

Mary Ruyle

From: Mary Ruyle <maryr@texasthoroughbred.com>
Sent: Wednesday, October 7, 2015 4:05 PM
To: Info@GregAbbott.com
Subject: FW: Texas Horse Industry Concerns
Attachments: HHR annotated rules.pdf



October 7, 2015

The Honorable Greg Abbott
Governor of the State of Texas
PO Box 12428
Austin, TX 78711-2428

Dear Governor Abbott,

Established in 1955, the Texas Thoroughbred Association (TTA) is the steward of Thoroughbred racing and breeding in Texas. Pursuant to Sec. 9.01 and 9.02 of the Texas Racing Act, the TTA is the officially designated state breed registry for Thoroughbred horses and is mandated by the Texas Racing Act to administer the Accredited Texas-Bred (ATB) Program. The ATB Program was designed to enhance and promote the Texas breeding and racing industry, in part by providing incentive awards for Thoroughbred owners and breeders.

In a nutshell, we endeavor to promote breeding and racing in Texas, foster its improvement, and attract and educate breeders, owners and fans.

At one time, the TTA was the largest state Thoroughbred association in the United States. The passage of pari-mutuel wagering in the late 1980's brought a surge of excitement. With the building of racetracks and farms, the future was promising, and horses were brought into the state to breed and race by enthusiastic Texans, happy to be able to participate in their home state.

Then, a period of steep decline ensued as we were unable to compete with our surrounding states, which added new forms of gaming to boost purses and grow their horse industry. Many Texans went out of state to take advantage of more lucrative purses and state-bred programs. Now, we are down to 1,100 members, ranging from those with "Mom and Pop" operations and just a few horses to those with many horses and employees.

After many failed attempts for legislative assistance, the industry came together to look for alternatives that would help racing survive in our state. After three years of research, which included numerous legal opinions, the Texas Racing Commission moved forward with adopting rules allowing Historical Racing Terminals at licensed Texas tracks. Immediately after the adoption of the rules, the Kickapoo Traditional Tribe, along with some charitable bingo organizations filed a suit against the Commission, claiming they did not have the authority to implement these rules. The judge ruled in favor of the plaintiffs and the industry is currently in the

appeal process. We strongly believe that we should be allowed due process and deserve to have our day in court.

Despite a vote of the full legislature which fully funded the agency, the Legislative Budget Board placed a rider on the agency's budget and withheld \$1.2 million in administrative funding for the Commission, without any specific ties to action. On September 1st of this year, the Texas Racing Commission and all of the Texas race tracks were forced to shut down for one day, causing losses of revenue throughout the industry. Thanks to a select few members of the LBB, the agency did receive temporary funding from their allocated budget amount. The end of the temporary funding is November 30, 2015. As of today, there has been no movement by the LBB to fully fund the Racing Commission. Most importantly, we have been informed by the agency's general counsel and the Deputy Executive Director, that without funding in place, the agency will be forced to begin a systematic shut down on November 1, 2015. We cannot wait until the 11th hour once again.

To each of our members, his investment is significant. Those members are now struggling with hard decisions in the face of an uncertain future.

Breeders are now faced with making decisions on where their mares will foal next spring, considering how the Texas-bred program compares with other options.

They also must make plans for which stallions they wish to breed their mares, or even whether to breed them at all.

Owners and trainers must make plans for where their horses will go to race. Will there be enough racing in Texas to meet their needs, or will they be forced to go out of state?

Racetrack workers must be wondering if they need to be making contingency plans.

Suppliers and equipment dealers must consider inventory issues.

Landowners may consider selling, especially if that land produced their livelihood.

The horsemen of Texas implore you to help protect jobs and families who depend on racing to sustain them. Please use your elected office to insure full funding of the Texas Racing Commission.

It is our view that Historical Racing Terminals are an advanced form of technology allowing patrons to place a pari-mutuel wager on a horse race, and that we have the right to have the issue continue to proceed through the judicial system. If the Texas Legislature sees fit to pass a bill to further regulate this industry, then this would be an appropriate step during the next legislative session, where it can be publicly and openly debated on its merits.

At this time and for the foreseeable future, the Texas Racing Commission rules regulating pari-mutuel wagering on historical races cannot be acted upon. Wagering terminals that would pass muster by the Commission do not even exist. **What those rules do provide is a glimmer of hope to participants of the Texas horse industry.**

As a matter of information, I am attaching annotated rules on pari-mutuel wagering on historical races, as passed by the Texas Racing Commission.

Thank you for your time, and if you or your staff would like more information, please feel free to contact me at 512.458.6133.

Respectfully,

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Attachments,
cc: Chief of Staff