

TEXAS VLT BILL DRAWS OPPOSITION

A bill that would allow video gambling machines at Texas horse and dog racing tracks was approved for floor debate by a state Senate committee on March 22, then promptly sent back to the committee the following day. Capitol insiders are predicting a swift demise of the measure, which ostensibly was created to bolster profits and attendance at some racing establishments that have been hurt by the 10-month-old state lottery.

While the owners of at least one Greyhound track support the bill, most horse track owners and breed organizations have opposed it, saying VLTs would only serve to divert wagering dollars away from racing, and would open the door to additional gaming options.

Even more feared during the current session is legislation calling for as many as 15 riverboat casinos to operate off the Texas coast. The Senate State Affairs Committee has heard testimony on the issue, but no action has been taken.

Texas Gov. Ann Richards and Lt. Gov. Bob Bullock both have indicated they will not support any new gambling bills this session, because they first want to see Class I racing get under way.

By Anne Lang



BANDERA DOWNS SUES OVER RETAMA CHANGE

A new lawsuit involving a Class I track has been filed in Texas, where the local racing industry has acquired the dubious distinction of being the most litigious one in America. Class II Bandera Downs near San Antonio is challenging the Texas Racing Commission's authority to permit Class I Retama Park's management change from a general partnership to a limited partnership. The commission granted the modification in January to Retama Park, which is scheduled to open outside San Antonio in the fall of 1994.

Officials from Retama Park and racing commission secretary David Freeman said they suspected the action was largely motivated by a desire to impede Retama Park's progress. But Freeman said the lawsuit is not a real threat because Bandera Downs was never a party to the Retama Park proceedings, adding that Retama's Class I license is final and non-appealable.

"Our attorneys have assured us that the lawsuit is totally without merit," said Joseph R. Straus III, a Retama spokesman. "We're not even considering their action as something that would interfere with our schedule or financing for construction."

Bandera Downs attorney Lambert Townsend denied that the lawsuit is an attempt to thwart Retama Park's progress. "This is purely an appeal of a commission order that Bandera doesn't believe the commission had the authority to enter," he said. "I completely disagree with (Retama Park and Freeman's) characterizations of the lawsuit."

Bandera president Stan Scruby pointed out, "We're not bringing suit against Retama Park. We're just questioning whether the commission is acting within its legal ground." *By Anne Lang*

TEXAS GOV. RICHARDS: JUST SAY 'NO' TO CASINOS

If Gov. Ann Richards has her way, there will be no Indian-run casinos any time soon in the state of Texas. Richards, who has made it clear that she currently wants no new gambling ventures diverting profits from the state's fledgling pari-mutuel racing industry and lottery, announced last week that she will not allow the Tigua Indians to develop a proposed \$70-million casino near El Paso. The tribe has responded with threats of a lawsuit.

Although the Texas Constitution does not permit casino gambling, federal law allows tribes in any state to establish gambling enterprises if the state's governor agrees. Richards, however, said she doesn't interpret that law as a potential open door to Indian-owned casinos, and refused to sign the compact that would authorize the Tiguas to launch a Class 3 gaming facility, which includes slot machines and table games.

So the tribe has vowed to take the issue to federal court, using a long-pending land claim as one angle of its defense. The Tiguas will seek to reclaim 36 square miles of developed property in El Paso, as well as portions of five other counties their attorneys have classified as ancestral lands given to the Indians through Mexican, Spanish, and Texas land grants.

Initially, the Tiguas had been willing to relinquish some of the land claim in exchange for the governor's signature on the casino compact.

By Anne Lang

NO CHANGE IN SITE FOR LONE STAR

The Texas rumor mill has been working overtime, and nobody loves a hot rumor more than the Texas horse folks—who are increasingly anxious over delays in Class I racetrack development. Intense speculation about the future of Lone Star Jockey Club, a \$97-million Class I track slated for North Texas, began when a March 17 newspaper story revealed Sen. Ike Harris' plan to introduce legislation allowing Lone Star, and ostensibly any other Texas racetrack licensee, to build on an alternate site without needing preliminary approval from the Texas Racing Commission.

Harris told the Dallas *Morning News* that Lone Star chairman Preston Carter prompted the bill's creation, because Carter's group allegedly wanted to build on the proposed site of Midpointe Racing, a losing license applicant with a 282-acre site located just across the road from Lone Star's property in Grand Prairie, halfway between Dallas and Fort Worth.

The 315-acre Lone Star site, which contains two old sanitary landfills and thus has been the focus of major environmental concerns, only recently received a tentative construction go-ahead from the U.S. Army Corps of Engineers and the Texas Water Commission. Track developers still face an estimated \$17.5 million in costs to seal the landfills and erect flood levees on their site, while the Midpointe property is more or less ready to build on immediately.

Carter acknowledged that the Lone Star contingent has been negotiating with Midpointe principal R. D. Hubbard about acquiring the Midpointe site, but vehemently denied the Lone Star group's desire to build anywhere other than on its original site. "We may end up buying that (Midpointe) site to use for other purposes, such as commercial development," Carter said. "But it's cheaper to stay where we are than to move our track over there."

He explained that about \$16 million would be required to retire the debt on Midpointe's property, and that land acquisition costs and other miscellaneous expenses would bring the total to nearly \$20 million. Hubbard could not be reached for comment.



Preston Carter

Officials in Grand Prairie, which on April 1 will implement a half-cent sales tax to generate \$65 million in bond money to help fund the track, reacted nervously to Harris' announcement. "That bill would open a can of worms we don't need to open right now," said Grand Prairie mayor Charles England. "I don't want to see the license jeopardized any further."

To supplement city funding, Carter said about \$8 million of a promised \$10 million in equity has been collected, and reported that negotiations for an additional \$20 million in capital from a New York investment firm are going well. He said he expects heavy machinery to begin work on the site in late June or early July, with an estimated track opening sometime between December 1994 and March 1995.

By Anne Lang

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TEXAS RACING STALLED AT GATE

The previously rapid momentum of the Texas racing and breeding industry lingers in a state of suspension, as the months continue to roll by with no sign of action on any of the state's three Class I track sites.

Lone Star Jockey Club in North Texas is trying to shake off rumors and lawsuits; Sam Houston Race Park near Houston is awaiting a crucial ruling from the attorney general's office; and Retama Park near San Antonio needs more time to try to sell some bonds.

Harris County, future home of the \$80-million Sam Houston Race Park, last fall created a non-profit racing authority to oversee the sale of tax-free municipal bonds to operate the track. But the question of whether or not the county can legally operate a Class I track was raised late last year and sent to Texas attorney general Dan Morales for his opinion.

With a hectic legislative session currently commanding his attention, Morales has left the ruling on a back burner for now. "Apparently this is something that just can't be rushed," said Kirwin Drouet, the track's executive vice president.

Meanwhile, in anticipation of the possibility of county funding falling through, "We're just pursuing all available avenues of financing, including conventional means," he said.

Retama Park principals are also relying on the sale of tax-free municipal bonds, in conjunction with the city of Selma, to bankroll their \$72-million venture. "We have numerous contracts to finalize right now," said partner Joseph Straus Jr. "Then we go to market with the bonds and equity package."

On March 15, the Texas Racing Commission approved a somewhat minor change in Retama Park's ownership structure. Turfway Park chairman Jerry Carroll recently sold more than half of his 21.429% interest in Retama Park to the Biedenharn family and Jim Gorman of San Antonio, but he remains one of the track's major shareholders, with 10.714%.

"Jerry's developing all that property around Turfway, and he needed some capital," Straus explained. "But he's still very much involved."

In other Texas news, Gov. Ann Richards and Lt. Gov. Bob Bullock have unofficially indicated that during the current legislative session, they will not support a bill that would allow at least a dozen casino boats to operate off the Texas Coast. While Richards is not opposed to riverboat gambling in general, both she and Bullock have said they feel that any added gaming options at present would undermine the efforts of the state horse racing industry to get on its feet, and could potentially hurt the lottery, launched last May.

By Anne Lang