



**YEAR 2000
ANNUAL REPORT**

NOTE:
EXCEPT WHERE INDICATED, INFORMATION IN THIS REPORT IS BASED ON
CALENDAR YEAR 2000 AND IS NOT AUDITED.

TEXAS RACING COMMISSION

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TABLE OF CONTENTS

REPORTS TO GOVERNOR	
Transmittal Letters _____	2
Department of Public Safety Annual Assessment _____	4
THE COMMISSION	
Policy Making Body _____	6
Organizational Chart _____	7
Regulatory Functions & Activities _____	8
Highlights & Statistics of Year 2000 _____	11
Commission Inspection Program _____	16
RELATED PROGRAMS	
Texas-bred Incentive Programs _____	17
Equine Research Program _____	20
STATISTICS	
Year 2000 Statistical Racetrack Information _____	22
Year 2000 Purse Statistics _____	25
Five Year Overview of Pari-Mutuel Racing _____	26
Year 2001 Granted Live Race Dates _____	27
<u>GREYHOUND RACETRACKS</u>	
Corpus Christi Greyhound Race Track _____	28
Gulf Greyhound Park _____	29
Valley Race Park _____	30
<u>HORSE RACETRACKS</u>	
Lone Star Park at Grand Prairie, Class 1 _____	31
Retama Park, Class 1 _____	32
Sam Houston Race Park, Class 1 _____	33
Manor Downs, Class 2 _____	34
Gillespie Fair & Festivals Association, Class 3 _____	35
<u>OTHER LICENSED RACETRACKS</u>	
Austin Jockey Club _____	36
Lubbock Downs _____	36
APPENDIX	
Summary of Fiscal Year 2000 Financial & Performance Information _____	ii
Glossary of Racing Terms _____	iv
Charts Depicting Pari-mutuel Distributions _____	vi
Licensed Racetrack Directory _____	x
Texas Racing Industry Organizations & Associations Directory _____	xi



TEXAS RACING COMMISSION
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January 31, 2001

The Honorable Rick Perry
Governor of the State of Texas
State Capitol, Room 200
Austin, Texas 78701

Dear Governor Perry:

On behalf of the Texas Racing Commission, I am pleased to submit the Annual Report for Year 2000 in accordance with Section 3.10 of the Texas Racing Act, Vernon's Texas Civil Statutes.

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 the Commission's regulatory efforts, along with statistics of interest, are highlighted in this report. With another year of overall growth, pari-mutuel racing continues to be recognized as both an economic and recreational asset to Texas!

I wish to thank all members of the Commission for their valued contributions this past year, especially the Chair of the Public Safety Commission and the Comptroller of Public Accounts and their staffs for their continuing assistance and cooperation in regulating the pari-mutuel industry.

I would also like to thank and commend the staff of the Commission. The horse and greyhound industry operates seven days a week, 365 days a year. That, coupled with the complexities of the pari-mutuel industry and the geographical dispersion of the racetracks, provides unusual daily challenges for the staff. The Commissioners are proud of the staff's work and marvel at their continued dedication.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Terri Lacy".

Terri Lacy
Chair

TL:jjc



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January 31, 2001

The Honorable Rick Perry
Governor of the State of Texas
State Capitol, Room 200
Austin, Texas 78701

Dear Governor Perry:

It is my pleasure as the chief administrator of the Texas Racing Commission to present the Annual Report for Year 2000.

Although racing attracted 3.3 million fans who wagered over \$633 million, the real payoff of the pari-mutuel industry is its overall economic impact to the State. Using a conservative model developed by the Racetrack Industry Program at the University of Arizona, we estimate that in the year 2000, the economic impact of the 5 Texas horse racetracks and 3 greyhound racetracks was over \$625 million!

Racing is labor intensive and means jobs both on and off the racetracks for trainers, grooms, kennel workers, veterinarians, racing officials, concession workers, pari-mutuel clerks, office staff, and numerous other positions. Indirectly, racing also provides jobs in farming, ranching, transportation, restaurants and hotels, and other tourism related professions.

During this past year, although the Texas pari-mutuel racing industry overall has continued to grow, the rate of growth has slowed significantly. The proliferation of illegal telephone and internet gaming, as well as expanded gaming opportunities in neighboring states, continues to affect the industry's profitability and potential. Although the Commission is concerned that these competitive elements will hinder the industry's successful development in Texas, the Commission recognizes that you and the Legislature set the state's overall gambling policy.

Therefore, the Commission will continue to strictly regulate this vital industry within the framework of current law in a manner that will maintain the trust and respect of all the citizens of our great state.

Very truly yours,

A handwritten signature in cursive script that reads "Paula C. Flowerday".

Paula C. Flowerday
Executive Secretary

PCF:mjc

TEXAS DEPARTMENT OF PUBLIC SAFETY

5805 N. LAMAR BLVD. - BOX 4087 - AUSTIN, TEXAS 78773-0001
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THOMAS A. DAVIS, JR.
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ASST. DIRECTOR

FRANKIE WALLER
ASST. DIRECTOR

January 26, 2001



COMMISSION
JAMES B. FRANCIS, JR.
CHAIRMAN

ROBERT B. HOLT
M. COLLEEN McHUGH
COMMISSIONERS

Ms. Terri Lacy, 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 Ms Lacy:

The information contained herein is provided to the Texas Racing Commission pursuant to the requirements outlined under Article 179e, Section 3.10 of the Vernon's Texas Civil Statutes relating to organized crime and illegal gambling activities in Texas. As required by this statute, the Texas Department of Public Safety submits the following:

2000 – CRIMINAL ACTIVITY AND CRIME TRENDS

The most notable trend in 2000 was an increase in computer related crimes. As predicted in past crime assessments, high technology advancements are providing increased opportunities for the commission of crimes through the use of computers, electronic wire services, cellular phones and many other technological devices dealing with electronic data. The modern criminals are now taking advantage of committing crimes at an "arms length" from the victims. Borders, jurisdictions, and distance, where once a barrier and deterrent to crime, now encourage and can actually aid persons in the commission of certain crimes. Investigations are hampered in dealing with these very barriers as state and federal legislation has failed to keep pace with this high tech criminal. Venue is often never established due to the vagueness of the laws. Many off shore companies have been organized in the past few years to take advantage of this vacuum that is literally protecting this type of criminal activity. Even in traditional crimes such as narcotics we are increasingly discovering records of criminal activity being maintained on the computer. Law enforcement has made noticeable progress in training and developing the skills necessary to meet the challenges of these types of crimes but until substantial attention is given to the statutes and prosecution, little headway is anticipated.

Domestic terrorism continues to be a paramount concern of law enforcement. Increased anti-government rhetoric is noticed as small, but vocal, groups of citizens continue to question governmental authority. No major incidents were reported during 2000 as these groups demonstrated only passive resistance of their beliefs; however, the 2000 Presidential Election brought verbal unrest of several groups. The Texas/Mexico border is experiencing an increase in militia group activities due to continued border problems being caused by the large number of illegal aliens that continue to cross into the United States across private property. A deterioration of confidence in federal and state law enforcement along the border has resulted in citizen's requesting assistance from different militia groups for protection.

ILLEGAL GAMBLING

Texas law enforcement continues to investigate all forms of illegal gambling. Criminal investigations have been successfully conducted in 2000 against persons engaged in gambling, bookmaking, illegal horseracing, possession of gambling paraphernalia, gambling equipment, and keeping gambling places. Organized crime with respect to illegal gambling continues to thrive and has increased dramatically through the use of the internet. Foreign companies are establishing formable footholds in this area and remain unchallenged in Texas due to jurisdictional issues. The Texas Racing Industry expresses growing concerns of this problem and report adverse effects to their industry. Weakening of legitimate gambling interests in Texas are occurring as computer gaming remains unregulated. Texas law enforcement remains committed to investigate all forms of illegal gambling and continues to utilize all available tools to accomplish this goal.

Sincerely,



John Laird
Commander
Special Crimes
Texas Department of Public Safety

POLICY MAKING BODY – THE COMMISSIONERS

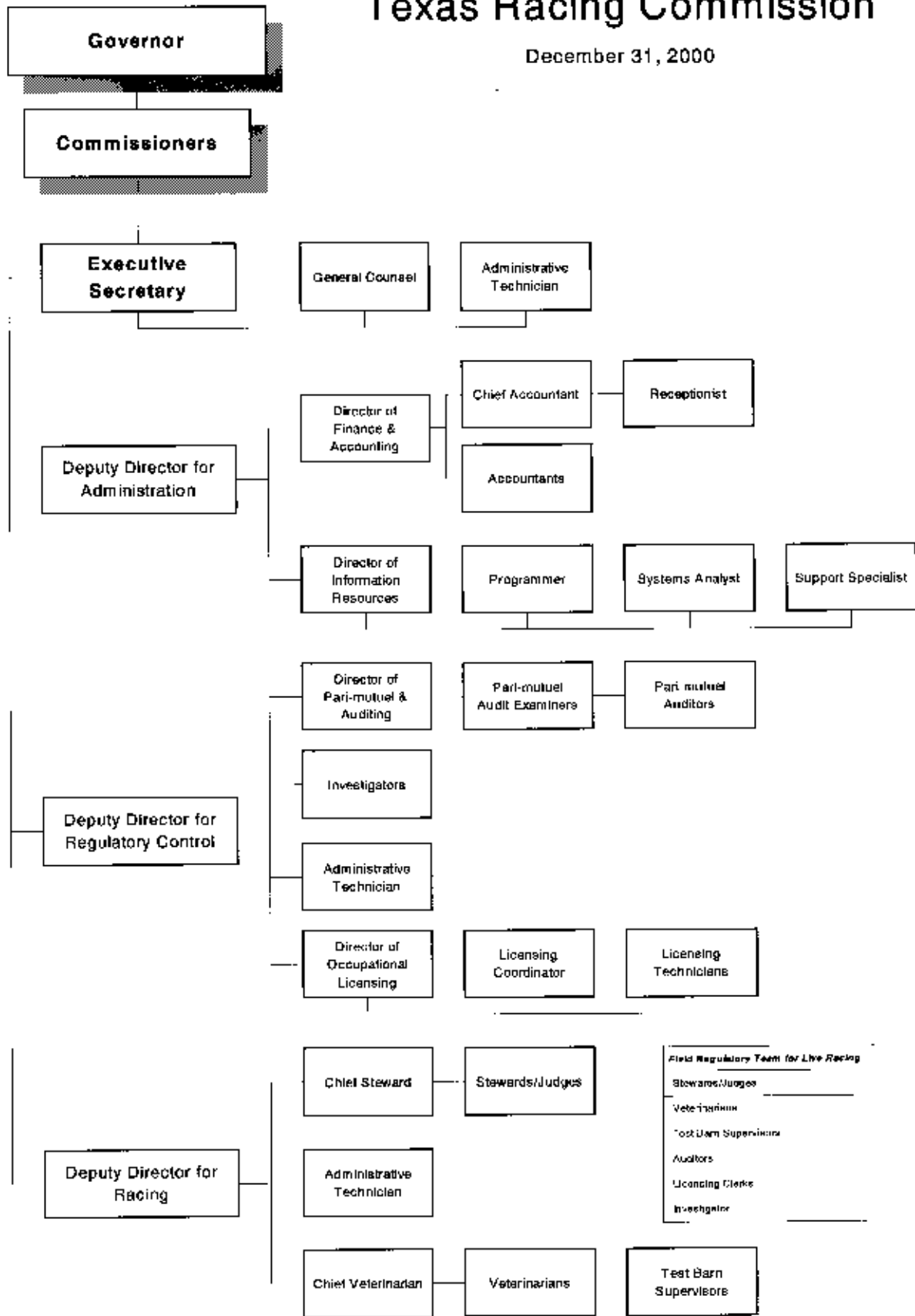
The Commission consists of eight members: six are appointed by the Governor with the advice and consent of the Senate, and two are ex officio members, the Chair of the Public Safety Commission and the Comptroller of Public Accounts. The six non-salaried commissioners serve overlapping six-year terms.

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.

<i>Commissioners</i>	<i>Hometown</i>	<i>Term Expires</i>
Treva Boyd	San Angelo	2/01/2005
Larry J. Christopher	Crockett	2/01/2001
David C. Garza, Vice-Chair	Brownsville	2/01/2003
Terri Lacy, Chair	Houston	2/01/2003
R. Dyke Rogers	Dalhart	2/01/2005
James L. Schulze, D.V.M.	Conroe	2/01/2001
<i>Ex-Officio Members</i>		
M. Colleen McHugh, designee for James B. Francis, Jr.	Corpus Christi	N/A
Chair, Public Safety Commission		
Carole Keeton Rylander	Austin	N/A
Comptroller of Public Accounts		

Texas Racing Commission

December 31, 2000



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 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 support 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 a Chief Judge/Steward and 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 that play an integral role in enforcing the Commission's Rules and the Racing Act. They support the staff to ensure strict rule and law compliance. Investigations are conducted on the following: 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 helps maintain the integrity of the industry by ensuring all participants are licensed and in good standing.

ADMINISTRATIVE/STAFFING

- ★ Conducted on-site employee meetings with staff at all racetracks.
- ★ Through cross training, reduced salary expense at Valley Race Park for first five months of operations.
- ★ Managed agency's business within its financial resources, coming in 3% under budget.
- ★ Complied with mandated House Bill 1 caps on Full-time Equivalent Employees, Merit Budget and Travel Budget.
- ★ The Executive Division coordinated six regular session Commission meetings.
- ★ The General Counsel coordinated rule reviews that amended Chapters 313, 315 and proposed the repeal and replacement of Chapter 321, comprising 211 rules. Various amendments were made to 25 other rules. Miscellaneous action was taken on 5 rules.
- ★ An additional 4 employees began partial telecommuting to aid in lessening traffic congestion and decreasing pollution.
- ★ The Commission received recognition from the Texas Incentive and Productivity Commission for being a charter agency in their State Employees Incentive Online Program.

CUSTOMER SERVICE

- ★ Established on-line fingerprint reciprocity with fifteen states to enhance the occupational licensing process.
- ★ Implemented on-line communications via e-mail with licensees that submitted applications by mail and provided an e-mail address.
- ★ Enhanced the Commission's web site, www.txrc.state.tx.us, to provide additional information in an easy-to-navigate format.

REGULATION

- ★ Created and filled the Chief Judge/Steward position giving enhanced coordination of racing activities.
- ★ Technical standards for totalisator companies, developed by the Pari-mutuel Advisory Committee, were included in the extensive review and rewrite of Chapter 321 Pari-mutuel Wagering.
- ★ Nine audits of totalisator systems were completed to ensure all wagers offered are correctly calculated.
- ★ Pari-mutuel auditors reviewed wagering data on 15,245 live races and 518,110 simulcast races to ensure proper collection and distribution of funds.
- ★ Some 1,634 import and export simulcast requests were reviewed for compliance with the Rules and the Interstate Horse Racing Act.
- ★ Licensing staff issued 15,454 occupational licenses. Of those, there were 5,402 Owners, 80 Owner/Trainers, 326 Trainers, and 215 Jockeys/Apprentice Jockeys licenses issued.
- ★ Five appeals which were pending from 1997-1999 were closed. Eleven new appeals were filed during 2000, of which eight were closed.
- ★ The Executive Division issued and collected eight administrative penalties against racetrack licensees for rule violations, totaling \$8,647.
- ★ Investigators conducted 1,317 investigations for violations of the Racing Act or Rules. Of these investigations, 872 included serious criminal history reports received on current or former occupational licensees and 206 animal drug positives.
- ★ Investigators conducted 41 human drug tests to discourage the use of illicit substances by licensees engaged in pari-mutuel racing.
- ★ Judges and Stewards issued a total of 887 disciplinary rulings, including 584 which resulted in fines, and 182 which resulted in suspensions.
- ★ The Racing Division developed and distributed Medication Guideline Booklets to licensees to provide Veterinarians and Trainers information to guide their use of medications in race animals.

- ★ Commission Veterinarians performed 36,096 pre-race horse and 92,159 pre-race greyhound examinations and evaluations. 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 17,511 greyhound specimens and 8,177 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:

GREYHOUND	1999	2000	HORSE	1999	2000
# of Starters	88,674	92,159	# of Starters	35,861	36,096
# of Samples	17,514	17,511	# of Samples	8,113	8,177
Benzoylcegonine	1	0	Alfentanil	0	3
Gammahydroxyphenylbutazone	3	2	Apomorphine	0	2
Guaifenesin	1	0	Butorphanol	0	1
3-Hydroxypentobarbital	1	0	Caffeine	2	1
Methocarbamol	2	0	Clenbuterol	2	10
Phenylbutazone	1	0	Dimethylsulfoxide	1	9
Phenylpropanolamine	0	1	Ephedrine	0	2
Polyethyleneglycol	12	6	Flunixin	2	5
Procaine	20	43	Furosemide (Lasix)	8	25
Sulfadimethoxine	0	1	Guaifensin	0	2
Sulfamethoxazole	2	0	Hydroxylidocaine	0	1
TOTAL	43	53	Isoxsuprine	0	1
			Lidocaine	0	1
			Phenylbutazone	85	79
			Phenylpropanolamine	0	1
			Polyethyleneglycol	9	2
			Procaine	1	1
			Sulfadiazine	3	2
			Sulfadimethoxine	2	1
			Sulfamethoxazole	2	2
			Theophylline	1	2
			Torsemide	0	3
			Trimethoprim	2	2
			TOTAL	120	158

TECHNOLOGY

- ★ The Information Services Department completed a software audit to ensure all software was properly licensed and began the migration to Windows 2000.
- ★ The agency provided employees with access to their Commission e-mail accounts from home via the Internet, greatly enhancing communications with the field staff.
- ★ The Commission's web site, www.txrc.state.tx.us, was totally revised and updated and the Commission's intranet was expanded, providing additional information in an easy to navigate format.

- ★ Utilizing the latest in wireless communications, the Information Services Department provided staff with greatly improved database access at Gillespie County while substantially reducing the communications cost.

RACETRACK ACTIVITIES

- ★ Corpus Christi Greyhound Race Track gave away windbreaker jackets to their patrons as part of their 10th year anniversary celebration.
- ★ Employees and management of Corpus Christi Greyhound Race Track participated and donated to the American Heart Association, Junior Achievement 2000 Bowl-A-Thon, National Nurse's Week, Nueces County Medical Center – Community Blood Bank, Goodwill Industries, American Cancer Society Cattle Barons Roundup, the Geronimo Volunteer Fire Department, MDA and the Corpus Christi Ballet. The track hosted its annual party for the Corpus Christi State School, with over 400 in attendance.
- ★ During the holiday season, Corpus Christi Greyhound Race Track filled over 50 stockings for the Salvation Army's Project Sox Christmas campaign, purchased poinsettias from the Special Olympics Sale and distributed them throughout the community and patrons were given free admission for donating to the US Marine Corps annual Toys for Tots drive.
- ★ Gillespie County Fair & Festivals continued with their 112th year of offering live horse racing in the Hill Country area.
- ★ Simulcasting was offered at Gillespie County for the first time during their summer racing schedule in an attempt to reduce their purse overpayments. Gillespie County is a non-profit entity whose revenues support scholarships for the youth of Gillespie County.
- ★ Gulf Greyhound Park hosted a variety of groups, including a three day Annual High School Coaches Clinic with over 250 attendees, Small Business Success Seminars, the Sports Car Club of America regional and national meetings, Community Days for Brazoria, Galveston and Harris Counties and the Propeller Club's annual Crawfish Boil.
- ★ The 8th Annual Weiner Dog Races were held with over 1,000 entries. A lucky 64 Dachshunds were drawn at random to compete down to one champion.

- ★ Lone Star Park at Grand Prairie was named Employer of the Year by the Grand Prairie Chamber of Commerce as well as Outstanding Employer by Workforce for Dallas County.
- ★ For the fourth straight year, Lone Star Park at Grand Prairie exceeded 1.3 million fans in attendance, setting an all time one-day attendance record on July 3, 2000 with 33, 805 fans.
- ★ Lone Star Park at Grand Prairie hosted the 4th annual NTRA All-Star Jockey Championship, initiated the 1st All-Star Jockey Championship for Quarter Horse Riders and hosted the MBNA Challenge Championships.
- ★ Manor Downs commenced renovations during the summer of 2000, adding an additional 75 acres to accommodate a new racing oval and new barns. Manor Downs will hold its inaugural Thoroughbred meet beginning on April 21, 2001.
- ★ Manor Downs hosted a Charity Golf Tournament to benefit the Race Track Chaplaincy Program.
- ★ Retama Park and its employees hosted the Multiple Sclerosis Walk in April 2000, served Thanksgiving dinner to over 300 Selma residents, participated in the Lee Denim Day to benefit breast cancer research, and raised money for Christmas presents for a needy family.
- ★ Retama Park initiated "Fifty Cent Fridays" which featured parking, programs, admission, hot dogs and drinks for only 50 cents. These seven Fridays also featured family activities including pony rides, a petting zoo, face painting and clowns. Over 60,000 were attracted to these special promotion days.
- ★ Two records were set at Sam Houston Race Park, on May 6, 2000, a record handle of \$1,493,667 on import simulcasting and on November 4, 2000, Breeders' Cup Day, a record for on-track handle, live plus import simulcasting, with a total handle of \$1,660,553.
- ★ Sam Houston Race Park was honored at the 12th Annual AQHA Racing Council Sprint Awards. Its Jiffy Lube Summer Concert Series won in the marketing/promotional category. The Sprint Awards recognize excellence in the coverage and promotion of American Quarter Horse racing.
- ★ Ann McGovern, Sam Houston Race Park's Vice President of Operations, received the John K. Goodman Alumni Award at the Symposium on Racing, an annual presentation of the University of Arizona's Race Track Industry Program. McGovern is the fourth recipient of the award, which

is given to a graduate based on their outstanding contribution to the racing industry. Previous winners include Bob Baffert, Dan Fick and Lonnie Powell.

- ★ Sam Houston Race Park was active in the community and involved in such events as hosting the Big Brothers & Sisters of Houston/Kid Care Picnic, hosting a local high school's lock-in party after their prom, hosting the Cy-Fair I.S.D.'s VIP luncheon to honor the schools' volunteers, and the Houston Northwest Chamber of Commerce's "Christmas in July" Epicurean Evening. Other events were Juvenile Diabetes Foundation's Walk for Cure, March of Dimes "Bikers for Babies" and the Marine Corps "Toys for Tots" toy drive.
- ★ Through the Adopt-A-Horse program initiated in 1996 at Sam Houston Race Park, more than 60 Quarter Horses have been placed in adoptive homes.
- ★ Valley Race Park reopened for pari-mutuel wagering on March 17, 2000 after being closed for almost five years. Live racing resumed on December 15 with over 3,000 in attendance.
- ★ Valley Race Park hosted a fashion show in November to benefit the area's Toys for Tots program.

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; and
- 1% of multiple two and multiple three wagers from simulcast same-species and simulcast cross-species handle.

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 rehabilitation 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.

During 2000, the Texas Greyhound Association distributed \$5,500 to four qualified Texas non-profit adoption groups: Greyhound Pets of Central Texas Chapter, Austin; Greyhound Pets of Houston Chapter; Greyhounds Unlimited, Hillsboro; and Hill County Greyhound Adoption, Seguin. Some \$8,000 is available during calendar year 2001.

Any money earned from simulcast wagering on 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 Texas racetracks during 2000 earned over \$1.4 million for greyhound purses at Corpus Christi Greyhound Race Track Gulf Greyhound Park and Valley Race Park, as compared to \$1.2 million earned during 1999.

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 Texas Paint Horse Breeders Association.

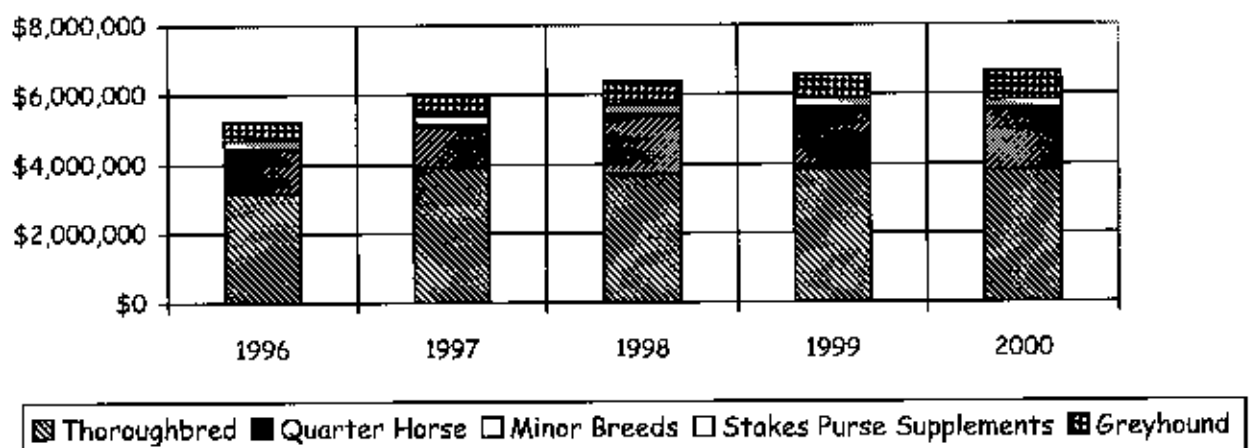
In November 1998, the Texas Appaloosa Horse Club requested withdrawal from the program due to lack of participation. The Commission has forwarded the request to the 77th Legislature for their consideration in 2001. No funds were distributed to the Texas Appaloosa Horse Club during 2000.

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

YEAR 2000 DISTRIBUTIONS TO BREED REGISTRIES

	1999	2000	% Change
Texas Thoroughbred Association	\$3,855,752	\$3,803,099	(1.4%)
Texas Quarter Horse Association	\$1,680,373	\$1,692,269	0%
Texas Greyhound Association	\$684,067	\$820,241	20%
Texas-Bred Stakes Race Supplements	\$263,769	\$244,318	(7.4%)
Texas Arabian Breeders Association	\$78,468	\$68,115	(13.2%)
Texas Paint Horse Breeders Association	\$4,798	\$12,193	154%
Texas Appaloosa Horse Club	\$7	\$0	0%
TOTAL	\$6,567,234	\$6,640,235	1.1%

A Five Year Comparison of Distribution of Texas-bred Funds



The Texas Racing Act mandates that a portion of wagers made at horse tracks fund equine research for race horses. The Equine Research Account Advisory Committee (ERAAC) 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.

At their October 7, 1999 meeting, the ERAAC approved new procedures for allocating funds for equine research. According to these new procedures, all ERAAC funds available for research as of January 1 of each fiscal year will be allocated as follows:

- Fifty percent of the funds will be made available for supplementing the financial support of ongoing equine research programs at eligible institutions within the State of Texas. It is understood that these equine research programs will have additional financial support from state, federal, and other sources. Also, the research programs must be long-term (up to five years in duration).
- Fifty percent of the available funds will be allocated to short-term research projects (up to two years in duration with a limit of \$25,000 per year per project).

A total of \$160,000 was available for equine research in 2000, with \$118,950 being credited to the Fund from pari-mutuel racing. This total included unencumbered balances from both Fiscal Year 1997 and Fiscal Year 1998 that were previously swept into the General Fund. In 1999 these funds were restored to the Equine Research Fund as part of the Texas legislative budget.

Four research projects and eleven research projects were submitted for funding consideration. Funds were allocated as follows:

Research Programs Funded in 2000

“Comparative Genomics of the Horse: Mapping Functional Genes in Horse Radiation Hybrids” \$20,000 to Dr. Loren Skow, TAMU Department of Veterinary Anatomy and Public Health

“Nutritional Requirements and Management Systems to Enhance Bone Growth, Mineralization, Modeling and Remodeling in the Juvenile Equine Athlete”, \$20,000 to Dr. Gary Potter, TAMU Department of Animal Science

“Rhodococcus equi: Metabolism as a Virulence Factor in Foal Pneumonia”, \$20,000 to Dr. Ronald Martens, TAMU Department of Large Animal Medicine and Surgery

“Regulatory Factors Controlling Spermatogenesis in the Stallion” \$20,000 to Dr. Larry Johnson, TAMU Department of Veterinary Anatomy and Public Health

Research Projects Funded in 2000

Reduced Uterine Muscle Contractility in Mares Susceptible to Persistent, Post-Mating Endometritis - Is there a Structural Component to the Contractile Defect?” \$10,800 to Dr. Sherri Rigby, TAMU Department of Large Animal Medicine and Surgery

“Sequences and Cytokine Induction of Equine Infectious Anemia Virus Strains in Texas” \$15,360 to Dr. Judith Ball, TAMU Department of Veterinary Pathobiology

“Regulation of Furosemide (Lasix®): Relationship of Furosemide Administration and Plasma Concentration with Urine Specific Gravity in Thoroughbred Racehorses” \$11,287 to Dr. Noah Cohen, TAMU Department of Large Animal Medicine and Surgery

“The Effects of Ascophyllum nodosum on Transport Stress in Horses” \$24,593 to Dr. Heidi Brady, Texas Tech University Department of Animal Science and Food Technology

For the second year, the Texas Agricultural Extension Service organized the Texas Equine Industry Conference and the Equine Research Account Advisory Committee co-hosted. Approximately 250 people attended the racing industry portion of the October 2000 conference held at Texas A & M University in College Station. The event included numerous expert presentations on all aspects of the equine industry.

Summary of All Texas Greyhound Racetracks from 1/1/2000 through 12/31/2000

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
	Live On-Track	Live Export	Simulcast Same-Species	Simulcast Cross-Species	Sum of 1 through 4	Sum of 1 & 2 Live On-Track & Export Total	Sum of 3 & 4 Combined Simulcast Import Total	Sum of 1 & 7 Combined On-Track Total
# of Race Days	922	n/a	10,928	7,571	19,421	922	16,499	19,421
# of Performances	593	n/a	1,845	1,637	4,075	593	3,482	4,075
Attendance	801,811	n/a	94,185	18,281	914,277	801,811	112,466	914,277
Net Handle	\$63,159,932	\$70,915,048	\$47,021,554	\$25,926,996	\$207,023,530	\$134,074,980	\$72,948,550	\$136,106,482
Horse Purses	\$0	\$0	\$0	\$214,869	\$214,869	\$0	\$214,869	\$214,869
Greyhound Purses	\$3,117,265	\$235,707	\$2,043,212	\$18,761	\$5,414,945	\$3,352,972	\$2,061,973	\$5,179,238
TTA Purses	\$0	\$0	\$0	\$158,713	\$158,713	\$0	\$158,713	\$158,713
TQHA Purses	\$0	\$0	\$0	\$158,713	\$158,713	\$0	\$158,713	\$158,713
TGA Purses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Escrowed Horse Purses	\$0	\$0	\$0	\$944,239	\$944,239	\$0	\$944,239	\$944,239
TX Horsemen's Partnership	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Texas Bred	\$0	\$0	\$428,756	\$195,527	\$624,283	\$0	\$624,283	\$624,283
State Tax	\$0	\$0	\$470,216	\$324,177	\$794,393	\$0	\$794,393	\$794,393
Hub Fee	\$0	\$0	\$0	\$317,381	\$317,381	\$0	\$317,381	\$317,381
Simulcast Fee	\$0	\$0	\$1,324,355	\$895,288	\$2,219,643	\$0	\$2,219,643	\$2,219,643
Racetracks	\$11,154,322	\$1,784,008	\$6,468,437	\$2,253,799	\$21,660,476	\$12,938,330	\$8,722,146	\$19,876,458
Total Commissions	\$14,271,587	\$2,019,715	\$10,734,976	\$5,481,377	\$32,507,655	\$16,291,302	\$16,216,353	\$30,487,940
Breakeage	\$179,110	\$0	\$99,668	\$113,091	\$391,889	\$179,110	\$212,779	\$391,889

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

\$49,433,912 Total Export-Interstate Handle - Out of state locations wagering on Texas greyhound racetracks
 \$60,679,176 Total Import-Interstate Handle - Texas greyhound racetracks wagering on out of state racetracks
(\$11,245,264) Net LOSS of wagering dollars in Texas as a result of simulcasting at greyhound racetracks

Summary of All Texas Horse Racetracks

from 1/1/2000 through 12/31/2000

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
	Live On-Track	Live Export	Simulcast Same-Species	Simulcast Cross-Species	Sum of 1 through 4	Sum of 1 & 2 Live On-Track & Export Total	Sum of 3 & 4 Simulcast Import Total	Sum of 1 & 7 Combined On-Track Total
# of Race Days	363	n/a	18,565	7,916	26,644	363	26,481	26,844
# of Performances	363	n/a	2,133	1,742	4,238	363	3,875	4,238
Attendance	1,560,497	n/a	829,028	3,912	2,393,437	1,560,497	832,940	2,393,437
Net Handle	\$94,679,773	\$413,758,861	\$359,058,879	\$43,861,202	\$911,358,815	\$508,438,734	\$402,920,081	\$497,599,854
Horse Purse	\$6,808,116	\$3,969,246	\$24,640,667	\$599,586	\$36,218,625	\$10,778,362	\$25,440,263	\$32,249,379
Greyhound Purse	\$0	\$0	\$0	\$651,622	\$651,622	\$0	\$651,622	\$651,622
TTA Purse	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOHA Purse	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TGA Purse	\$0	\$0	\$0	\$1,458,320	\$1,458,320	\$0	\$1,458,320	\$1,458,320
Escrowed Horse Purse	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TX Horsemen's Partnership	\$208,594	\$122,176	\$789,224	\$18,541	\$1,116,535	\$330,770	\$787,765	\$996,359
Texas Bred	\$544,973	\$0	\$2,443,972	\$378,108	\$3,367,053	\$544,973	\$2,822,080	\$3,367,053
State Tax	\$0	\$0	\$3,590,589	\$548,341	\$4,138,930	\$0	\$4,138,930	\$4,138,930
Hub Fee	\$0	\$0	\$0	\$421,850	\$421,850	\$0	\$421,850	\$421,850
Simulcast Fee	\$0	\$0	\$11,759,285	\$1,083,929	\$12,843,214	\$0	\$12,843,214	\$12,843,214
Racetracks	\$12,151,720	\$7,794,474	\$30,049,665	\$4,799,975	\$54,795,834	\$19,946,194	\$34,849,640	\$47,001,360
Total Commissions	\$19,714,403	\$11,885,896	\$73,453,402	\$9,960,282	\$115,013,983	\$31,600,298	\$83,413,684	\$103,128,087
Breakage	\$648,249	\$0	\$1,725,009	\$119,806	\$2,493,064	\$648,249	\$1,844,815	\$2,493,064

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

\$378,535,283	Total Export-Interstate Handle - Out of state locations wagering on Texas horse racetracks
\$358,375,434	Total Import-Interstate Handle - Texas Horse racetracks wagering on out of state racetracks
<u>\$20,159,849</u>	Net GAIN of wagering dollars in Texas as a result of simulcasting at horse racetracks

Summary of All Texas Racetracks from 1/1/2000 through 12/31/2000

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
	Live On-Track	Live Export	Simulcast Same-Species	Simulcast Cross-Species	Sum of 1 through 4	Sum of 1 & 2 Live On-Track & Export Total	Sum of 3 & 4 Simulcast Import Total	Sum of 1 & 7 Combined On-Track Total
# of Race Days	1,285	n/a	29,493	15,487	46,265	1,285	44,980	46,265
# of Performances	956	n/a	3,978	3,379	8,313	956	7,357	8,313
Attendance	2,362,308	n/a	923,213	22,193	3,307,714	2,362,308	945,406	3,307,714
Net Handle	\$157,839,705	\$484,674,009	\$406,080,433	\$69,788,198	\$1,118,382,345	\$642,513,714	\$475,868,631	\$653,708,336
Horse Purse	\$6,809,116	\$3,969,246	\$24,840,667	\$814,465	\$36,433,494	\$10,778,362	\$25,655,132	\$32,464,246
Greyhound Purse	\$3,117,265	\$236,707	\$2,043,212	\$670,385	\$6,066,569	\$3,352,972	\$2,713,597	\$5,830,852
TTA Purse	\$0	\$0	\$0	\$158,713	\$158,713	\$0	\$158,713	\$158,713
TQHA Purse	\$0	\$0	\$0	\$158,713	\$158,713	\$0	\$158,713	\$158,713
TGA Purse	\$0	\$0	\$0	\$1,458,320	\$1,458,320	\$0	\$1,458,320	\$1,458,320
Escrowed Horse Purse	\$208,594	\$122,176	\$769,224	\$944,239	\$944,239	\$0	\$944,239	\$944,239
TX Horsemen's Partnership	\$544,973	\$0	\$2,872,727	\$18,541	\$1,118,535	\$330,770	\$787,765	\$996,359
State Tax	\$0	\$0	\$4,060,804	\$573,636	\$3,991,336	\$544,973	\$3,446,363	\$3,991,336
Hub Fee	\$0	\$0	\$0	\$872,519	\$4,933,323	\$0	\$4,933,323	\$4,933,323
Simulcast Fee	\$0	\$0	\$0	\$739,230	\$739,230	\$0	\$739,230	\$739,230
Racetracks	\$23,306,042	\$9,579,482	\$13,083,639	\$1,979,218	\$15,082,857	\$0	\$15,082,857	\$15,062,857
Total Commissions	\$33,985,990	\$13,905,611	\$84,188,375	\$7,053,684	\$76,456,310	\$32,884,524	\$43,571,786	\$66,877,828
Breakage	\$827,359	\$0	\$1,824,696	\$232,899	\$2,884,954	\$827,359	\$2,057,595	\$2,884,954

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

\$427,969,195	Total Export-Interstate Handle - Out of state locations wagering on Texas racetracks
\$419,054,610	Total Import-Interstate Handle - Texas racetracks wagering on out of state racetracks
<u>\$8,914,585</u>	Net GAIN of wagering dollars in Texas as a result of simulcasting

YEAR 2000 PURSE STATISTICS

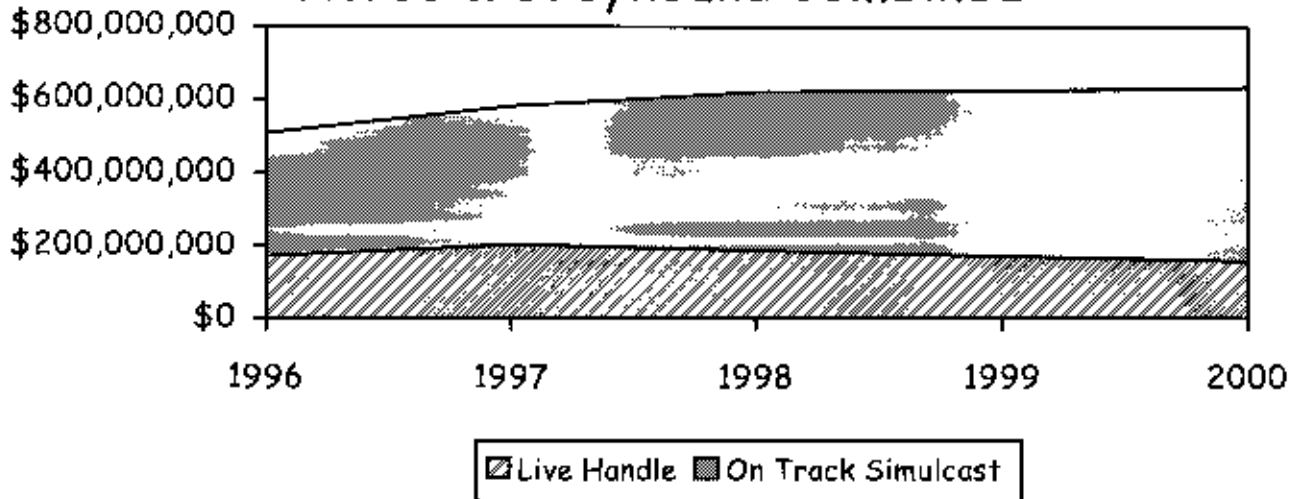
Source of Funds	Quarter Horse	Thoroughbred	Arabian	Paint	Appaloosa	TOTAL HORSE
Earned Purse	\$8,446,809	\$29,347,310	\$340,847	\$59,000	\$3,000	\$38,196,966
TxBred Stakes	\$77,500	\$184,360	\$2,000	\$0	\$0	\$263,860
Stakes	\$3,350,273	\$1,229,104	\$64,436	\$35,497	\$0	\$4,679,310
Sponsors	\$1,092,180	\$91,125	\$30,000	\$51,000	\$0	\$1,264,305
ATB Sponsored Purse	\$0	\$325,000	\$0	\$0	\$0	\$325,000
TOTAL PURSES PAID	\$12,966,762	\$31,176,899	\$437,283	\$145,497	\$3,000	\$44,729,441
Average Daily Purses Paid at All Meets	\$88,209	\$144,337	N/A	N/A	N/A	N/A

Source of Funds	TOTAL GREYHOUND	1999		2000	
		Source of Funds	HORSE & GREYHOUND	HORSE & GREYHOUND	% Change
Earned Purse	\$5,689,887	Earned Purse	\$40,570,024	\$43,886,853	8.2%
TxBred Stakes	\$100,000	TxBred Stakes	\$302,158	363,860	20%
Stakes	\$15,600	Stakes	\$4,509,329	4,515,328	0%
Sponsors	16,713	Sponsors	\$388,280	1,281,018	230%
TGA's Cross Species Purse Supplements	\$1,216,676	TGA's Cross Species Purse Supplements	\$1,129,223	\$1,216,676	7.7%
TOTAL PURSES PAID	\$7,038,876	ATB Sponsored Purse*	\$1,271,571	\$325,000	(74.5%)
Average Purses Paid per Perf.	\$7,634	TOTAL PURSES PAID	\$48,170,585	\$51,768,317	7.5%

*July of 1999 marked the end of paying ATB Owner Awards at the horse racetracks. All ATB Owner Awards are now paid through the breed registries.

FIVE YEAR OVERVIEW OF PARI-MUTUEL RACING

On Track Handle Horse & Greyhound Combined



Horse & Greyhound Tracks Combined

	1996	1997	1998	1999	2000
# of Tracks	8	7	7	7	8
HANDLE ON TRACK:					
Live	\$171,798,417	\$204,470,138	\$186,298,579	\$172,397,736	\$157,839,705
Simulcast	<u>\$335,472,828</u>	<u>\$377,322,976</u>	<u>\$434,277,050</u>	<u>\$451,928,576</u>	<u>\$475,868,631</u>
TOTAL	\$507,271,245	\$581,793,114	\$620,575,629	\$624,326,312	\$633,708,336
LIVE DATES	1,264	1,294	1,256	1,272	1,285
# OF SIMULCAST SIGNALS TAKEN	15,490	19,736	28,287	35,802	44,980
PURSES PAID	\$30,575,571	\$41,822,609	\$46,607,818	\$48,170,585	\$51,768,317
STATE TAX	\$6,285,622	\$6,815,182	\$9,353,898	\$4,676,860	\$4,933,323
TX BRED \$	\$5,232,866	\$5,990,995	\$6,373,003	\$6,567,234	\$6,640,235
ATTENDANCE	3,036,702	3,510,281	3,508,490	3,375,588	3,307,714

YEAR 2001 GRANTED RACE DATES

LONE STAR PARK AT GRAND PRAIRIE, Class 1

Thoroughbred Meet - 74 days - April 5 (Thursday) through July 15 (Sunday)

Wednesday - Sunday racing, Holiday racing on Monday, May 28, Memorial Day, closed on Wednesday & Thursday, May 30 & 31, and racing on Tuesday, July 3.

Quarter Horse Meet - 33 days - September 20 (Thursday) through December 1 (Saturday)

Thursday - Saturday racing, Holiday racing - closed on Thursday, November 22 for Thanksgiving, racing on Sunday, November 25.

RETAMA PARK, Class 1

Quarter Horse Meet - 33 days - April 13 (Friday) through June 24 (Sunday)
with 4 Thoroughbred days on Mondays in June (June 4, 11, 18 & 25)

Friday - Sunday racing through May, Friday - Monday in June, holiday racing on Monday, May 28, Memorial Day for Quarter Horse racing.

Thoroughbred Meet - 51 days - August 3 (Friday) through October 28 (Sunday)

Thursday - Sunday racing

SAM HOUSTON RACE PARK, Class 1

Thoroughbred Meet - 51 days - January 4 (Thursday) through April 1 (Sunday)

Thursday - Sunday racing, closed on Sunday, January 28, Super Bowl.

Quarter Horse Meet - 44 days - June 29 (Friday) through September 9 (Sunday)

Thursday - Sunday racing, Holiday racing on Wednesday, July 4, Independence Day & Monday, September 3, Labor Day, closed on Thursday, September 6.

Thoroughbred Meet - 31 days - November 2 (Friday) through December 30 (Sunday)

Friday - Sunday racing in November, Thursday - Sunday in December

MANOR DOWNS, Class 2

Quarter Horse Meet - 18 days - March 2 (Friday) through April 8 (Sunday)

Friday - Sunday racing

Thoroughbred Meet - 10 days - April 21 (Saturday) through May 20 (Sunday)

Saturday - Sunday racing

GILLESPIE COUNTY FAIR & FESTIVALS, Class 3

Mixed Meet - 8 days July 7 & 8 and 21 & 22, August 11 & 12 and 25 & 26

Saturday & Sunday racing

Check with greyhound tracks for their specific racing schedule)

CORPUS CHRISTI GREYHOUND RACE TRACK - 418 performances, Wednesday through Sunday

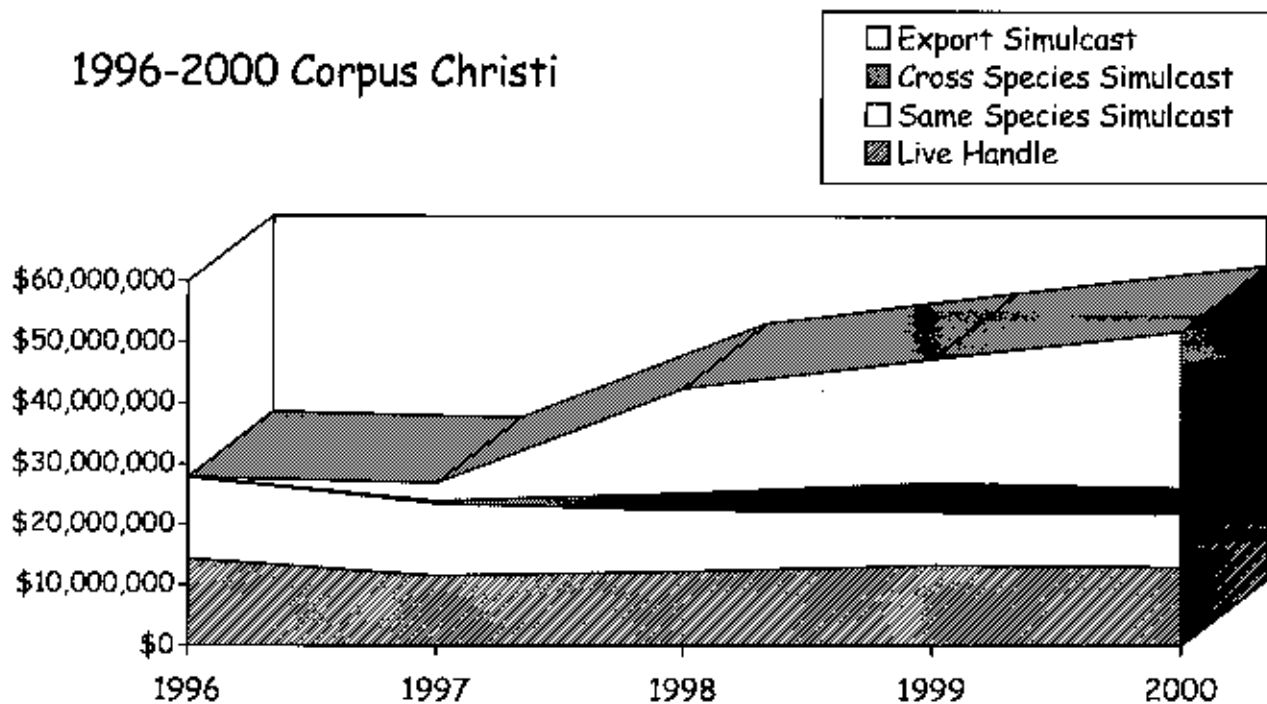
GULF GREYHOUND PARK - 469 performances, Tuesday through Sunday

VALLEY RACE PARK - 124 performances, Tuesday through Sunday,
January through April 1 and November 30 through December 31

CORPUS CHRISTI GREYHOUND RACE TRACK

	1999	2000	% Change
Live On-Track Handle	\$13,196,412	\$12,988,403	(1.6%)
Import Same Species Simulcast	\$9,016,480	\$8,871,485	(1.6%)
Import Cross Species Simulcast	\$4,654,529	\$4,188,165	(10%)
Total On-Track Handle	\$26,867,421	\$26,048,053	(3.1%)
Total Export Handle	\$20,502,877	\$25,805,883	25.9%
Total Wagered on CCGRT	\$33,699,289	\$38,794,286	15%
Average Purses Paid/Performance	\$4,189	\$4,126	(1.5%)
Total Purses Paid	\$1,738,334	\$1,745,437	0%
Total Live Performances	415	423	2%
Total # of Simulcast Signals Taken	4,022	4,426	10%
Total Attendance	216,730	208,418	(3.8%)

1996-2000 Corpus Christi

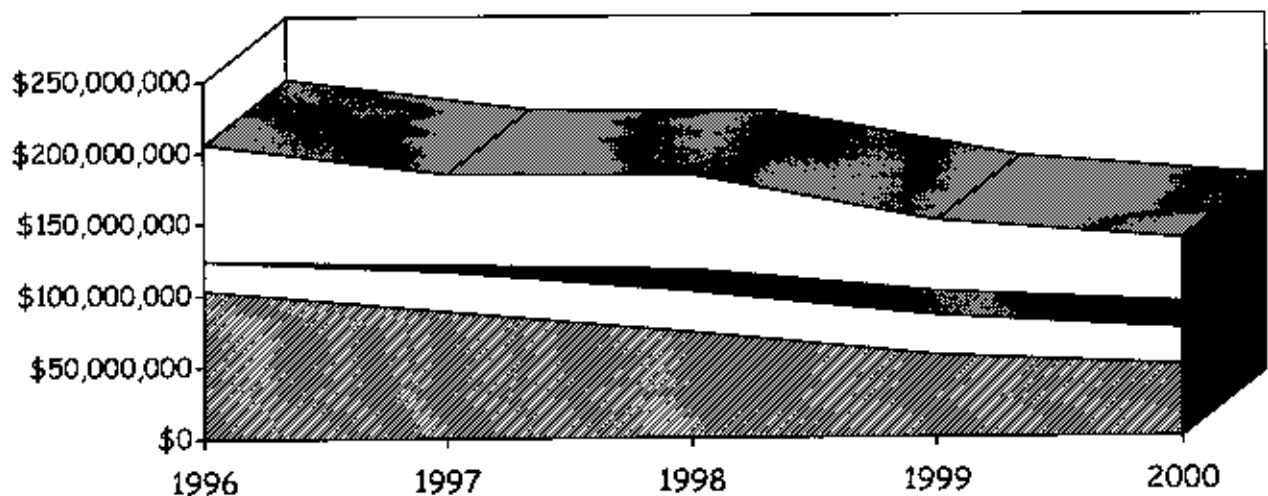


GULF GREYHOUND PARK

	1999	2000	% Change
Live On-Track Handle	\$57,691,779	\$49,578,838	(14.1%)
Import Same Species Simulcast	\$27,130,114	\$26,185,925	(3.5%)
Import Cross Species Simulcast	\$16,769,150	\$17,992,332	7.3%
Total On-Track Handle	\$101,591,043	\$93,737,095	(7.7%)
Total Export Handle	\$50,005,520	\$44,485,568	(11.0%)
Total Wagered on Gulf Greyhound	\$107,697,299	\$94,064,406	(12.7%)
Average Purses Paid/Performance	\$11,017	\$10,645	(3.4%)
Total Purses Paid	\$5,453,696	5,130,717	(5.9%)
Total Live Performances	495	482	(2.6%)
Total # of Simulcast Signals Taken	7,755	8,054	3.9%
Total Attendance	674,580	612,309	(9.2%)

1996-2000 Gulf Greyhound

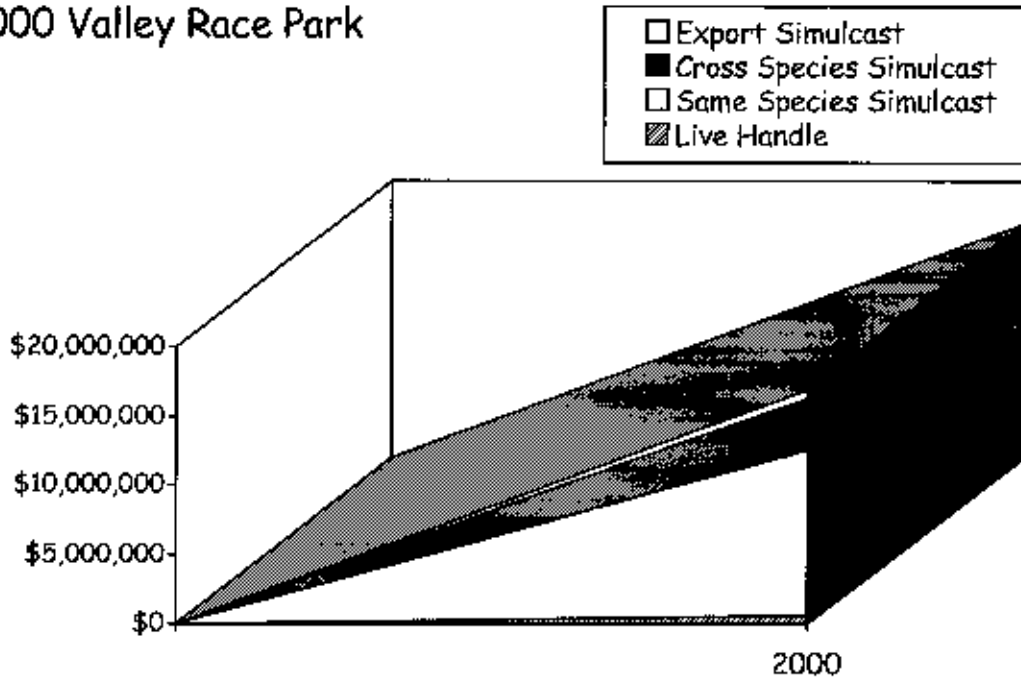
- Export Simulcast
- Cross Species Simulcast
- Same Species Simulcast
- ▨ Live Handle



VALLEY RACE PARK

	2000
Live On-Track Handle	\$592,691
Import Same Species Simulcast	\$11,984,144
Import Cross Species Simulcast	\$3,746,499
Total On-Track Handle	\$16,323,334
Total Export Handle	\$623,597
Total Wagered on Valley Race Park	\$1,216,288
Average Purses Paid/Performance	\$9,572
Total Purses Paid	\$162,723
Total Live Performances	17
Total # of Simulcast Signals Taken	6,019
Total Attendance	93,550

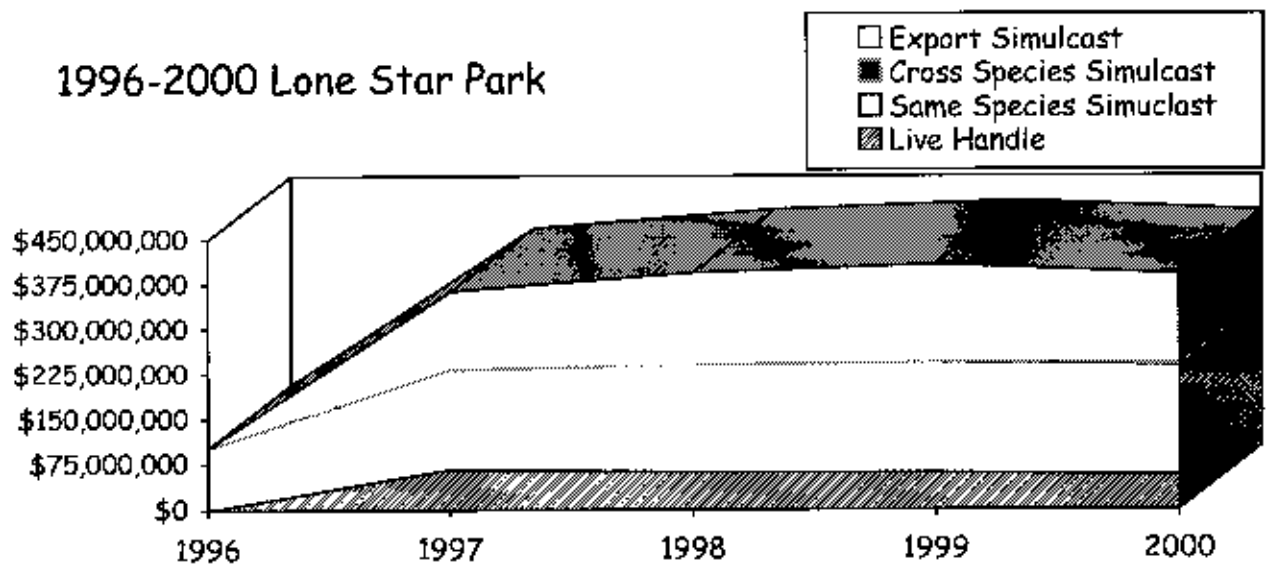
2000 Valley Race Park



LONE STAR PARK AT GRAND PRAIRIE – CLASS 1

	1999	2000	% Change
Live On-Track Handle	\$60,717,053	\$55,923,873	(7.9%)
Import Same Species Simulcast	\$183,304,923	\$183,037,647	(0.2%)
Import Cross Species Simulcast	N/A	\$3,489,809	100%
Total On-Track Handle	\$244,021,976	\$242,451,329	(0.6%)
Total Export Handle	\$163,726,238	\$148,986,197	(9%)
Total Wagered on Lone Star	\$224,443,291	\$204,910,070	(8.7%)
Average Purses Paid/Quarter Horse	\$134,240	\$163,287	21.6%
# of Quarter Horse Race Dates	33	33	0%
Average Purses Paid/Thoroughbred	\$220,878	\$233,974	5.9%
# of Thoroughbred Race Dates	72	73	1.4%
Total Purses Paid	\$20,572,837	\$22,689,129	10.2%
Total Live Performances	107	106	(0.9%)
Total # of Simulcast Signals Taken	3,334	4,352	30.5%
Total Attendance	1,227,567	1,201,469	(2.1%)

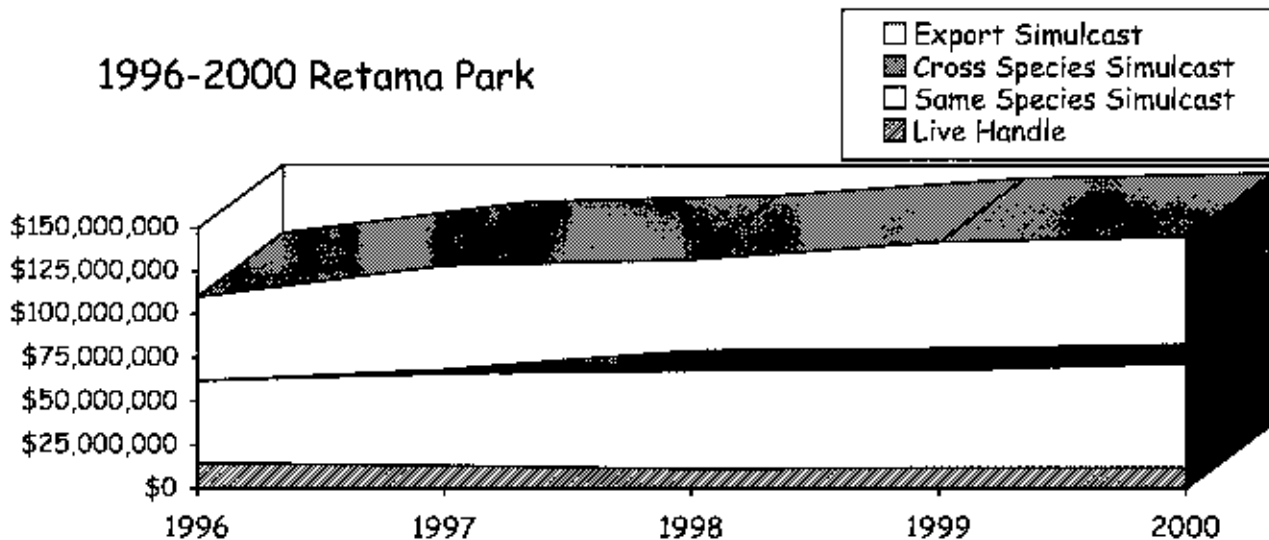
1996-2000 Lone Star Park



RETAMA PARK – CLASS 1

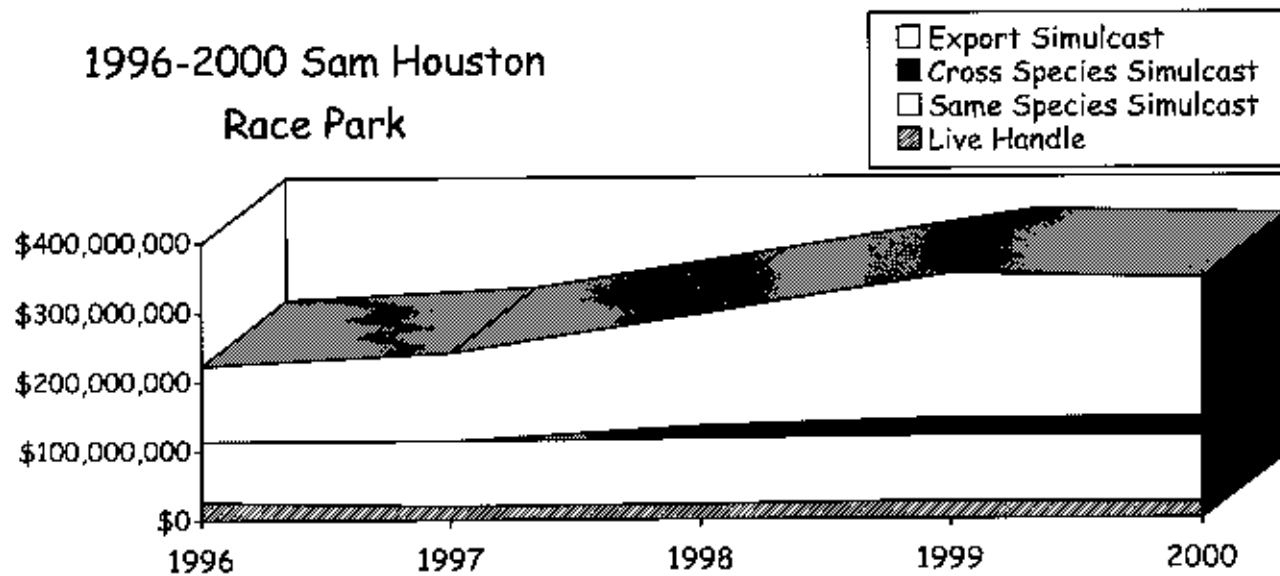
	1999	2000	% Change
Live On-Track Handle	\$12,052,061	\$12,271,881	1.8%
Import Same Species Simulcast	\$56,503,533	\$59,941,105	6.1%
Import Cross Species Simulcast	\$11,915,836	\$10,701,077	(10.2%)
Total On-Track Handle	\$80,471,430	\$82,914,063	3.0%
Total Export Handle	\$61,883,941	\$62,424,916	0.9%
Total Wagered on Retama Park	\$73,936,002	\$74,696,797	1.0%
Average Purses Paid/Quarter Horse	\$59,404	\$66,166	11.4%
# of Quarter Horse/Mixed Race Dates	31	33	6.5%
Average Purses Paid/Thoroughbred	\$78,200	\$95,000	21.5%
# of Thoroughbred Race Dates	51	51	0%
Total Purses Paid	\$6,296,365	\$7,483,685	18.9%
Total Live Performances	82	84	2.4%
Total # of Simulcast Signals Taken	7,168	7,301	1.9%
Total Attendance	443,039	422,431	(4.7%)

1996-2000 Retama Park



SAM HOUSTON RACE PARK – CLASS 1

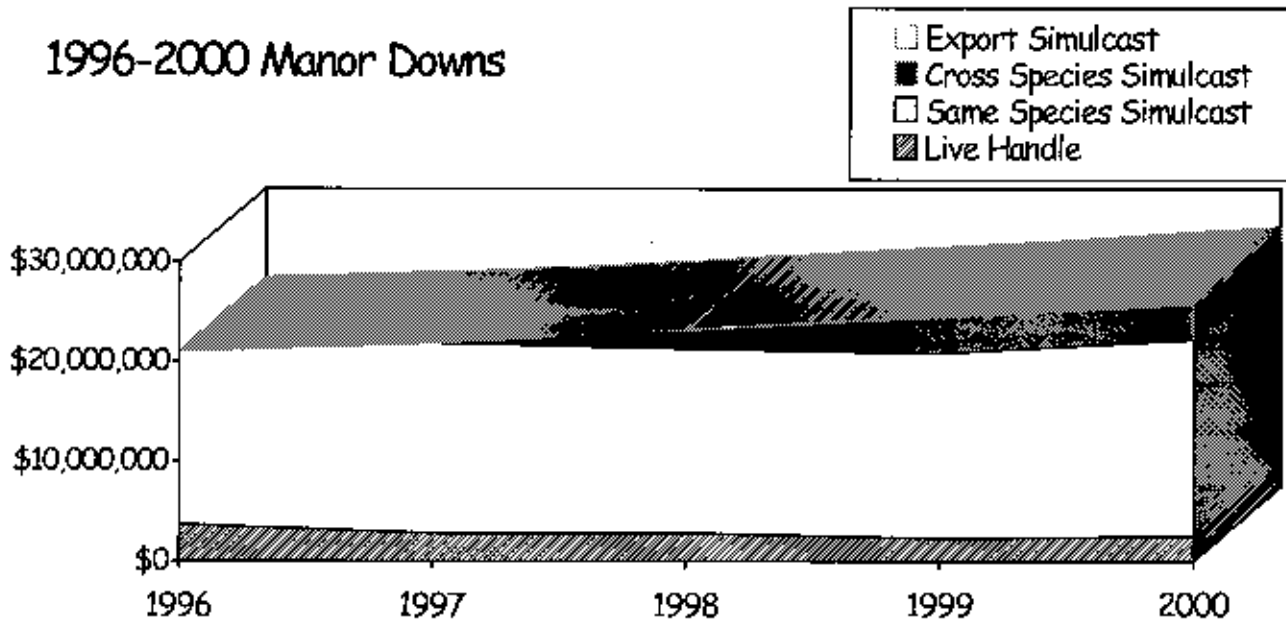
	1999	2000	% Change
Live On-Track Handle	\$25,055,983	\$23,140,086	(7.6%)
Import Same Species Simulcast	\$97,114,700	\$96,298,346	(1%)
Import Cross Species Simulcast	\$23,319,896	\$25,929,156	11%
Total On-Track Handle	\$145,490,579	\$145,367,588	0%
Total Export Handle	\$208,709,521	\$201,945,465	(3.2%)
Total Wagered on Sam Houston	\$233,765,504	\$225,085,551	(3.7%)
Average Purses Paid/Quarter Horse	\$65,790	\$78,851	20%
# of Quarter Horse Race Dates	44	45	2%
Average Purses Paid/Thoroughbred	\$97,418	\$98,385	1%
# of Thoroughbred Race Dates	90	91	1%
Total Purses Paid	\$11,903,572	\$12,534,571	5%
Total Live Performances	134	136	1.5%
Total # of Simulcast Signals Taken	10,930	11,541	5.5%
Total Attendance	716,617	685,094	(4.4%)



MANOR DOWNS – CLASS 2

	1999	2000	% Change
Live On-Track Handle	\$2,314,882	\$2,459,711	6.3%
Import Same Species Simulcast	\$18,546,642	\$19,690,261	6.2%
Import Cross Species Simulcast	\$3,652,773	\$3,706,233	1.5%
Total On-Track Handle	\$24,514,297	\$25,856,205	5.5%
Total Export Handle	\$0	\$402,383	100%
Total Wagered on Manor	\$2,314,882	\$2,862,094	23.6%
Average Purses Paid/Quarter Horse	\$60,914	\$59,346	(2.6%)
# of Quarter Horse Race Dates	29	29	0%
Total Purses Paid	\$1,787,092	\$1,721,021	(3.6%)
Total Live Race Dates	29	29	0%
Total # Simulcast Signals Taken	2,593	3,210	24%
Total Attendance	75,321	72,763	(3.4%)

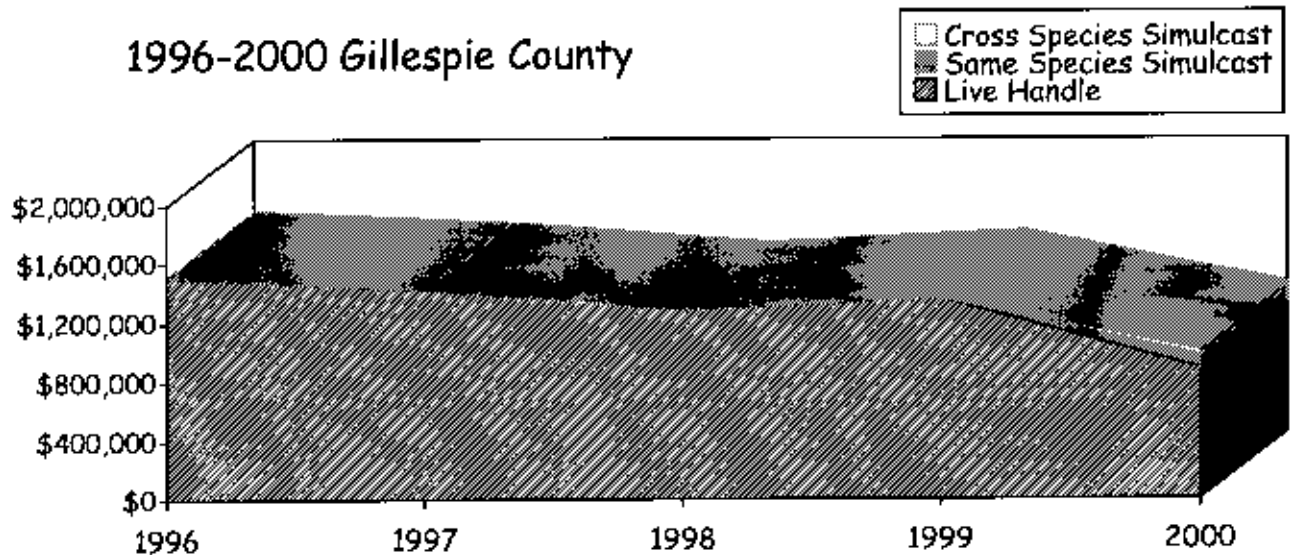
1996-2000 Manor Downs



GILLESPIE COUNTY FAIR & FESTIVALS – CLASS 3

	1999	2000	% Change
Live On-Track Handle	\$1,369,566	\$884,222	(35.4%)
Import Same Species Simulcast	N/A	91,520	100%
Import Cross Species Simulcast	N/A	34,927	100%
Total On-Track Handle	\$1,369,566	\$1,010,669	(26.2%)
Total Export Handle	N/A	N/A	N/A
Total Wagered on Gillespie	\$1,369,566	\$884,222	(35.4%)
Average Purses Paid/Quarter Horse	\$36,594	\$32,561	(11%)
Average Purses Paid/Thoroughbred	\$4,600	\$5,069	(10%)
#of Mixed Race Dates	10	8	(20%)
Total Purses Paid	\$418,690	\$301,035	(28.1%)
Total Live Performances	10	8	(20%)
Total # of Simulcast Signals Taken	N/A	77	100%
Total Attendance	21,734	11,680	(46.3%)

1996-2000 Gillespie County



OTHER LICENSED RACETRACKS

AUSTIN JOCKEY CLUB – 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, a small town about 60 miles west of Austin. At its January 19, 2000 meeting, the Commission approved a total ownership change from Longhorn Downs, Inc., to Austin Jockey Club, Ltd. A change in location was also approved. The Austin Jockey Club site is located just off Riverside Drive, just east of downtown Austin.

Section 309.103 of the Rules of Racing requires a racetrack to submit detailed construction plans for approval at least 30 days prior to commencing any site work. As of December 31, 2000, no plans were submitted.

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. As of December 12, 2000, no construction plans were submitted to the Commission.

APPENDIX – TABLE OF CONTENTS

Summary of Fiscal Year 2000 Financial & Performance Measure Information _____	ii
Glossary of Racing Terms _____	iv
Charts Depicting Pari-mutuel Distributions _____	vi
Licensed Racetrack Directory _____	x
Racing Industry Organizations & Related Associations Directory _____	xi

COMBINED STATEMENT OF REVENUES & EXPENDITURES
FOR FISCAL YEAR 2000
AS COMPARED TO FISCAL YEAR 1999

Source: Annual Financial Reports	FISCAL YEAR 1999	FISCAL YEAR 2000	% Change
REVENUES:			
Legislative Appropriations	\$ 0	\$ 0	0%
Licenses, Fees & Permits (Note 1)	11,164,805	3,461,646	(69%)
Interest & Other Investment Income	12,063	7,107	(41%)
Other Revenues (Note 1)	<u>1,263,643</u>	<u>8,864,834</u>	601%
TOTAL REVENUES	<u>\$12,440,511</u>	<u>\$12,333,587</u>	(1%)
EXPENDITURES:			
Salaries & Wages	\$3,042,147	\$3,205,947	5.4%
Payroll Related Costs	628,540	723,640	15%
Professional Fees & Services	322,620	86,097	(73%)
Travel	116,192	108,905	(6%)
Materials & Supplies	92,153	77,110	(16%)
Communications & Utilities	89,417	80,213	(10%)
Repairs & Maintenance	38,652	44,712	15.7%
Rentals & Leases	105,563	108,657	3%
Printing & Reproduction	5,941	27,251	359%
Claims & Judgments	26,438	19,682	(25%)
Other Expenditures: Distributions to Breed Registries	7,682,385	7,296,987	(5%)
Capital Outlay	<u>124,718</u>	<u>51,342</u>	(59%)
TOTAL EXPENDITURES	<u>\$12,274,766</u>	<u>\$11,830,542</u>	(3.6%)
EXCESS REVENUES OVER EXPENDITURES	<u>\$165,744</u>	<u>\$503,044</u>	204%
OTHER FINANCING SOURCES (USES):			
Sale of Fixed Assets	\$1,100	\$85	(92%)
Operating Transfers Out:			
Agency 556, Fund 001, Equine Research	<u>(120,374)</u>	<u>(118,745)</u>	(1.4%)
TOTAL OTHER FINANCING SOURCES/(USES)	<u>(\$119,274)</u>	<u>(\$118,745)</u>	0%
EXCESS REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER FINANCING USES	\$46,470	\$384,299	727%
BEGINNING FUND BALANCE	<u>3,830,154</u>	<u>3,876,536</u>	1.2%
ENDING FUND BALANCE	<u>\$3,876,624</u>	<u>4,260,835</u>	10%

Note 1: To more accurately reflect the nature of pass-through funds, in Fiscal Year 2000, the Texas-bred money was classified as Other Revenue as opposed to including it in Licenses, Fees & Permits as was done in Fiscal Year 1999.

SUMMARY OF KEY FISCAL 2000
ACTUAL PERFORMANCE MEASURES
AS COMPARED TO TARGET

FY 2000 KEY MEASURES	Target	Actual	% of Target
Number of Racetrack Inspections	40	51	127.5%
Average Regulatory Cost per Racetrack	\$20,979	\$20,291	96.7%
Number of Texas-bred Awards	22,228	24,914	112%
Number of Occupational Licenses Suspended or Revoked	208	189	91%
Number of Investigations Completed	1,049	1,325	126%
Percentage of Investigations Resulting in Disciplinary Action	93%	98%	105%
Percentage of Licensees with No Recent Violations	98%	96.7%	99%
Number of Race Animals Inspected Prior to Participating in a Race	122,088	126,406	103.5%
Percentage of Race Animals Injured or Dismissed from Racetracks	2.5%	1%	41%
Number of New Occupational Licenses Issued	6,974	6,581	94.4%
Number of Occupational Licenses Renewed	14,160	8,731	61.7%
Average Regulatory Cost per Licensee	\$28	\$31.68	113%
Average Time (minutes) Required to Issue a New Occupational License	15	6	40%
Number of Illegal Wagering Investigations Completed	18	10	56%
Percentage of Compliance Audits Passed	83%	92%	111%
Average Cost per Illegal Wagering Investigation	\$453	\$382	84%
Total Pari-mutuel Handle (in millions)	\$645	\$624.2	97%
Total take to the State Treasury from Pari-mutuel Wagering (in millions)	\$4.6	\$4.8	104%

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

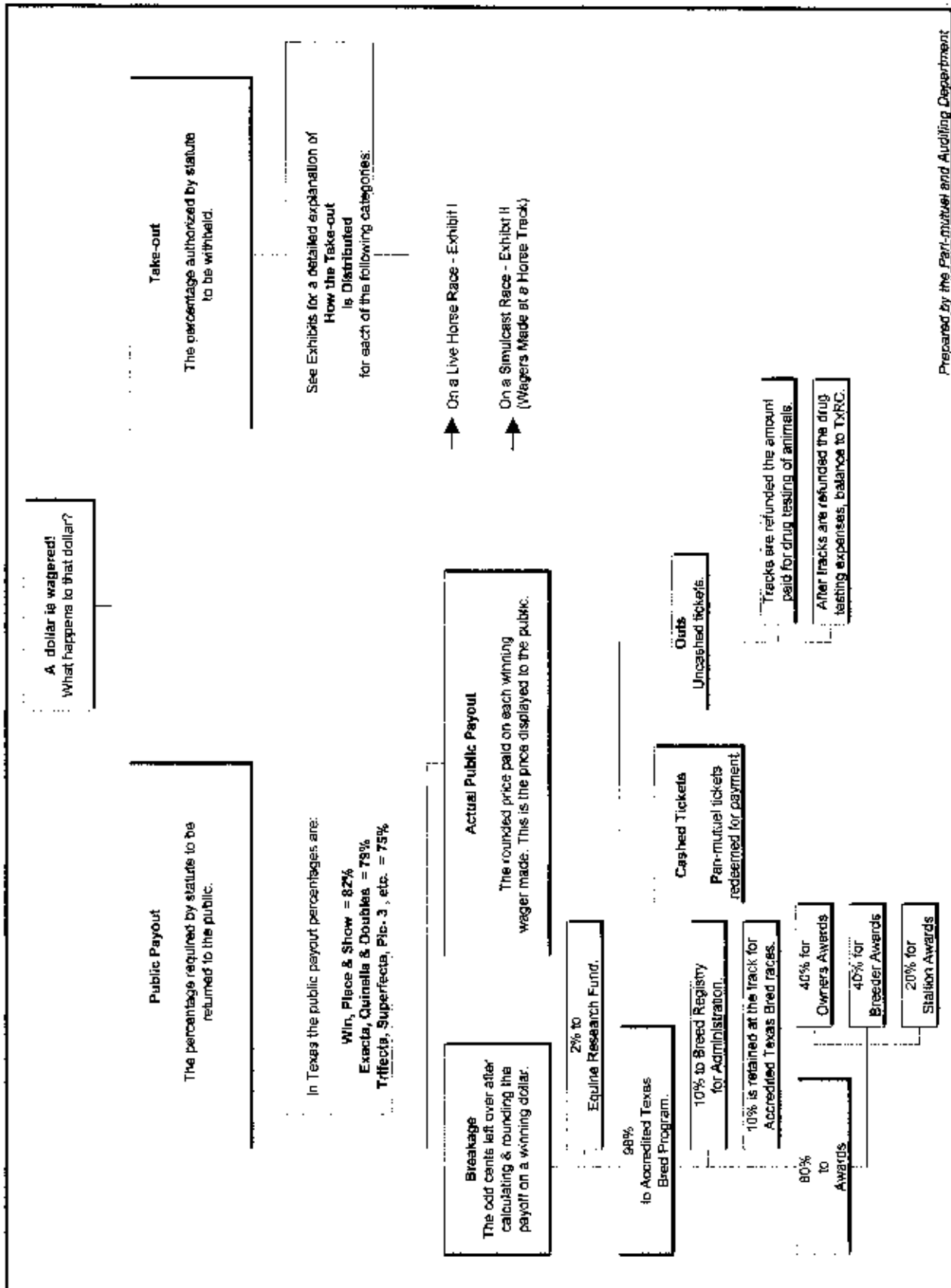
Totalisator - a machine or system for registering and computing the wagering and payoffs in pari-mutuel wagering.

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:



How the Take-out at a Horse Track is Distributed:

Exhibit I

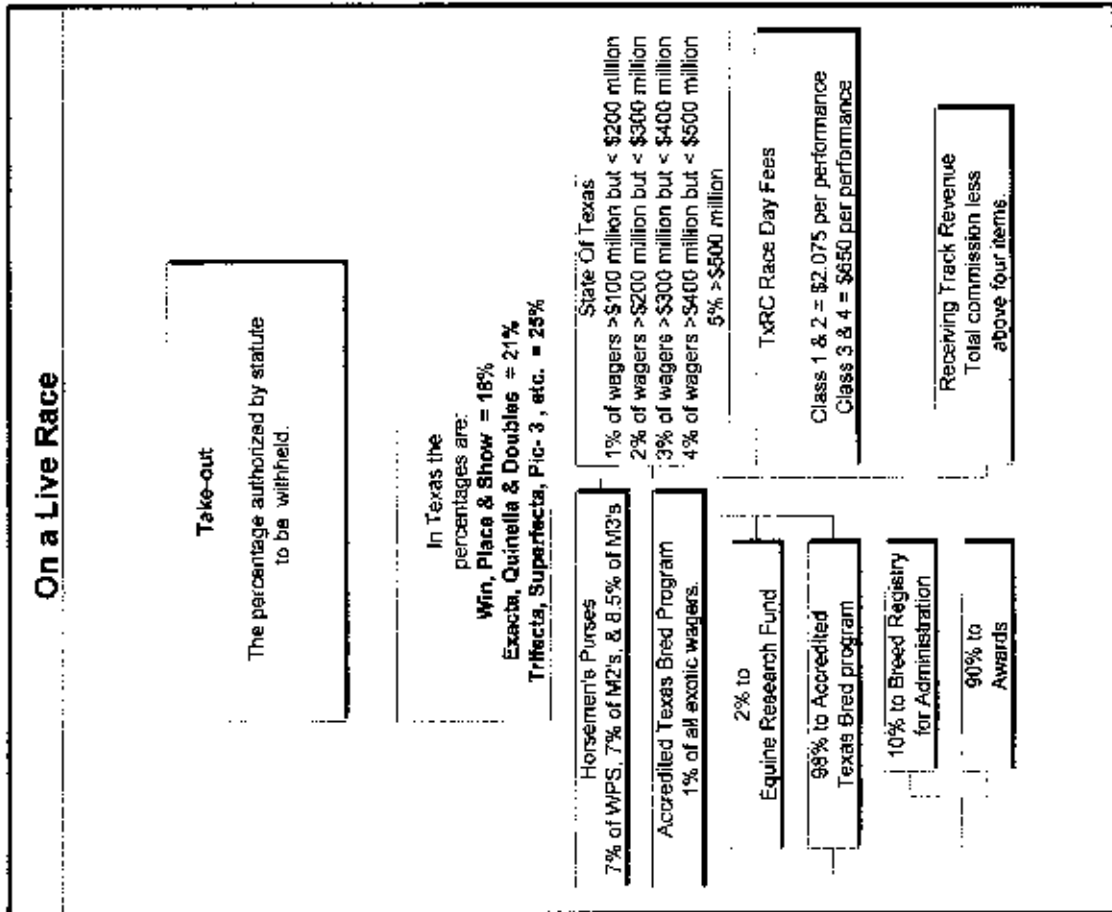
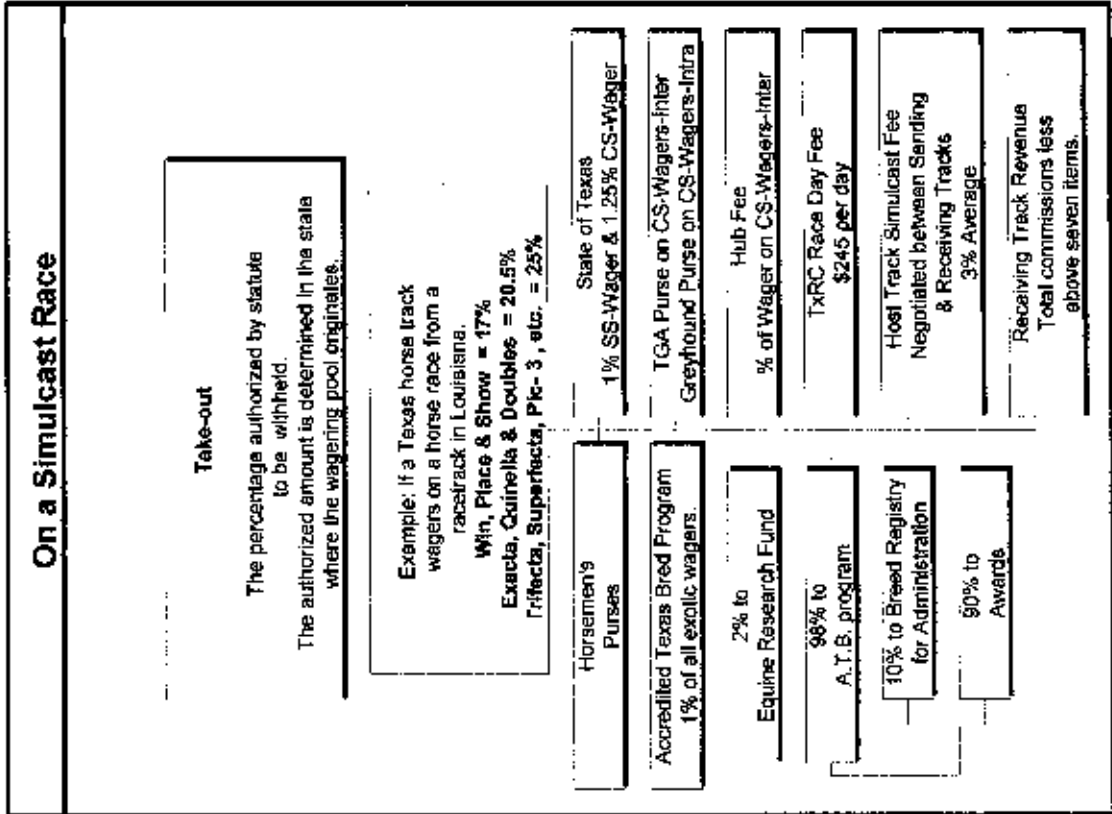
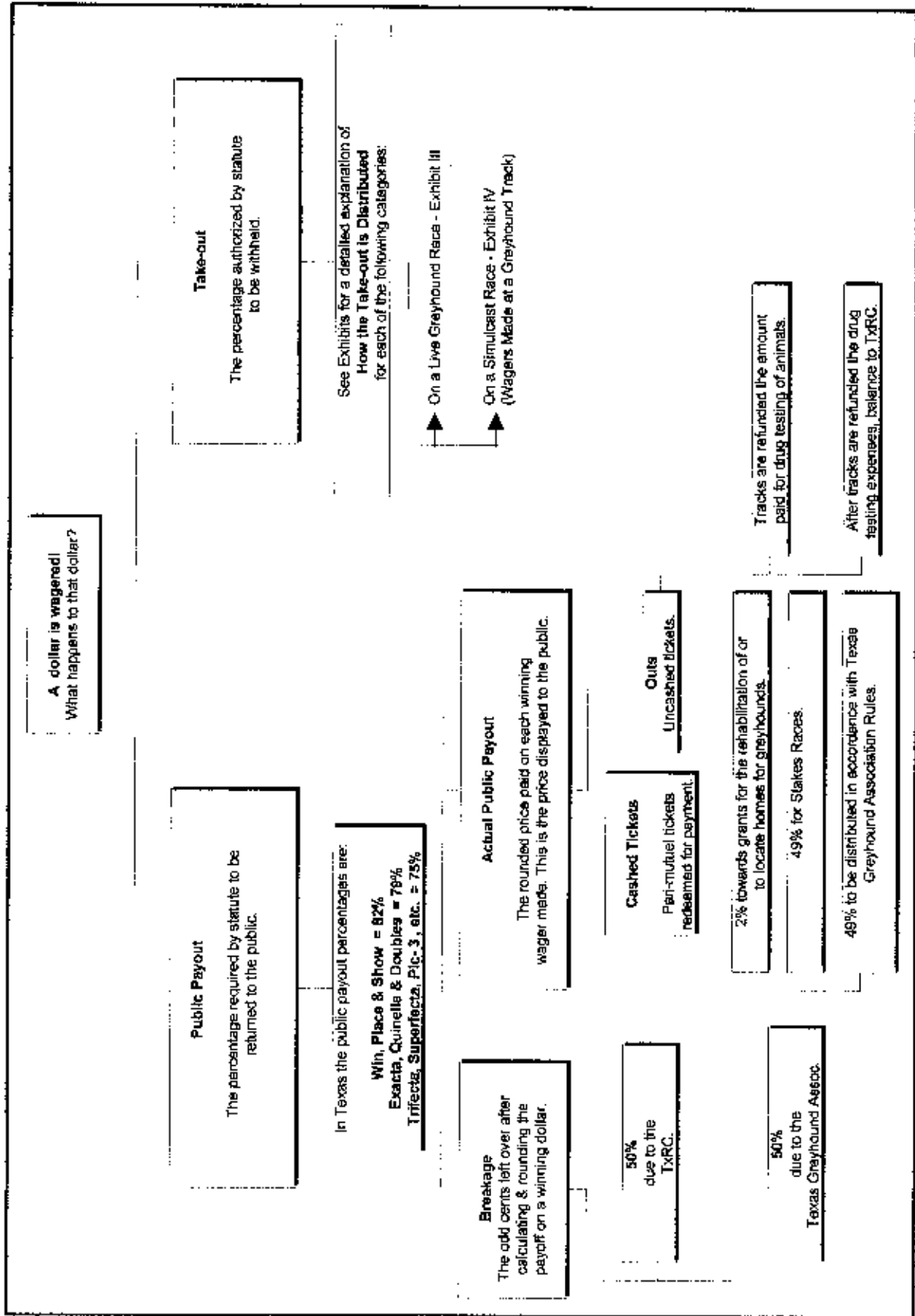


Exhibit II



How Money Wagered at a Greyhound Track is Distributed:



How the Take-out at a Greyhound Track is Distributed:

Exhibit III

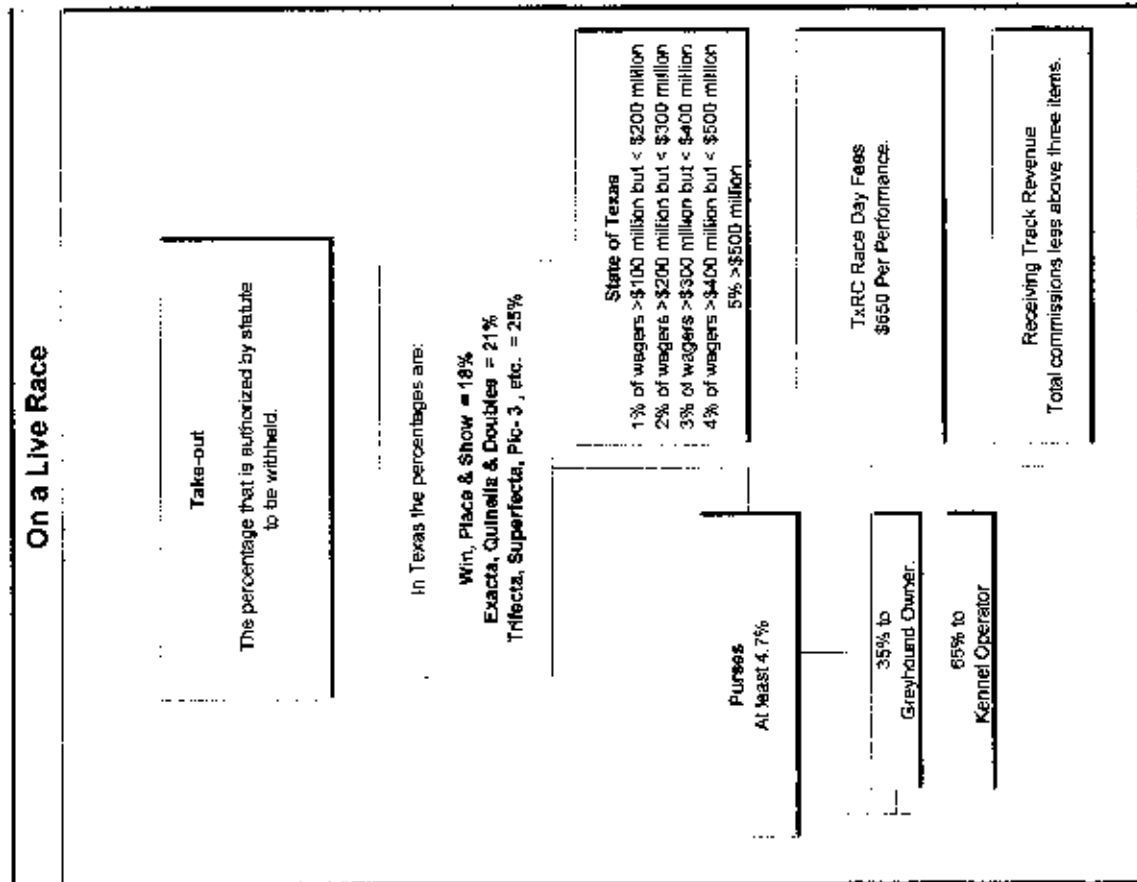
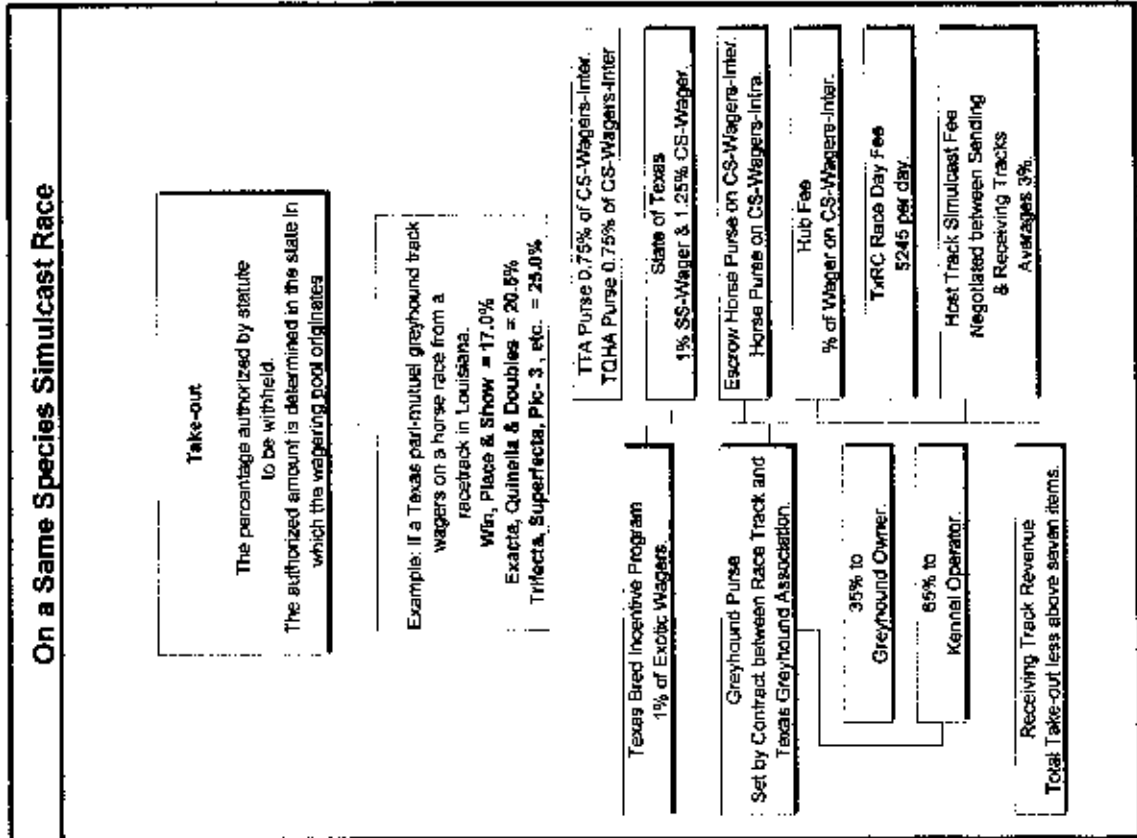


Exhibit IV



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

2601 South Ed Carey Dr., Harlingen, TX 78552
Phone 956-412-7223, Fax 956-428-0163

Horse Racetracks:

Austin Jockey Club - currently not constructed - Class 2

C/O Retama Park, One Retama Parkway, Selma, TX 78154
Phone 210-651-7000, Fax 210-651-7097

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

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

RACING INDUSTRY ORGANIZATIONS & RELATED ASSOCIATIONS

American Quarter Horse Association

P.O. Box 200, Amarillo, TX 79168
Phone 806-376-4888, Fax 806-349-6402

Equine Research Account Advisory Committee

Texas Agricultural Experiment Station, College Station, TX 77843-2147
Phone 409-845-7980, Fax 409-845-9938

Jockey's Guild

1300 CR 180, Leander, TX 78641
Phone 512-259-1957, Fax 512-259-8600

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 Paint Horse Breeders Association

P. O. Box 161746, Fort Worth, TX 76161
Phone 817-834-2742, Fax 817-222-8489

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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