

P.O. BOX 12068
CAPITOL BUILDING
AUSTIN, TEXAS 78711
512/463-0112
FAX: 512/463-0923

DISTRICT OFFICE
1235 S. MAIN STREET, SUITE 280
GRAPEVINE, TEXAS 76051
817/424-3446
FAX: 817/488-6648

E-MAIL: jane.nelson@senate.state.tx.us



The Senate of the State of Texas

Jane Nelson
Senate District 12

Committees:

FINANCE, CHAIR
SUNSET ADVISORY COMMISSION, CHAIR
LEGISLATIVE AUDIT COMMITTEE
LEGISLATIVE BUDGET BOARD
STATE AFFAIRS

August 31, 2015

The Honorable John Otto
Chairman, House Appropriations Committee
P.O. Box 2910
Austin, TX 78767

Dear Chairman Otto:

I am writing in regard to Rider 7 in the Texas Racing Commission bill pattern of the General Appropriations Act for the 2016-17 state budget, relating to Commission's administrative funding.

This session the Commission received an appropriation of \$15.4 million. Under Rider 7, the Commission's administrative funding (\$1.5 million over the biennium) is subject to approval by the Legislative Budget Board (LBB). In order to receive the administrative funding, by August 31, the Commission must receive permission from LBB. This is determined by the Lieutenant Governor, the Senate Finance Chair, the House Appropriations Chair and the Speaker of the House. The Speaker has recused himself.

It is the unanimous decision of the Senate LBB members not to approve the administrative funding at this time. However, the Senate agrees to allow the Commission to receive a transfer of money from their general appropriation not to exceed the cost of administration for 90 days. Under Article 9 of the General Appropriations Act, the Governor must agree to this transfer. The commission has asked for a 90 day extension. The primary reason the Senate is granting this extension is to allow the governor, if he chooses, time to replace 3 members of the Commission whose terms have already expired.

Serious doubts have been raised about the leadership of this agency, which exceeded its authority and violated the Texas Constitution by approving Las Vegas-style slot machines known as historical racing last year. The vote was taken by the Commission's board members, who are not

elected, but appointed by the Governor, in spite of a letter of opposition from a majority of the Texas Senate.

Last November, a Travis County district judge struck down the historical racing rule, stating that the agency overstepped its authority. The Commission forfeited its right to argue for the rule in court by declining to join the lawsuit. Yet last Tuesday, despite sending signals they would repeal the rule, the Commission, in a 4-3 vote, once again rebuffed members of the Legislature and the Court and refused to do so.

Some in the racing industry have incorrectly stated that members of the Legislature want to end racing in Texas. That is not the issue at hand. This disagreement is over whether a state agency should be allowed to circumvent the Legislature to approve an expansion of gambling – a clear violation of the Texas Constitution.

I sincerely hope we can agree on a way forward that allows racing to continue without abdicating our responsibility to hold agencies accountable when they abuse their authority.

Very truly yours,

A handwritten signature in black ink that reads "Jane Nelson". The signature is written in a cursive, flowing style.

Senator Jane Nelson
Chair, Senate Finance Committee