), Occupations Code, to provide that the advisory board, rather than TRC, consists of nine certain members appointed by the presiding officer of TCLR, with TCLR approval. Deletes existing text relating to the appointment process of TRC members.

SECTION 2.04. Amends Subchapter A, Chapter 2022, Occupations Code, by adding Section 2022.0011, as follows:

Sec. 2022.0011. DUTIES OF ADVISORY BOARD. Requires the advisory board to provide advice and recommendations to TDLR on technical matters relevant to the administration of Subtitle A-1.

SECTION 2.05. Amends the heading to Section 2022.002, Occupations Code, to read as follows:

Sec. 2022.002. TERM OF OFFICE; VACANCIES.

SECTION 2.06. Amends Section 2022.002, Occupations Code, by amending Subsection (a) and adding Subsection (c), as follows:

(a) Provides that advisory board members, rather than appointed TRC members, hold office for staggered terms of six years with the terms of three members, rather than two or three members, expiring February 1 of each odd-numbered year.

(c) Requires the presiding officer of TCLR, with TCLR approval, if a vacancy occurs during a member's term, to appoint a member to fill the vacancy for the remainder of the unexpired term.

SECTION 2.07. Amends Section 2022.008, Occupations Code, as follows:

Sec. 2022.008. PRESIDING OFFICER. (a) Requires the presiding officer of TCLR to designate a member of the advisory board as the presiding officer of the advisory board to serve in that capacity for a one-year term, rather than requiring the governor to designate a public member of TRC as the presiding officer of TRC to serve in that capacity at the pleasure of the governor.

(b) Authorizes the presiding officer of the advisory board to vote on any matter before the advisory board.

SECTION 2.08. Amends the heading to Section 2022.009, Occupations Code, to read as follows:

Sec. 2022.009. ADVISORY BOARD MEETINGS.

SECTION 2.09. Amends Section 2022.009(a), Occupations Code, to require the advisory board to meet at the call of the presiding officer of TCLR or the executive director, rather than requiring TRC to hold at least six regular meetings each year on dates fixed by TRC.

SECTION 2.10. Amends the heading to Section 2022.052, Occupations Code, to read as follows:

Sec. 2022.052. RESTRICTIONS ON EMPLOYMENT.

SECTION 2.11. Amends the heading to Section 2022.103, Occupations Code, to read as follows:

Sec. 2022.103. DEPARTMENT INVESTIGATIVE FILES CONFIDENTIAL.

SECTION 2.12. Amends Sections 2022.103(a), (b), and (c), Occupations Code, as follows:

(a) Provides that the contents of the investigatory files of TDLR, rather than TRC, are not public records and are confidential except in a criminal proceeding, in a hearing conducted by TCLR, on court order, or with the consent of the party being investigated.

(b) Makes nonsubstantive changes to this subsection.

(c) Provides that an investigation report or other document submitted by the Department of Public Safety (DPS) to TDLR, rather than TRC, becomes part of the investigative files of TDLR and is subject to discovery by a person who is the subject of the investigation report or other document submitted by DPS to TDLR that is part of the investigative files of TDLR. Makes conforming and nonsubstantive changes.

SECTION 2.13. Amends Section 2022.105(a), Occupations Code, to make a conforming change.

ARTICLE 3. COMMISSION, DEPARTMENT, AND RACE MEETING OFFICIAL POWERS AND DUTIES

SECTION 3.01. Amends the heading to Chapter 2023, Occupations Code, to read as follows:

CHAPTER 2023. COMMISSION, DEPARTMENT, AND RACE MEETING OFFICIAL POWERS AND DUTIES

SECTION 3.02. Amends Section 2023.001, Occupations Code, as follows:

Sec. 2023.001. LICENSING, REGULATION, AND SUPERVISION OF HORSE RACING AND GREYHOUND RACING. (a) Authorizes TDLR under the direction of TCLR, rather than authorizing TRC, notwithstanding any contrary provision in Subtitle A-1, to license and regulate all aspects of horse racing and greyhound racing in this state, regardless of whether that racing involves pari-mutuel wagering.

(b) Requires TCLR in adopting rules and TDLR in the supervision and conduct of racing to consider the effect of a proposed action on the state's agricultural, horse breeding, horse training, greyhound breeding, and greyhound training industry. Makes a conforming change.

SECTION 3.03. Amends Section 2023.002, Occupations Code, as follows:

Sec. 2023.002. REGULATION AND SUPERVISION OF WAGERING AT RACE MEETINGS. (a) Makes conforming changes to this subsection.

(b) Requires TCLR to adopt rules on the issuance of licenses and other rules necessary to regulate horse racing and greyhound racing and requires TDLR to issue licenses and take any other necessary action relating to the regulation of horse racing or greyhound racing, rather than requiring TRC to adopt rules, issue licenses, and take any other necessary action relating exclusively to horse racing or greyhound racing.

SECTION 3.04. Amends Section 2023.003(b), Occupations Code, to authorize TDLR to charge in the amount set by TCLR, rather than authorizing TRC to charge, an annual fee for licensing and regulating a track that does not offer pari-mutuel wagering or a training facility in a reasonable amount that is prohibited from exceeding the actual cost of enforcing rules adopted by TCLR for the licensing and regulation of races and workouts at such a facility.

SECTION 3.05. Amends Section 2023.004(d), Occupations Code, to require TCLR to post at each racetrack notice of a meeting, rather than a meeting under Subsection (c) (relating to the requirement to hold a meeting on a proposed rule), that includes an agenda of the meeting and a summary of the proposed rule.

SECTION 3.06. Amends Section 2023.006, Occupations Code, to make a conforming change.

SECTION 3.07. Amends Section 2023.007, Occupations Code, as follows:

Sec. 2023.007. RIGHT OF ENTRY. Includes a TDLR department employee and an authorized TDLR agent or peace officer among the actors authorized to enter any part of a racetrack or any other place of business of a racetrack association at any time to enforce and administer Subtitle A-1.

SECTION 3.08. Amends Section 2023.008, Occupations Code, as follows:

Sec. 2023.008. TESTIMONY AND SUBPOENA POWER. (a) Redefines "agent" for purposes of this section.

(b) Authorizes a TDLR employee, rather than a TRC member, or an agent, while involved in carrying out functions under this subtitle, to take testimony, require by subpoena the attendance of a witness, and require the production of books, records, papers, correspondence, and other documents that TCLR considers advisable.

(c) Requires that a subpoena be issued under the signature of the executive director or the executive director's designee, rather than under the signature of TRC or an agent. Requires a person designated by the executive director, rather than by TRC, to serve the subpoena.

(d) Authorizes a TDLR employee, rather than a TRC member, or an agent to administer an oath to a witness appearing before TDLR or an agent. Makes a conforming change.

(e) Authorizes TDLR, rather than TRC, or an agent, if a subpoena issued under this section is disobeyed, to invoke the aid of a Travis County district court in requiring compliance with the subpoena.

SECTION 3.09. Amends Sections 2023.051 and 2023.052, Occupations Code, to make conforming changes.

SECTION 3.10. Amends Section 2023.053(f), Occupations Code, to include an administrative penalty remitted to the Comptroller of Public Accounts of the State of Texas (comptroller) for deposit in the general revenue fund under Section 2033.058 among the revenue to which Section 2023.053 (Texas Racing Commission Fund; Additional Appropriations) does not apply. Makes nonsubstantive changes.

SECTION 3.11. Amends the heading to Section 2023.054, Occupations Code, to read as follows:

Sec. 2023.054. STANDARDS ON GREYHOUND FARMS AND FACILITIES.

SECTION 3.12. Amends Sections 2023.056, 2023.057, 2023.058, 2023.059, and 2023.061, Occupations Code, as follows:

Sec. 2023.056. COOPERATION WITH LAW ENFORCEMENT. Makes conforming changes to this section.

Sec. 2023.057. ACCESS TO CRIMINAL HISTORY RECORDS. Authorizes TDLR to obtain criminal history record information that relates to each applicant for a license issued under Subtitle A-1 by TDLR, including an occupational license described by Section 2025.251(c), rather than information that relates to each applicant for employment by TRC and to each applicant for a license issued by TRC, and that is maintained by DPS or the Federal Bureau of Investigation Identification Division. Authorizes TDLR to refuse to issue a license to, rather than refuse to recommend, an applicant who fails to provide a complete set of fingerprints. Makes conforming changes.

Sec. 2023.058. COST OF CRIMINAL HISTORY RECORD CHECK. (a) Requires TDLR, in determining the amount of a license fee, to set the fee in at least an amount necessary to cover the cost to TDLR of conducting a criminal history record check on a license applicant.

(b) Requires TDLR to reimburse DPS for the cost of conducting a criminal history record check under Subtitle A-1. Makes conforming changes.

Sec. 2023.059. DISTANCE LEARNING. Makes a conforming change to this section.

Sec. 2023.061. New heading: BIENNIAL REPORT. (a) Requires TDLR, not later than January 31 of each odd-numbered year, to file a report with the governor, lieutenant governor, and speaker of the house of representatives. Makes a conforming change.

(b) Requires that the report cover the operations of TDLR under this subtitle, rather than TRC, and the condition of horse breeding and racing and greyhound breeding and racing during the preceding two-year period, rather than during the previous year.

(c) Requires TDLR to obtain from DPS a comprehensive report of any organized crime activities in this state, rather than a comprehensive report of any organized crime activities in this state that DPS may wish to report, and information concerning illegal gambling that may be related to this subtitle known to exist in this state. Requires TDLR to include in the biennial report, rather than the annual

report, DPS's report and any recommendations TDLR considers appropriate. Makes conforming changes.

SECTION 3.13. Amends Sections 2023.101(b), (c), and (d), Occupations Code, as follows:

(b) Requires TDLR to employ or contract with, rather than employ, each steward and judge for the supervision of a horse race or greyhound race meeting. Makes a conforming change.

(c) and (d) Makes conforming changes to these subsections.

SECTION 3.14. Amends Section 2023.102(a), Occupations Code, to make a conforming change.

SECTION 3.15. Amends Section 2023.103, Occupations Code, as follows:

Sec. 2023.103. New heading: STATE VETERINARIANS. Requires TDLR, for each race meeting, to employ or contract for, rather than employ, at least one state veterinarian. Makes a conforming change.

SECTION 3.16. Amends Section 2023.104(b), Occupations Code, to make a conforming change.

SECTION 3.17. Amends Section 2023.105, Occupations Code, to make conforming changes.

SECTION 3.18. Amends Section 2023.106(b), Occupations Code, as follows:

(b) Requires TCLR to adopt rules that specify:

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

(2) procedures for hearings conducted under Section 2023.106 (Race Meeting Official Powers and Duties; Rules).

SECTION 3.19. Amends Section 2023.109, Occupations Code, by adding Subsection (c), to authorize TCLR to adopt rules specifying the requirements for appealing a decision and eligibility of orders for consideration under Section 2023.109 (Appeal From Decision of Race Meeting Official; Decisions Not Appealable).

ARTICLE 4. POWERS AND DUTIES OF COMPTROLLER

SECTION 4.01. Amends Section 2024.002(a), Occupations Code, to authorize the comptroller to inspect all books, records, and financial statements required by TCLR or obtained by TDLR, rather than required by TCLR, under Section 2022.105 (Books and Records; Inspection).

SECTION 4.02. Amends Sections 2024.053(a) and (b), Occupations Code, to make conforming changes.

ARTICLE 5. LICENSING

SECTION 5.01. Amends Sections 2025.001 and 2025.002, Occupations Code, as follows:

Sec. 2025.001. COMMISSION AND DEPARTMENT LICENSING DUTIES. (a) Requires TCLR, to preserve and protect the public health, welfare, and safety, to adopt rules relating to license applications and the financial responsibility and ability of applicants, rather than the financial responsibility, moral character, and ability of applicants.

(b) Makes a conforming change to this subsection.

(c) Requires TCLR to prescribe, rather than to annually prescribe, reasonable license fees for each category of license issued under Subtitle A-1.

(d) Makes a conforming change to this subsection.

Sec. 2025.002. LICENSE AS PRIVILEGE. Makes conforming changes to this section.

SECTION 5.02. Amends Sections 2025.003(a), (c), (d), and (e), Occupations Code, as follows:

(a) Makes a conforming change to this subsection.

(c) Requires a peace officer of any state or any TDLR employee designated by the executive director, rather than a peace officer of any state or any district office of TRC, to take the fingerprints of an applicant for a license or license renewal on forms approved and furnished by DPS and immediately deliver the forms to TDLR. Makes conforming and nonsubstantive changes.

(d) and (e) Makes conforming changes to these subsections.

SECTION 5.03. Amends Section 2025.051, Occupations Code, to make a conforming change.

SECTION 5.04. Amends Sections 2025.052(a) and (b), Occupations Code, as follows:

(a) Makes conforming changes to this subsection.

(b) Requires that an application be attested, rather than sworn, to by the applicant or if the applicant is a corporation or association, by its chief executive officer.

SECTION 5.05. Amends Sections 2025.053(a) and (c), Occupations Code, as follows:

(a) Requires that the fee accompany the application and be paid in the form of a cashier's check, certified check, or other form of payment acceptable to TDLR, rather than in the form of a cashier's check or certified check. Makes conforming and nonsubstantive changes.

(c) Makes a conforming change to this subsection.

SECTION 5.06. Amends Sections 2025.054(a) and (b), Occupations Code, as follows:

(a) Makes conforming changes to this subsection.

(b) Requires an applicant or license holder to:

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

(2) at the request of TDLR, provide any information TDLR considers necessary to review the change.

SECTION 5.07. Amends Sections 2025.055 and 2025.056, Occupations Code, as follows:

Sec. 2025.055. CONFIDENTIALITY OF APPLICATION DOCUMENTS. Makes a conforming change to this section.

Sec. 2025.056. BACKGROUND CHECK. (a) Makes a conforming change to this subsection.

(b) Authorizes TDLR to refuse to issue or renew a license or to revoke a license if, rather than requires TRC to refuse to issue or renew a license if, in TRC's sole discretion, the background checks reveal anything that may be detrimental to the

public interest or the racing industry. Provides that a proceeding under this section is subject to Subchapter G (Other Penalties and Enforcement Provisions), Chapter 51.

(c) Prohibits the executive director, rather than TRC, from holding a hearing on the application, or any part of the application, of a racetrack license applicant before the 14th day after the date the completed background check of the applicant has been on file with TDLR. Makes a conforming change.

SECTION 5.08. Amends Section 2025.057(a), Occupations Code, to make a conforming change.

SECTION 5.09. Amends Section 2025.058, Occupations Code, to make a conforming change.

SECTION 5.10. Amends Sections 2025.101(b), (c), (e), and (f), Occupations Code, as follows:

(b) and (c) Makes conforming changes to these subsections.

(e) Makes a nonsubstantive change to this subsection.

(f) Makes a conforming change. Deletes existing text authorizing TRC to amend the rules at any time and condition the continued holding of the license on compliance with the rules as amended.

SECTION 5.11. Amends Section 2025.102, Occupations Code, to make conforming changes.

SECTION 5.12. Amends Sections 2025.103(a), (c), and (d), Occupations Code, to make conforming changes.

SECTION 5.13. Amends Sections 2025.104(a), (b), and (d), Occupations Code, to make conforming changes.

SECTION 5.14. Amends Section 2025.105, Occupations Code, by amending Subsections (a), (b), (c), (d), and (e) and adding Subsection (g) as follows:

(a), (b), (c), and (d) Makes conforming changes to these subsections.

(e) Requires TCLR to set and requires TDLR to collect, rather than requires TRC to set and collect, renewal fees in amounts reasonable and necessary to cover the costs of administering and enforcing Section 2025.105 (Renewal of Inactive Racetrack License; Fees).

(g) Provides that a proceeding under Section 2025.105 is a contested case for purposes of Chapter 2001 (Administrative Procedure), Government Code.

SECTION 5.15. Amends Section 2025.106, Occupations Code, as follows:

Sec. 2025.106. New heading: DEPARTMENT REVIEW OF ACTIVE RACETRACK LICENSE; FEE. (a) and (b) Makes conforming changes to these subsections.

(c) Requires TDLR to charge fees for the review in amounts set by TCLR, rather than amounts, as sufficient to implement Section 2025.106. Makes a conforming change.

SECTION 5.16. Amends Section 2025.107(b), Occupations Code, to make a conforming change.

SECTION 5.17. Amends Sections 2025.108 and 2025.151, Occupations Code, to make conforming changes.

SECTION 5.18. Amends Section 2025.201, Occupations Code, by amending Subsections (a) and (c) and adding Subsection (d), as follows:

(a) Authorizes TDLR to refuse to issue a racetrack license or to revoke or suspend a license if, after notice and hearing, TDLR finds that the applicant or license holder, as appropriate:

(1) makes no changes to this subdivision;

(2) has been convicted of a felony or misdemeanor, rather than a felony or a crime involving moral turpitude, including a conviction for which the punishment received was a suspended sentence, probation, or a nonadjudicated conviction, that is reasonably related to the person's present fitness to hold a license under Subtitle A-1;

(3) is unqualified, by experience or otherwise, to perform the duties required of a license holder under Subtitle A-1;

(4) failed to answer or falsely or incorrectly answered a question in an application;

(5) fails to disclose the true ownership or interest in a horse or greyhound as required by TCLR rules;

(6) is indebted to this state for any fee or for the payment of a penalty imposed by Subtitle A-1 or a TCLR rule;

(7) has developed an incapacity that prevents or could prevent the applicant or license holder from conducting the applicant's or license holder's business with reasonable skill and competence and in a manner that does not endanger public safety;

(8) is not at least the minimum age necessary to purchase alcoholic beverages in this state;

(9) may be excluded from an enclosure under Subtitle A-1;

(10) has not been a United States citizen residing in this state for the 10 consecutive years preceding the filing of the application;

(11) has improperly used a credential, including a license certificate or identification card, issued under Subtitle A-1;

(12) resides with a person whose license was revoked for cause during the 12 months preceding the date of the present application;

(13) is engaged or has engaged in activities or practices TDLR determines are detrimental to the best interests of the public and the sport of horse racing or greyhound racing; or

(14) fails to fully disclose the true owners of all interests, beneficial or otherwise, in a proposed racetrack.

Deletes existing text relating to other certain applicant behaviors for which TDLR is authorized to refuse to issue a racetrack license or revoke or suspend a license. Makes conforming and nonsubstantive changes.

(c) Makes a conforming change to this subsection.

(d) Provides that a proceeding under Section 2025.201 is a contested case for purposes of Chapter 2001, Government Code.

SECTION 5.19. Amends Section 2025.202(b), Occupations Code, to make a conforming change.

SECTION 5.20. Amends Section 2025.203(a), Occupations Code, to make conforming changes.

SECTION 5.21. Amends Section 2025.204(d), Occupations Code, to make a conforming change.

SECTION 5.22. Amends Sections 2025.205, 2025.251, 2025.253, 2025.254, and 2025.255, Occupations Code, as follows:

Sec. 2025.205. SUMMARY SUSPENSION FINAL ORDER. (a) Requires TCLR, rather than requires the executive director, after the hearing on the suspension of a racetrack license, to affirm modify, or set aside, wholly or partly, the summary suspension order. Provides that an order affirming or modifying the summary suspension order is final for purposes of enforcement and appeal.

(b) Authorizes a final order under Section 2025.205 to be appealed in the manner provided by Subchapter G, Chapter 2001, Government Code.

Sec. 2025.251. OCCUPATIONAL LICENSE REQUIRED. (a) and (b) Makes conforming changes to these subsections.

(c) Authorizes TCLR by rule to require certain persons to hold an occupational license under Subtitle A-1.

Sec. 2025.253. EXAMINATION NOTIFICATION. (a) and (b) Makes conforming changes to these subsections.

Sec. 2025.254. ISSUANCE OF LICENSE. Makes a conforming change to this section.

Sec. 2025.255. ISSUANCE OF IDENTIFICATION CARD. Makes conforming changes to this section.

SECTION 5.23. Amends Section 2025.256(c), Occupations Code, to make a conforming change.

SECTION 5.24. Amends Section 2025.258(a), Occupations Code, to make a conforming change.

SECTION 5.25. Amends Section 2025.259, Occupations Code, to make a conforming change.

SECTION 5.26. Amends Section 2025.260(a), Occupations Code, to make a conforming change.

SECTION 5.27. Sections 2025.261 and 2025.262, Occupations Code, as follows:

Sec. 2025.261. RECIPROCAL LICENSES; OUT-OF-STATE APPLICANTS. (a) and (b) Makes conforming changes to these subsections.

Sec. 2025.262. GROUNDS FOR DENIAL, REVOCATION, AND SUSPENSION OF OCCUPATIONAL LICENSE. (a) Creates this subsection from existing text. Authorizes TDLR to refuse to issue any original or renewal license under this subchapter or revoke or suspend the license if, after notice and hearing, TDLR finds that the applicant or license holder, as appropriate:

(1) makes no changes to this subdivision;

(2) has been convicted of a felony or misdemeanor, rather than a felony or a crime involving moral turpitude, that is reasonably related to the person's present fitness to hold a license under Subtitle A-1;

(3) is unqualified, by experience or otherwise, to perform the duties required of a license holder under Subtitle A-1;

- (4) failed to answer or falsely or incorrectly answered a question in an application;
- (5) fails to disclose the true ownership or interest in a horse or greyhound as required by TCLR rules;
- (6) is indebted to this state for any fee or for the payment of a penalty imposed by Subtitle A-1 or a TCLR rule;
- (7) has developed an incapacity that prevents or could prevent the applicant or license holder from conducting the applicant's or license holder's business with reasonable skill and competence and in a manner that does not endanger public safety;
- (8) may be excluded from an enclosure under Subtitle A-1;
- (9) has improperly used a temporary pass, license certificate, credential, or identification card issued under Subtitle A-1;
- (10) resides with a person whose license was revoked for cause during the 12 months preceding the date of the present application;
- (11) has failed or refused to furnish a true copy of the application to TDLR's district office in the district in which the premises for which the license is sought are located; or
- (12) is engaged or has engaged in activities or practices that are detrimental to the best interests of the public and the sport of horse racing or greyhound racing; or

Deletes existing text relating to other certain applicant behaviors for which TDLR is authorized to refuse to issue any original or renewal license or revoke or suspend a license. Makes conforming and nonsubstantive changes.

- (b) Provides that a proceeding under Section 2025.262 is a contested case for purposes of Chapter 2001, Government Code.

ARTICLE 6. RACETRACK OPERATIONS AND PREMISES

SECTION 6.01. Amends Section 2026.003, Occupations Code, as follows:

Sec. 2026.003. FINANCIAL DISCLOSURE. (a) Requires TCLR by rule to require that each racetrack association that holds a license for a class 1 racetrack, class 2 racetrack, or greyhound racetrack annually file with TDLR, rather than TCLR, a detailed financial statement that contains certain information. Makes a conforming change.

- (b) Makes a conforming change to this subsection.

SECTION 6.02. Amends Section 2026.004(b), Occupations Code, as follows:

(b) Requires the affected racetrack association, if the racetrack or enclosure designated in the license becomes unsuitable for racing because of fire, flood, or other catastrophe, with the prior approval of the executive director of TCLR, rather than with the approval of TRC, to conduct a race meeting or any remaining portion of a meeting temporarily at any other racetrack if the other racetrack license holder:

- (1) makes a conforming change to this subdivision; and
- (2) makes no changes to this subdivision.

SECTION 6.03. Amends Sections 2026.005 and 2026.006, Occupations Code, as follows:

Sec. 2026.005. CHANGE OF RACING LOCATION. Makes conforming changes to this section.

Sec. 2026.006. LEASE OF RACETRACK PREMISES. (a) Requires TCLR by rule to provide for TDLR to authorize a racetrack association, as lessee, to contract for the lease of a racetrack and the surrounding structures.

(b) and (c) Makes conforming changes to these subsections.

SECTION 6.04. Amends Section 2026.007(e), Occupations Code, as follows:

(e) Requires TCLR to adopt rules implementing Section 2026.007 (Inappropriate or Unsafe Conditions; Enforcement; Rules), including rules:

(1) makes no changes to this subdivision; and

(2) determining the methods and manner by which the executive director is authorized to determine and remedy inappropriate or unsafe conditions on the premises, including the methods and manner in which TDLR, rather than the executive director of TDLR, is authorized to conduct inspections of the premises and remedy emergency situations.

SECTION 6.05. Amends Section 2026.008, Occupations Code, as follows:

Sec. 2026.008. SUPERVISION OF CONSTRUCTION, RENOVATION, AND MAINTENANCE; ENFORCEMENT. (a) Requires TCLR by rule to adopt a method of supervising and approving the construction, renovation, or maintenance of any building or improvement on the premises of a racetrack.

(b) - (e) Makes conforming changes to these subsections.

SECTION 6.06. Amends Section 2026.013(b), Occupations Code, to make a conforming change.

SECTION 6.07. Amends Section 2026.051, Occupations Code, as follows:

Sec. 2026.051. COMMISSION RULES REGARDING EXCLUSION OR EJECTION. Requires TCLR to adopt rules providing for the exclusion or ejection from an enclosure where horse or greyhound races are conducted, or from specified portions of an enclosure, of a person:

(1) - (6) makes no changes to these subdivisions;

(7) makes a conforming change to this subdivision;

(8) makes no change to this subdivision;

(9) who is guilty of disorderly conduct, rather than boisterous or disorderly conduct, while inside an enclosure;

(10) who is an agent, rather than agent or habitual associate, of a person excludable under this section; or

(11) makes a nonsubstantive change to this subdivision.

Deletes text providing for the exclusion or ejection from an enclosure of a person who has been convicted of committing a lewd or lascivious act or other crime involving moral turpitude. Makes nonsubstantive changes.

SECTION 6.08. Amends Sections 2026.052(a) and (b), Occupations Code, as follows:

(a) Makes a conforming change to this subdivision.

(b) Provides that a proceeding under Section 2026.052 (Exclusion or Ejection From

Enclosure; Hearing; Appeal) is a contested case for purposes of Chapter 2001, Government Code. Provides that if, after a hearing as provided under Subchapter C of Chapter 2001, TCLR determines that the exclusion or ejection was proper:

- (1) TCLR is required to issue an order to that effect, rather than issue an order and enter the order in TRC's minutes; and
- (2) makes no changes to this subdivision.

Deletes existing text providing that an application for a hearing under Subsection (a) constitutes a contested case under Chapter 2001, Government Code.

SECTION 6.09. Amends Section 2026.102(a), Occupations Code, to make conforming changes.

SECTION 6.10. Amends Section 2026.103, Occupations Code, to make a conforming change.

SECTION 6.11. Amends Section 2026.105(b), Occupations Code, to make a conforming change.

SECTION 6.12. Amends Section 2026.106, Occupations Code, to make conforming changes.

SECTION 6.13. Amends Section 2026.107(b), Occupations Code, to make a conforming change.

SECTION 6.14. Amends Sections 2026.151 and 2026.152, Occupations Code, as follows:

Sec. 2026.151. New heading: DEPARTMENT APPROVAL REQUIRED. (a) and (b) Makes conforming changes to these subsections.

Sec. 2026.152. New heading: DEPARTMENT REVIEW OF SECURITY PLANS AND CERTAIN CONTRACTS. (a) and (b) Makes conforming changes to these subsections.

SECTION 6.15. Amends Section 2026.153(b), Occupations Code, to make a conforming change.

ARTICLE 7. WAGERING

SECTION 7.01. Amends Section 2027.001(b), Occupations Code, as follows:

(b) Requires that rules adopted under Subtitle A-1 include rules to:

- (1) makes no changes to this subdivision;
- (2) prohibit wagering by a TDLR employee, rather than a TRC employee;
- (3) and (4) makes no changes to this subdivision;

SECTION 7.02. Amends Sections 2027.003 and 2027.004, Occupations Code, as follows:

Sec. 2027.003. WAGERING COMPUTATION EQUIPMENT. (a) and (b) Makes conforming changes to these subsection.

Sec. 2027.004. AUTOMATED TELLER MACHINES: RULES, LIMITATIONS, AND FEES. (a) Requires TCLR to:

- (1) makes no changes to this subdivision; and
- (2) direct TDLR to limit the use of automated teller machines by allowing a person access only to the person's checking account at a bank or other financial institution.

(b) and (c) Makes conforming changes to these subsections.

SECTION 7.03. Amends Section 2027.006(d), Occupations Code, to make a conforming change.

SECTION 7.04. Amends Section 2027.052(a), Occupations Code, to make a conforming change.

SECTION 7.05. Amends the heading to Section 2027.053, Occupations Code, to read as follows:

Sec. 2027.053. DEPARTMENT APPROVAL REQUIRED FOR PARI-MUTUEL POOL INCLUSION.

SECTION 7.06. Amends Section 2027.053(a), Occupations Code, to make a conforming change.

SECTION 7.07. Amends Section 2027.054(c), Occupations Code, to make a conforming change.

ARTICLE 8. PARI-MUTUEL POOLS, PURSES, AND FEES

SECTION 8.01. Amends the heading to Subchapter A, Chapter 2028, Occupations Code, to read as follows:

SUBCHAPTER A. OVERSIGHT OF PARI-MUTUEL RACING FUNDS

SECTION 8.02. Amends Section 2028.001(a), Occupations Code, to make a conforming change.

SECTION 8.03. Amends Sections 2028.002 and 2028.003, Occupations Code, to make conforming changes.

SECTION 8.04. Amends Section 2028.102(e), Occupations Code, to make a conforming change.

SECTION 8.05. Amends Sections 2028.103(a) and (a-1), Occupations Code, to make conforming changes.

SECTION 8.06. Amends Sections 2028.105(b), (d), and (d-1), Occupations Code, as follows:

(b) Provides that the appropriate state horse breed registries include the Texas Thoroughbred Association for Thoroughbred horses, rather than the Texas Breeders Association for Thoroughbred horses. Makes a conforming change.

(d) and (d-1) Makes conforming changes to these subsections.

SECTION 8.07. Amends Section 2028.154(a), Occupations Code, to make conforming changes.

SECTION 8.08. Amends Section 2028.201, Occupations Code, as follows:

Sec. 2028.201. RULES. (a) Creates this subsection from existing text. Requires TCLR to adopt rules relating to this subchapter and the oversight of the amounts allocated under Sections 2028.202(b)(1), (2), and (3) and (c) (relating to the amounts a certain horse racetrack is required to distribute from each pool wagered on the signal at the racetrack), rather than under Sections 2028.202(b), and (c).

(b) Requires TCLR to adopt rules relating to the oversight of the amounts allocated under Section 2028.202(b)(4).

SECTION 8.09. Amends Sections 2028.202(a), (a-1), and (b), Occupations Code, as follows:

(a) and (a-1) Makes conforming changes to these subsections.

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

(1) - (3) makes no changes to these subdivisions; and

(4) a purse of 4.5 percent to be deposited in the horse industry escrow account as provided by Section 2028.204, rather than a purse of 4.5 percent to be escrowed with TRC in the manner provided by Section 2028.204.

SECTION 8.10. Amends Sections 2028.203 and 2028.204, Occupations Code, as follows:

Sec. 2028.203. New heading: REIMBURSEMENT FOR SIMULCAST SIGNAL COST. Requires TDLR from the horse industry escrow account established under Section 2028.204, rather than from the escrowed account under Section 2028.202(b)(4), if a racetrack association purchases an interstate simulcast signal and the signal cost exceeds five percent of the pari-mutuel pool, to reimburse the racetrack association an amount equal to one-half of the signal cost that exceeds five percent of the pari-mutuel pool.

Sec. 2028.204. New heading: HORSE INDUSTRY ESCROW ACCOUNT; DEPOSIT AND ALLOCATION OF MONEY (a) Provides that the horse industry escrow account is a trust account in TDLR's registry composed of money deposited to the account in accordance with this subtitle.

(b) Creates this subsection from existing text. Requires a greyhound racetrack association to deposit into the horse industry escrow account, rather than an escrow account in TRC's registry, the purse set aside under Section 2028.202(b)(4).

(c) Creates this subsection from existing text and makes conforming changes.

SECTION 8.11. Amends Section 2028.2041, Occupations Code, as follows:

Sec. 2028.2041. New heading: ALLOCATION OF CERTAIN FUNDS IN HORSE INDUSTRY ESCROW ACCOUNT TO GENERAL REVENUE FUND; MAXIMUM ACCOUNT BALANCE. (a) Requires the comptroller, in each state fiscal biennium, to deposit the amounts allocated under Section 151.801(c-3), Tax Code, into the horse industry escrow account established under Section 2028.204, rather than into the escrow account established under Section 2028.204(b), until the comptroller determines the amount deposited into the account in that fiscal biennium equals the greater of certain amounts. Makes a conforming change.

(b) and (c) Makes conforming changes to these subsections.

SECTION 8.12. Amends Section 2028.205, Occupations Code, as follows:

Sec. 2028.205. New heading: ADDITIONAL ALLOCATIONS FROM HORSE INDUSTRY ESCROW ACCOUNT FOR CERTAIN RACETRACKS. (a) - (c) Makes conforming changes to these subsections.

SECTION 8.13 Amends Section 2028.301, Occupations Code, to make conforming changes.

SECTION 8.14. Amends Chapter 2028, Occupations Code, by adding Subchapter H, as follows:

SUBCHAPTER H. NATIONAL EVENT INCENTIVES

Sec. 2028.401. NATIONAL EVENT INCENTIVES. (a) Defines "Breeders' Cup costs," "Breeders' Cup races," "development organization," and "political subdivision."

(b) Authorizes an association conducting the Breeders' Cup races to apply to the reimbursement of Breeders' Cup costs amounts that would otherwise be set aside by the association for the state under Sections 2028.051 (Set-Aside from Live Pari-Mutuel Pool) and 2028.202(a)(1) (relating to requiring a racetrack association to distribute an amount equal to one percent of each simulcast pari-mutuel pool to TDLR) during the year in which the association hosts the Breeders' Cup races, limited to an amount equal to the lesser of the aggregate amount contributed to pay Breeders' Cup costs by political subdivisions and development organizations or \$2 million. Requires that amounts that would otherwise be set

aside by the association for the state during that year under Sections 2028.051 and 2028.202(a)(1), beginning on January 1 of the year for which the association has been officially designated to host the Breeders' Cup races, be set aside, in accordance with procedures prescribed by the comptroller, for deposit into the Breeders' Cup Developmental Account. Provides that the Breeders' Cup Developmental Account is an account in the general revenue fund. Requires TDLR to administer the account. Authorizes the money in the account to be appropriated only to TDLR and to be used only for the purposes specified in this section. Provides that the account is exempt from the application of Section 403.095 (Use of Dedicated Revenue), Government Code.

(c) Requires TDLR to make disbursements from the Breeders' Cup Developmental Account to reimburse Breeders' Cup costs actually incurred and paid by the association, after the association files a request for reimbursement. Prohibits disbursements from the account from at any time exceeding the aggregate amount actually paid for Breeders' Cup costs by political subdivisions and development organizations, as certified by TDLR to the comptroller, or \$2 million, whichever is less.

(d) Requires the association, not later than January 31 of the year following the year in which the association hosts the Breeders' Cup races, to submit to TDLR a report that shows:

(1) the total amount of Breeders' Cup costs incurred and paid by the association;

(2) the total payments made by political subdivisions and development organizations for Breeders' Cup costs; and

(3) any other information requested by TDLR.

(e) Requires TDLR, following receipt of the report required by Subsection (d), to take any steps it considers appropriate to verify the report. Requires TDLR, not later than March 31 of the year following the event, to transfer to the credit of the general revenue fund any balance remaining in the Breeders' Cup Developmental Account after reimbursement of any remaining Breeders' Cup costs authorized under this section.

(f) Authorizes TDLR and the comptroller, in addition to the authority otherwise granted in Subtitle A-1, to adopt rules for the administration of this section as follows:

(1) TDLR is authorized to adopt rules relating to:

(A) auditing or other verification of Breeders' Cup costs and amounts paid or set aside by political subdivisions and development organizations; and

(B) the disbursement of funds from the Breeders' Cup Developmental Account; and

(2) the comptroller is authorized to adopt rules relating to:

(A) procedures and requirements for transmitting or otherwise delivering to the treasury the money set aside under this section; and

(B) depositing funds into the Breeders' Cup Developmental Account.

(g) Authorizes TCLR to adopt rules to facilitate the conduct of the Breeders' Cup races, including the adoption of rules or waiver of existing rules relating to the overall conduct of racing during the Breeders' Cup races in order to assure the integrity of the races, licensing for all participants, special stabling and training requirements for foreign horses, and commingling of pari-mutuel pools.

(h) Provides that to the extent of any conflict between this section and another provision of Subtitle A-1, this section prevails.

SECTION 8.15. Amends Section 2029.001, Occupations Code, as follows:

Sec. 2029.001. ALLOCATION OF HORSE RACING DAYS; PROHIBITED RACING DAYS. (a) and (b) Makes conforming changes to these subsections.

(c) Authorizes TCLR by rule to prohibit racing on Sunday unless the prohibition would conflict with another provision of Subtitle A-1. Authorizes TCLR to delegate to the executive director TCLR's authority under this subsection.

ARTICLE 9. ALLOCATION OF RACING DAYS

SECTION 9.01. Amends Sections 2029.002(a) and (c), Occupations Code, to make conforming changes.

SECTION 9.02. Amends Section 2029.003, Occupations Code, to make conforming changes.

SECTION 9.03. Amends Sections 2029.052(a) and (b), Occupations Code, to make conforming changes.

SECTION 9.04. Amends Section 2029.053, Occupations Code, as follows:

Sec. 2029.053. SUBSTITUTE RACING DAYS OR ADDITIONAL RACES. Authorizes the executive director, rather than TCLR, in the executive director's discretion and at the request of the racetrack association, as a substitute for the race, if, for a reason beyond a greyhound racetrack association's control and not caused by the racetrack association's fault or neglect, it is impossible for the racetrack association to conduct a race on a day authorized by TDLR, to substitute certain racing days. Makes conforming changes.

ARTICLE 10. TEXAS-BRED HORSES AND GREYHOUNDS

SECTION 10.01. Amends Section 2030.001(b), Occupations Code, to make a conforming change.

SECTION 10.02. Amends Section 2030.002(b), Occupations Code, to make a conforming change.

SECTION 10.03. Amends Sections 2030.005 and 2030.006, Occupations Code, as follows:

Sec. 2030.005. EQUITABLE NUMBER OF RACES FOR EACH BREED. (a) Makes a conforming change to this subsection.

(b) Authorizes TCLR by rule, rather than by rule or by order, to allow for an exception to Subsection (a) (relating to requiring a racetrack association to provide an equitable number of races for each breed) if an insufficient number of horses of a breed are available to provide sufficient competition. Authorizes TCLR to delegate to the executive director TCLR's authority under this subsection.

Sec. 2030.006. EQUITABLE STABLING. Makes a conforming change to this subsection.

SECTION 10.04. Amends Section 2030.051(b), Occupations Code, to make a conforming change.

ARTICLE 11. TEXAS DERBIES

SECTION 11.01. Amends Section 2031.001, Occupations Code, as follows:

Sec. 2031.001. ESTABLISHMENT OF TEXAS DERBIES. (a) Requires TCLR by rule to establish as Texas Derbies certain annual stakes races.

(b) and (c) Makes conforming changes to these subsections.

SECTION 11.02. Amends Section 2031.003(a), Occupations Code, to make a conforming change.

SECTION 11.03. Amends Sections 2031.004(a) and (e), Occupations Code, to make conforming changes.

ARTICLE 12. LIVESTOCK SHOWS, EXHIBITS, AND FAIRS

SECTION 12.01. Amends Chapter 2032, Occupations Code, by adding Section 2032.004, as follows:

Sec. 2032.004. RULES. Authorizes TCLR to adopt rules as necessary to administer Chapter 2032 and ensure public safety and welfare.

ARTICLE 13. CRIMINAL AND ADMINISTRATIVE PENALTIES; DISCIPLINARY POWERS

SECTION 13.01. Amends Section 2033.006(a), Occupations Code, to provide that a person commits an offense if the person knowingly possesses or displays a credential issued by TDLR, rather than knowingly possesses or displays a credential, or a false credential that identifies the person as the holder of the credential and the person knows that the credential is not issued to the person or that the person is not a license holder.

SECTION 13.02. Amends Sections 2033.007(a) and (b), Occupations Code, as follows:

(a) Makes conforming changes to this subsection.

(b) Provides that a person commits an offense if, after a lawful request, the person knowingly fails or refuses to perform certain actions, including to display a credential issued by TDLR to another person, rather than to display a credential, to another person.

SECTION 13.03. Amends Section 2033.008(a), Occupations Code, to make a conforming change.

SECTION 13.04. Amends Section 2033.009(a), Occupations Code, to make a conforming change.

SECTION 13.05. Amends Section 2033.012(c), Occupations Code, to make a conforming change.

SECTION 13.06. Amends Section 2033.013(c), Occupations Code, to make conforming changes.

SECTION 13.07. Amends Sections 2033.018(a) and (b), Occupations Code, as follows:

(a) Provides that a person consents to a search for a prohibited device, prohibited substance, or other contraband at a time and location described by Subsection (b) (relating to the actors authorized to conduct a search, except in certain locations) if the

person:

(1) accepts a license or other credential issued by TDLR under Subtitle A-1, rather than a license or other credential issued under Subtitle A-1; or

(2) enters a racetrack under the authority of a license or other credential alleged to have been issued by TDLR under Subtitle A-1, rather than a license or other credential alleged to have been issued under Subtitle A-1.

(b) Makes a conforming change to this subsection.

SECTION 13.08. Amends Sections 2033.021, 2033.051, and 2033.052, Occupations Code, as follows:

Sec. 2033.021. New heading: DEPARTMENT AUTHORITY. Makes a conforming change to this section.

Sec. 2033.051. IMPOSITION OF PENALTY. Authorizes TCLR or the executive director, rather than TCLR, if TCLR or the executive director determines that a person regulated under Subtitle A-1 has violated Subtitle A-1 or a rule or order adopted under Subtitle A-1 in a manner that constitutes a ground for a disciplinary action under Subtitle A-1, to assess an administrative penalty against that person as provided by Subchapter B (Administrative Penalty) or Subchapter F (Administrative Penalty), Chapter 51, rather than as provided by Subchapter B.

Sec. 2033.052. AMOUNT OF PENALTY. (a) Authorizes TCLR or the executive director, rather than TCLR, notwithstanding Subchapter F, Chapter 51, to assess an administrative penalty under Subchapter B in an amount not to exceed \$10,000 for each violation.

(b) Requires TCLR or the executive director, rather than TCLR, in determining the amount of the penalty, to consider the seriousness of the violation.

SECTION 13.09. Amends Section 2033.057(a), Occupations Code, to make a conforming change.

SECTION 13.10. Amends Subchapter B, Chapter 2033, Occupations Code, by adding Section 2033.058, as follows:

Sec. 2033.058. DISPOSITION OF ADMINISTRATIVE PENALTY. Requires TCLR to remit an administrative penalty collected under Subtitle A-1 to the comptroller for deposit in the general revenue fund.

SECTION 13.11. Amends Section 2033.106(a), Occupations Code, to authorize the executive director, if the executive director reasonably believes that a person has violated a final and enforceable cease and desist or emergency order, rather than an enforceable cease and desist order, to take certain actions.

SECTION 13.12. Amends Section 2033.151, Occupations Code, as follows:

Sec. 2033.151. DISCIPLINARY ACTIONS. (a) Authorizes, rather than requires, TCLR to revoke, suspend, or refuse to renew a license, place on probation a person whose license has been suspended, or reprimand a license holder for a violation of Subtitle A-1 or a TCLR rule.

(b) Makes a conforming change to this subsection.

(c) Provides that a disciplinary proceeding under Subtitle A-1 is governed by Chapter 51 and TCLR rules adopted under Chapter 51.

SECTION 13.13. Amends the heading to Section 2033.152, Occupations Code, to read as follows:

Sec. 2033.152. PROCEEDING FOR DISCIPLINARY ACTION CONCERNING SUSPENSION, REVOCATION, OR REFUSAL TO RENEW LICENSE.

SECTION 13.14. Amends Section 2033.152(b), Occupations Code, to provide that a proceeding for a disciplinary action, other than those conducted by a steward or judge, in which TCLR proposes to suspend, revoke, or refuse to renew a person's license, rather than proceedings for a disciplinary action other than those conducted by a steward or judge, is governed by Chapter 2001, Government Code. Makes nonsubstantive changes.

SECTION 13.15. Amends Section 2033.153, Occupations Code, to make a conforming change.

SECTION 13.16. Amends Section 2033.154(b), Occupations Code, to make a conforming change.

ARTICLE 14. UNLAWFUL INFLUENCE ON RACING

SECTION 14.01. Amends Section 2034.001, Occupations Code, by amending Subsections (b) and (c) and adding Subsection (e), as follows:

(b) Requires that the rules adopted under Section 2034.001 (Rules Relating to Unlawful Influences on Racing and Required Testing) by TCLR to require testing, rather than requiring TCLR to require testing, to determine whether a prohibited substance has been used.

(c) Requires that the rules adopted under Section 2034.001, rather than TCLR's rules, require state-of-the-art testing methods. Makes a conforming change.

(e) Requires TCLR to adopt rules regarding disciplinary actions under Chapter 2034 (Unlawful Influence on Racing), including the right of appeal to TCLR from a disciplinary action under Section 2034.006 (Disciplinary Action for Prohibited Device or Substance).

SECTION 14.02. Amends Section 2034.002, Occupations Code, to make conforming changes.

SECTION 14.03. Amends Sections 2034.003(c), (d), and (e), Occupations Code, to make conforming changes.

SECTION 14.04. Amends Sections 2034.005(a) and (b), Occupations Code, to make conforming changes.

SECTION 14.05. Amends Section 2034.007, Occupations Code, as follows:

Sec. 2034.007. DISCIPLINARY ACTION FOR RULE VIOLATION OF PROHIBITED DEVICE OR SUBSTANCE. Authorizes a person who violates a rule adopted under Chapter 2034, in addition to any other disciplinary action authorized by Chapter 51, Subtitle A-1, or TCLR rule, rather than authorizing a person who violates a rule adopted under Chapter 2034, to experience certain repercussions. Makes conforming changes.

ARTICLE 15. LOCAL OPTION ELECTION TO LEGALIZE PARI-MUTUEL WAGERING

SECTION 15.01. Amends Section 2035.001(a), Occupations Code, to make a conforming change.

SECTION 15.02. Amends Section 2035.052, Occupations Code, to make a conforming change.

ARTICLE 16. CONFORMING AMENDMENTS.

SECTION 16.01. Amends Section 411.096(a), Government Code, to make conforming changes.

SECTION 16.02. Amends Section 151.801(c-3), Tax Code, to make conforming changes.

ARTICLE 17. REPEALER

SECTION 17.01. (a) Repealer: Section 2022.001(b) (relating to ex officio membership in TRC), Occupations Code.

Repealer: Section 2022.001(c) (relating to appointed commission members in TRC), Occupations Code.

Repealer: Section 2022.001(d) (relating to the authorized veterinarian member of TRC), Occupations Code.

Repealer: Section 2022.001(e) (relating to appointments to the TRC being made without regard to race, color, disability, sex, religion, age, or national origin of the appointees), Occupations Code.

Repealer: Section 2022.001(f) (relating to the requirement of the governor to attempt to reflect minority groups in the state when making appointments to TRC), Occupations Code.

Repealer: Section 2022.002(b) (relating to the time an ex officio member of TRC holds office), Occupations Code.

Repealer: Section 2022.003 (Financial Statement Required), Occupations Code.

Repealer: Section 2022.004 (Restrictions on Commission Appointment, Membership, and Employment), Occupations Code.

Repealer: Section 2022.005 (Grounds for Removal), Occupations Code.

Repealer: Section 2022.006 (Member Training), Occupations Code.

Repealer: Section 2022.007 (Member Per Diem And Reimbursement For Expenses), Occupations Code.

Repealer: Section 2022.009(b) (relating to the adoption of rules by TRC providing for the holding of special meetings), Occupations Code.

Repealer: Section 2022.009(c) (relating to the requirement that TRC keep a public record of every vote at its general office), Occupations Code.

Repealer: Section 2022.010 (Commission Offices), Occupations Code.

Repealer: Section 2022.011 (Money Paid to Commission), Occupations Code.

Repealer: Section 2022.012 (Legal Representation), Occupations Code.

Repealer: Section 2022.013 (Negotiated Rulemaking and Alternative Dispute Resolution Procedures), Occupations Code.

Repealer: Section 2022.014 (Public Participation), Occupations Code.

Repealer: Section 2022.051 (Executive Director; Duties), Occupations Code.

Repealer: Section 2022.052(a) (relating to the requirement that TRC hire employees as necessary to administer Subtitle A-1), Occupations Code.

Repealer: Section 2022.052(b) (relating to requiring TRC to employ the executive

director and other employees to reflect the diversity of the state), Occupations Code.

Repealer: Section 2022.053 (Commission Investigators), Occupations Code.

Repealer: Section 2022.054 (Career Ladder; Performance Evaluations), Occupations Code.

Repealer: Section 2022.055 (Equal Employment Opportunity Policy), Occupations Code.

Repealer: Section 2022.056 (Division of Responsibility), Occupations Code.

Repealer: Section 2022.057 (Background Checks and Qualification Criteria), Occupations Code.

Repealer: Section 2022.101 (Public Interest Information), Occupations Code.

Repealer: Section 2022.102 (Information Relating to Complaint Procedures), Occupations Code.

Repealer: Section 2022.106 (Public Inspection of Records), Occupations Code.

Repealer: Section 2023.004(b) (relating to TRC establishing separate sections to review or propose TRC rules), Occupations Code.

Repealer: Section 2023.004(c) (relating to TRC holding a meeting on a proposed rule before publishing the proposed rule), Occupations Code.

Repealer: Section 2023.004(f) (relating to TRC appointing a committee of experts to advise TRC about a proposed rule), Occupations Code.

Repealer: Section 2023.009 (Judicial Review of Commission Order), Occupations Code.

Repealer: Section 2025.204(e) (relating to the application of a certain section to a summary suspension hearing for a racetrack association), Occupations Code.

Repealer: Section 2025.258(b) (relating to TRC ensuring that criminal history record information is obtained on each license holder at least once every 36 months), Occupations Code.

Repealer: Section 2033.053 (Preliminary Report and Notice of Violation and Penalty), Occupations Code.

Repealer: Section 2033.054 (Penalty to be Paid or Hearing Requested), Occupations Code.

Repealer: Section 2033.055 (Hearing), Occupations Code.

Repealer: Section 2033.056 (Options Following Decision: Pay or Appeal), Occupations Code.

Repealer: Section 2033.057(b) (relating to a complaint alleging a violation of Subtitle A-1 being decided by TRC under certain contested case provisions), Occupations Code.

Repealer: Section 2033.152(a) (relating to a person entitled to a hearing if TRC proposes to suspend, revoke, or refuse to renew the person's license), Occupations Code.

Repealer: Section 2033.152(c) (relating to TRC rules of practice not conflicting with State Office of Administrative Hearings rules), Occupations Code.

(b) Repealer: Title 6 (Amusements - Public Houses Of), Vernon's Texas Civil Statutes.

ARTICLE 18. TRANSITION AND SAVINGS PROVISIONS

SECTION 18.01. (a) Provides that TRC is abolished on the effective date of this Act but continues in existence until December 1, 2021, for the sole purpose of transferring obligations, property, rights, powers, and duties to TDLR. Provides that TDLR assumes all of the obligations, property, rights, powers, and duties of TRC as they exist immediately before the effective date of this Act. Provides that all unexpended funds appropriated to TRC are transferred to TDLR.

(b) Requires TRC and TDLR, in consultation with appropriate state entities, to ensure that the transfer of the obligations, property, rights, powers, and duties of TRC to TDLR is completed not later than December 1, 2021.

(c) Provides that all rules of TRC are continued in effect as rules of TDLR until superseded by a rule of TCLR. Provides that a license issued by TRC is continued in effect as provided by the law in effect immediately before the effective date of this Act. Provides that an application for a license, endorsement, or certificate of registration pending on the effective date of this Act is continued without change in status after the effective date of this Act. Provides that a complaint, investigation, contested case, or other proceeding pending on the effective date of this Act is continued without change in status after the effective date of this Act.

(d) Requires TCLR to adopt any rules necessary to implement the changes in law made by this Act to Subtitle A-1, Title 13, Occupations Code, not later than September 1, 2022.

(e) Provides that a reference to TRC in a law or administrative rule means TDLR, unless the context indicates otherwise.

SECTION 18.02. (a) Requires the presiding officer of TCLR, not later than December 1, 2021, with the approval of TCLR, to appoint members to advisory board in accordance with Section 2022.001, Occupations Code, as amended by this Act. Provides that a member of TRC whose term expired under Section 18.01 of this Act is eligible for appointment to the advisory board.

(b) Requires the members of TRC whose terms expire under Section 18.01 of this Act to continue to provide advice to TDLR until a majority of the members of the advisory board are appointed under Subsection (a) of this section and qualified.

SECTION 18.03. (a) Requires the executive director, not later than September 1, 2023, in accordance with Section 51.202(c) (relating to the development of cost management procedures by the executive director), Occupations Code, to determine with reasonable accuracy the cost to TDLR of the racing program and activities for which a fee is charged.

(b) Requires the executive director, on development of the cost management procedures, to make recommendations to TCLR for review and consideration.

SECTION 18.04. Provides that the changes in law made by this Act apply to revenue received from the imposition of an administrative penalty on or after the effective date of this Act, regardless of whether the penalty was imposed before, on, or after the effective date of this Act.

SECTION 18.05. (a) Provides that a violation of a law that is repealed by this Act is governed by the law in effect when the violation was committed, and the former law is continued in effect for that purpose.

(b) Provides that a violation was committed before the effective date of this Act if any

element of the violation occurred before that date for purposes of this section.

SECTION 18.06. Provides that this Act prevails over another Act of the 87th Legislature, Regular Session, 2021, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 18.07. Requires the Texas Legislative Council, with the assistance of the Sunset Advisory Commission, to prepare for consideration by the 88th Legislature a nonsubstantive revision of the statutes of this state as necessary to reflect the changes in law made by this Act.

ARTICLE 19. EFFECTIVE DATE

SECTION 19.01. Effective date: September 1, 2021.